HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8137)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This results announcement, for which the directors (the "Directors") of Honbridge Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this results announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this results announcement misleading.

This results announcement will remain on the "Latest Company Announcements" page of the GEM website www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.8137.hk.

GROUP RESULTS

The board of directors (the "Board") of Honbridge Holdings Limited (the "Company") announced the annual consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023 together with the comparative audited figures for last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Revenue	**226,961**	130,491
Cost of revenue	**(176,301)**	(98,825)
Gross profit	**50,660**	31,666
Other operating income, gains and losses	**(13,149)**	(33,664)
Selling and distribution costs	**(6,922)**	(5,867)
Administrative expenses	**(106,143)**	(95,558)
Other expenses	**–**	(151,778)
Impairment loss on financial assets, net	**(130)**	(799)
Impairment loss on property, plant and equipment	**(62,621)**	(19,060)
Impairment loss on right-of-use assets	**(4,213)**	(1,665)
Gain on bargain purchase	**–**	170
Loss on changes in fair value of contingent consideration payables	**(6,257)**	(3,123)
Share of results of associates	**(589)**	(1,385)
Gain on re-measurement of pre-existing interests in an associate	**–**	27,047
Finance costs	**(9,447)**	(8,743)
Loss before income tax from continuing operations	**(158,811)**	(262,759)
Income tax expense	**–**	–
Loss for the year from continuing operations	**(158,811)**	(262,759)

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Discontinued operation		
Loss for the year from discontinued operation	**(8,309)**	(39,102)
Loss for the year	**(167,120)**	(301,861)
Loss for the year attributable to:		
Owners of the Company		
— Continuing operations	**(98,210)**	(160,054)
— Discontinued operation	**(8,309)**	(39,102)
	(106,519)	(199,156)
Non-controlling interests		
— Continuing operations	**(60,601)**	(102,705)
Loss for the year	**(167,120)**	(301,861)
Other comprehensive income/(loss)		
Item that will not be reclassified subsequently to profit or loss:		
Changes in fair value of equity instruments at fair value through other comprehensive income	**(4,415)**	(14,225)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**409,024**	234,313
Share of other comprehensive income of associates	**172**	421
Release of translation reserve upon disposal of subsidiaries	**(1,106)**	(894)
Other comprehensive income for the year, net of tax	**403,675**	219,615
Total comprehensive income/(loss) for the year	**236,555**	(82,246)

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**293,857**	17,512
Non-controlling interests		**(57,302)**	(99,758)
		236,555	(82,246)
			(Re-presented)
Loss per share from continuing and discontinued operation	*11*		
— Basic		**(1.09) cents**	(2.05) cents
— Diluted		**(1.09) cents**	(2.05) cents
Loss per share from continuing operations			
— Basic		**(1.00) cents**	(1.65) cents
— Diluted		**(1.00) cents**	(1.65) cents
Loss per share from discontinued operation			
— Basic		**(0.09) cents**	(0.40) cents
— Diluted		**(0.09) cents**	(0.40) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**89,977**	174,194
Exploration and evaluation assets	*13*	**7,467,157**	6,859,393
Right-of-use assets		**37,671**	45,614
Interests in associates		**5,412**	5,829
Financial assets at fair value through other comprehensive income		**539**	4,954
		7,600,756	7,089,984
Current assets			
Inventories		**21,927**	23,790
Trade and bill receivables	*14*	**38,590**	78,277
Prepayments, deposits and other receivables	*15*	**52,230**	53,536
Financial assets at fair value through profit or loss	*16*	**44,128**	82,185
Tax recoverable		**433**	471
Restricted bank deposits		**31,065**	37,054
Cash and cash equivalents		**166,953**	165,452
		355,326	440,765
Current liabilities			
Trade and bill payables	*17*	**72,044**	71,732
Provision, other payables, accruals and deposits received	*20*	**213,985**	92,473
Contract liabilities		**321**	314
Borrowings	*18*	**20,025**	16,508
Lease liabilities		**3,420**	3,105
		309,795	184,132
Net current assets		**45,531**	256,633
Total assets less current liabilities		**7,646,287**	7,346,617

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Provision	*20*	**–**	151,778
Borrowings	*18*	**108,926**	132,519
Lease liabilities		**9,512**	12,658
Deferred income		**3,134**	6,379
Deferred tax liabilities		**2,420,928**	2,215,014
Other financial liabilities		**10,761**	8,472
Contingent consideration payables		**119,047**	112,790
		2,672,308	2,639,610
Net assets		**4,973,979**	4,707,007
EQUITY			
Equity attributable to owners of the Company			
Share capital	*19*	**9,855**	9,855
Reserves		**4,978,330**	4,661,703
		4,988,185	4,671,558
Non-controlling interests		**(14,206)**	35,449
Total equity		**4,973,979**	4,707,007

Notes:

1. GENERAL INFORMATION

Honbridge Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Revision) of the Cayman Islands. The address of the Company's registered office is P.O. Box 31119, Grand Pavilion Hibiscus Way, 802 West Bay Road Grand Cayman KY1-1205 Cayman Islands and the Company's principal place of business is Suite 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the "Group" hereinafter. The directors of the Company consider the ultimate holding company as Geely Group Limited, a company incorporated in the British Virgin Islands with limited liability.

During the year ended 31 December 2023, the Group had discontinued the operation of battery swapping services through disposal of subsidiaries.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange.

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK$") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000"), except when otherwise indicated.

(d) Re-presentation due to discontinued operation

The presentation of comparative information in respect of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 has been re-presented as if the operations discontinued during the current year had been discontinued at the beginning of the prior period.

The re-presentation do not affect the consolidated statement of financial position as at 31 December 2022.

3. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

3.1 Adoption of new and revised HKFRSs

In the current year, the Group has applied for the first time the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023.

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
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9
HKFRS 17	Insurance Contracts and the related amendments

Except for the impact of the adoption of the revised HKFRSs that have been summarised in below, the other revised HKFRSs has no material impact on the Group's accounting policies.

HKFRS 17 — Insurance Contracts

HKFRS 17 defines an insurance contract as a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In October 2020, the HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 Extension of the Temporary Exemption from HKFRS 9 that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In February 2022, the HKICPA issued Amendment to HKFRS 17 Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

Certain contracts entered into by the Group, including contingent consideration payables, meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current year had no material impact on the consolidated financial statements.

Amendment to HKAS 1 — 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.

3.2 Revised HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")[1]
Hong Kong 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 HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[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 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all above revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. GOING CONCERN BASIS

The Group incurred a loss from continuing operations of approximately HK$158,811,000 for the year ended 31 December 2023, and as of that date, the Group had provision for repayment to Jinhua Municipal Government of approximately HK$147,690,000 that was included in provision, other payables, accruals and deposits received (note 20) and bank borrowings of approximately HK$20,025,000 (note 18) that were repayable with one year while its cash and cash equivalents amounted to approximately HK$166,953,000 only.

For the purpose of assessing the appropriateness of the use of the going concern basis for the preparation of these consolidated financial statements, the directors of the Company ("the Directors") have prepared a cash flow forecast covering a period from the end of the reporting period to 31 March 2025 ("Cash Flow Forecast"). In the preparation of the Cash Flow Forecast, the Directors have given careful consideration to the future liquidity and performance of the Group, and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

(a) A shareholder of the Company has signed a letter of undertaking to confirm its intention to provide financial support to the Group for a maximum amount of approximately HK$147,690,000 so as to enable the Group to settle its obligation in relation to the provision for repayment to the Jinhua Municipal Government as stated above;

(b) The Group has been focusing on fulfilling and delivering orders for lithium battery products and implementing measures to accelerate sales;

(c) The Group has been consolidating resources to optimise its operations and reduce expenses and eliminate unnecessary capital expenditures;

(d) The Group is in the process of renegotiating the repayment schedule with Jinhua Municipal Government;

(e) The Group has been engaged in constructive dialogue with banks and other potential financial institutions to explore possible borrowings/credit facilities; and

(f) The Group is considering various alternatives to strengthen the capital base of the Company.

Based on the Cash Flow Forecast, the Directors are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, the validity of the going concern basis is dependent upon the future outcomes of the plans and measures as set out below that are inherently uncertain:

(a) the shareholder of the Company would be able to provide sufficient financial support on a timely basis to the Group when the Group is in need;

(b) the Group would receive sufficient orders and be able to speed of its production of the lithium battery business to fulfil the orders;

(c) whether a repayment schedules could be fixed with Jinhua Municipal Government that fits the Group's liquidity; and

(d) the successful renewal of certain of its borrowings and/or obtain new borrowings/credit facilities.

These indicate that existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might 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 these consolidated financial statements.

5. REVENUE

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Sale of lithium batteries	**158,045**	95,727
Battery testing service income	**15,870**	13,370
Platform service and riding service income	**40,133**	19,079
Advertising and related income	**1,364**	372
Revenue from contract with customers	**215,412**	128,548
Motor vehicles rental income	**11,549**	1,943
Revenue from continuing operations	**226,961**	130,491
Discontinued operation:		
Delivery service income	**1,190**	3,041
Battery swapping service income	**698**	4,124
Revenue from contract with customers from discontinued operation	**1,888**	7,165
Timing of revenue recognition		
At a point in time	**160,494**	99,445
Over time	**56,806**	36,268
	217,300	135,713

6. SEGMENT REPORTING

The Group has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation and review of performance.

The Group's operating businesses are organised and managed separately according to the nature of product and service, with each segment representing a strategic business segment that offers different products and services in the People's Republic of China (the "PRC"), France and Brazil.

The Group has identified the following reportable segments:

Continuing operations:

(i) "Mineral resources exploration and trading" segment involves research and exploration of mineral resources and trading of minerals;

(ii) "Lithium battery production" segment involves production and sale of lithium battery; and

(iii) "Online car-hailing and related services" segment involves provision of platform services, riding services, motor vehicles rental services and advertising and related services.

During the year ended 31 December 2023, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. An operating segment for the Group's provision of battery swapping services in the PRC was discontinued upon disposal of subsidiaries (note 21) in the current year. The segment information reported in this note does not include any amounts for this discontinued operation, which are described in more details as set out in note 21. Prior year segment disclosures have been represented to conform with the current year's presentation.

Segment assets and liabilities exclude corporate assets and liabilities which are not directly attributable to the business activities of any operating segment, which primarily referred to deferred tax liabilities and those assets and liabilities included in the Group's headquarter.

The Company is an investment holding company. Principal places of the Group's operations are Hong Kong, the PRC, France and Brazil. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile.

Information regarding the Group's reportable segments provided to the Group's most senior management (i.e. the executive directors) is set out below:

	Continuing operations			
	Mineral resources exploration and trading *HK$'000*	**Lithium battery production** *HK$'000*	**Online car-hailing and related services** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2023				
Reportable segment revenue (external customers)	**–**	**173,915**	**53,046**	**226,961**
Reportable segment (losses)/gains	**(8,225)**	**20,530**	**(107,922)**	**(95,617)**
Reportable segment assets	**7,480,220**	**302,550**	**84,964**	**7,867,734**
Reportable segment liabilities	**120,338**	**382,899**	**48,485**	**551,722**
Capital expenditure	**3,026**	**2,989**	**1,339**	**7,354**
Impairment loss on property, plant and equipment	**–**	**–**	**62,621**	**62,621**
Impairment loss on right-of-use assets	**–**	**–**	**4,213**	**4,213**
(Reversal of impairment loss)/impairment loss on financial assets	**–**	**(811)**	**45**	**(766)**
Interest income	**(107)**	**(3,604)**	**(1)**	**(3,712)**
Interest expense	**–**	**6,630**	**2,621**	**9,251**
Depreciation	**88**	**3,975**	**20,508**	**24,571**
Amortisation	**–**	**766**	**1,020**	**1,786**

	Continuing operations			
	Mineral resources exploration and trading *HK$'000*	Lithium battery production *HK$'000*	Online car-hailing and related services *HK$'000*	Total *HK$'000* (Re-presented)
Year ended 31 December 2022				
Reportable segment revenue (external customers)	–	109,097	21,394	130,491
Reportable segment losses	(9,005)	(174,127)	(23,844)	(206,976)
Reportable segment assets	6,873,337	317,392	179,797	7,370,526
Reportable segment liabilities	113,366	420,622	38,549	572,537
Capital expenditure	2,924	15,801	287	19,012
Impairment loss on property, plant and equipment	–	19,060	–	19,060
Impairment loss on right-of-use assets	–	1,665	–	1,665
Impairment loss on financial assets	–	799	–	799
Interest income	(256)	(7,210)	(1)	(7,467)
Interest expense	–	7,416	1,021	8,437
Other expenses	–	151,778	–	151,778
Depreciation	26	2,897	7,224	10,147
Amortisation	–	805	1,576	2,381
Write-down of inventories	–	12,832	–	12,832

7. OTHER OPERATING INCOME, GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Bank Interest income	**3,718**	7,582
Government grants *(Note)*	**3,137**	6,101
Rental income	**–**	180
Sundry income	**17,056**	15,440
Dividend income	**–**	23
Loss on disposal of property, plant and equipment	**(411)**	(4)
Net loss on financial assets at fair value through profit or loss	**(36,649)**	(62,986)
	(13,149)	(33,664)
Discontinued operation:		
Bank Interest income	**164**	475
Government grants *(Note)*	**111**	1,163
Sundry income	**5**	494
Gain/(loss) on disposal of property, plant and equipment	**253**	(1,823)
	533	309
	(12,616)	(33,355)

Note:

The balance represented government grant related to income of HK$0.1 million (2022: HK$1.3 million) and government grant related to assets of HK$3.1 million (2022: HK$6.0 million). These government grants were received and complied with all attached conditions and therefore recognised in profit or loss during the year.

8. LOSS BEFORE INCOME TAX

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

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Auditor's remuneration		
— audit services	**2,704**	2,885
— non-audit services	**90**	–
	2,794	2,885
Cost of inventories recognised as expenses *(note (ii))*	**117,357**	65,914
Depreciation *(note (i))*	**24,571**	10,147
Amortisation of right-of-use assets *(note (iii))*	**3,040**	4,709
Short-term leases expenses	**1,166**	850
Net foreign exchange gain	**(13)**	(1,699)
Research and development costs *(note (iii))*	**20,126**	21,624
Loss on disposal of property, plant and equipment	**411**	4
Write off of property, plant and equipment	**1,684**	1,041
Gain on bargain purchase	**–**	(170)
Gain on re-measurement of pre-existing interests in an associate	**–**	(27,047)
Other expenses	**–**	151,778
Impairment loss on property, plant and equipment	**62,621**	19,060
Impairment loss on right-of-use assets	**4,213**	1,665
(Reversal of impairment loss)/impairment loss on financial assets:		
— Trade receivables	**(766)**	799
— Amount due from an associate	**896**	–
Impairment loss on financial assets, net	**130**	799
Discontinued operation:		
Depreciation *(note (i))*	**1,549**	8,484
Amortisation of right-of-use assets *(note (iii))*	**11**	120
Short-term leases expenses	**189**	371
Research and development costs *(note (iii))*	**854**	2,456
(Gain)/loss on disposal of property, plant and equipment	**(253)**	1,823
Other expenses	**–**	11,401
Provision for impairment loss on property, plant and equipment	**–**	10,962
Impairment loss on right-of-use assets	**–**	820

Notes:

(i) Depreciation of HK$17,370,000 (2022: HK$15,569,000), HK$14,000 (2022: HK$246,000) and HK$8,736,000 (2022: HK$2,816,000) have been included in cost of revenue, selling and distribution costs and administrative expenses respectively.

(ii) For the year ended 31 December 2022, write-down of inventories to net realisable value of HK$12,832,000 was included in cost of revenue (2023: Nil).

(iii) Included in administrative expenses.

9. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Continuing operations:		
Current tax	**–**	–

No provision for Hong Kong Profits tax has been provided by the Group as the Group had no estimated assessable profits arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The PRC corporate income tax rate of 25% (2022: 25%) is applicable to the Company's PRC subsidiaries.

Corporate income tax rates in Brazil of 34% (2022: 34%) is applicable to Sul Americana de Metais S.A. ("SAM"), being the Company's subsidiary established in Brazil.

Corporate income tax rates in France of 25% (2022: 25%) is applicable to the Company's subsidiaries in France.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the years ended 31 December 2023 and 2022.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and weighted average of ordinary shares in issue (after adjusting the effect of treasury shares held by the Company) during the year.

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**9,737,776**	9,737,434

(a) From continuing and discontinued operations

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Loss for the purpose of calculating basic loss per share	**(106,519)**	(199,156)

(b) From continuing operations

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Loss for the year attributable to owners of the Company	**(106,519)**	(199,156)
Less: loss for the year from discontinued operation	**(8,309)**	(39,102)
Loss for the purpose of calculating basic loss per share from continuing operations	**(98,210)**	(160,054)

(c) From discontinued operation

	2023	2022
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic loss per share from discontinued operation	**(8,309)**	(39,102)

Diluted loss per share for the years ended 31 December 2023 and 2022 is the same as basic loss per share because the impact of the exercise of share options was anti-dilutive.

12. IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Impairment assessment of the relevant assets of cash generating unit ("CGU") of online car-hailing and related services

As at 31 December 2023, certain of the Group's property, plant and equipment and right-of-use assets of HK$128,044,000 in total are mainly related to the CGU of online car-hailing and related services segment ("Online car-hailing and related services CGU") which recorded operating losses during the year.

As at 31 December 2023, the directors of the Company concluded there was impairment indicator and carried out impairment assessment and a review of the recoverable amounts of relevant assets of Online car-hailing and related services CGU, which is amounted to HK$61,210,000. The recoverable amount of the owned motor vehicles, within Online car-hailing and related services CGU is estimated individually. The carrying amount of Online car-hailing and related services CGU is written down to its recoverable amount and the impairment amounting to HK$66,834,000 has been allocated pro rata to class of assets to offset the carrying amount of the asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero. As a result, impairment loss of HK$62,621,000 on property, plant and equipment and HK$4,213,000 right-of-use assets had been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023. The significant impairment loss recognised was mainly due to the change in average annual growth rate of revenue from online car-hailing and related services which are determined based on the past performance and management's expectation for market development.

The recoverable amount had been determined based on value in use calculation using discounted cash flow technique and determined by an independent professional valuer, Valtech Valuation Advisory Limited.

13. EXPLORATION AND EVALUATION ASSETS

	2023	2022
	HK$'000	*HK$'000*
At 1 January		
Cost	**6,859,393**	6,490,624
Accumulated impairment	**–**	–
Net book amount	**6,859,393**	6,490,624
For the year ended 31 December		
Opening net book amount	**6,859,393**	6,490,624
Additions	**2,134**	2,924
Exchange difference	**605,630**	365,845
Net book amount	**7,467,157**	6,859,393
At 31 December		
Cost	**7,467,157**	6,859,393
Accumulated impairment	**–**	–
Net book amount	**7,467,157**	6,859,393

As at 31 December 2023 and 2022, exploration and evaluation assets represented the rights to explore and identify prospective deposits of mineral resources in the states of Minas Gerais, Brazil and the expenditures incurred in the search for mineral resources.

Exploration and evaluation assets are assessed for impairment and a formal estimate of the recoverable amount is performed when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is less than its recoverable amount.

During the year ended 31 December 2023 and 2022, the directors of the Company reviewed the carrying amount of exploration and evaluation assets, no impairment had been identified and recognised in the consolidated statement of profit or loss and other comprehensive income.

The recoverable amount of exploration and evaluation assets were valued by an independent valuer, BonVision International Appraisal Limited and based on the estimated of fair value less cost of disposal. The valuation was based on the income-based approach and the excess earning method is adopted. This method looks at the current values of the tangible assets and other intangible assets employed as the benchmark for an estimated rate of return. The fair values of exploration and evaluation assets are level 3 fair value measurement. There were no changes to the valuation techniques during the year.

14. TRADE AND BILL RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables — Gross	**37,174**	79,442
Less: Impairment losses	**(373)**	(1,165)
Trade receivables — Net	**36,801**	78,277
Bill receivables	**1,789**	–
	38,590	78,277

The following is ageing analysis of gross trade and bill receivables at the reporting date:

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**16,230**	28,777
31–90 days	**18,830**	1,019
91 to 180 days	**3,903**	49,053
Over 180 days	**–**	593
	38,963	79,442

As at 31 December 2023 and 2022, the Group did not hold any collateral as security or other credit enhancements over the trade and bill receivables.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Deposits	**11,978**	9,294
Value added tax receivables	**5,807**	10,368
Other receivables	**5,993**	3,473
Prepayment	**2,497**	3,550
Amount due from an associate, net of allowance	**25,955**	26,851
	52,230	53,536

The amount due from an associate of HK$26.0 million (2022: HK$26.9 million) is unsecured, bears no interest and is repayable on demand. The carrying amount of the amount due from an associate approximate their fair values.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Listed equity investments, at market value,		
— in Hong Kong — held for trading	**43,983**	81,987
— In overseas — held for trading	**145**	198
	44,128	82,185

At 31 December 2023 and 2022, the Group holds 14.14% (2022: 14.14%) equity interests in a company listed in Hong Kong.

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices on the reporting date.

17. TRADE AND BILL PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**40,979**	46,079
Bill payables	**31,065**	25,653
	72,044	71,732

The credit terms of trade payables vary according to the terms agreed with different suppliers. The following is ageing analysis of trade and bills payables at the reporting dates:

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**30,388**	13,708
31–60 days	**14,475**	21,222
61–90 days	**9,823**	13,847
91–180 days	**16,788**	16,637
Over 180 days	**570**	6,318
	72,044	71,732

18. BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Bank loans *(Note)*	**128,951**	149,027
Represented by:		
Current liabilities	**20,025**	16,508
Non-current liabilities	**108,926**	132,519
	128,951	149,027

Note:

As at 31 December 2023, bank loans of HK$129 million (2022: HK$149 million) are secured by the Group's right-of-use assets and property, plant and equipment of HK$32,272,000 and HK$10,239,000 (2022: HK$33,947,000 and HK$10,691,000) respectively and the corporate guarantee from Zhejiang Geely Holding Group Co., Ltd, a related party of the Company. Bank loans were repayable by instalments up to 3 June 2029 and were interest bearing at 4.9% per annum. Based on the repayment date, the Group's bank loans are due for repayments as at 31 December 2023 and 2022 as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**20,025**	16,508
In the second year	**20,025**	20,579
In the third to fifth year	**60,074**	61,737
Over five years	**28,827**	50,203
	128,951	149,027

19. SHARE CAPITAL

	Number of shares	Total
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.001 each at 1 January, 31 December 2022 and 2023	1,000,000,000	1,000,000

	Number of shares	Total
	'000	*HK$'000*
Issued and fully paid:		
Ordinary shares of HK$0.001 each at 1 January, 31 December 2022 and 2023	9,854,534	9,855

20. PROVISION, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2023	2022
	HK$'000	*HK$'000*
Provision *(Note)*	**147,690**	163,179
Other payables	**44,734**	53,458
Accrued expenses	**2,756**	3,718
Deposits received	**18,805**	23,896
	213,985	244,251
Analysed for reporting purposes as:		
Non-current liabilities	**–**	151,778
Current liabilities	**213,985**	92,473
	213,985	244,251

Note:

The following table shows the movements in each class of provision during the years:

	Provision for litigation *(Note b)* *HK$'000*	Provision for repayment of government grant *(Note a)* *HK$'000*	Total *HK$'000*
At 1 January 2022	–	–	–
Additional provision in the year	11,401	151,778	163,179
At 31 December 2022 and 1 January 2023	11,401	151,778	163,179
Disposal of subsidiary *(Note 21)*	(11,067)	–	(11,067)
Exchange difference	(334)	(4,088)	(4,422)
At 31 December 2023	**–**	**147,690**	**147,690**

Notes:

(a) On 31 December 2022, Zhejiang Forever New Energy Company Limited ("Zhejiang Forever"), a subsidiary of the Company, entered into an agreement with certain local government entities in Zhejiang, PRC (the "Government"), pursuant to which, Zhejiang Forever shall repay the Government (a) by 31 December 2022, the government loan in the principal amount of RMB100 million (which Zhejiang Forever had already fully repaid in December 2022); and (b) by 29 February 2024, the government grants (the "Grants") received by Zhejiang Forever in relation to its production facilities in the aggregate amount of around RMB208.4 million, net of 20% to 30% of Zhejiang Forever's accumulated qualified plant and equipment investment as at 31 January 2024 (the percentage being subject to the category classification of the production facilities as at 31 January 2024) (the "Deductible Amount"). The maximum of the Deductible Amount shall not exceed the amount of the Grants received of around RMB208.4 million and if the maximum of Deductible Amount is reached as at 31 January 2024, no repayment of the Grants shall be made. Based on the directors' best estimate, anticipated repayment amount of approximately RMB134.2 million (equivalent to approximately HK$151.8 million) has been recognised for this obligation as provision and included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022. The Group re-assessed the estimate of the provision as at 31 December 2023 and no further provision is considered necessary.

    Subsequent to the end of the reporting period and at the date of this announcement, the Group has not settled the Grants.

(b) Provision of HK$11,401,000 as at 31 December 2022 was recognised on 2 lawsuits in which GETI (China) Energy Technology Co., Ltd. ("GETI (China) Energy"), a subsidiary of the Company and is a defendant. The claims has arisen from the same supplier alleging GETI (China) Energy from failing to pay for products supplied to them. The court has reached judgements on these cases on 22 April 2022 and 2 June 2022 to freeze GETI (China) Energy's cash and bank balances of HK$5,367,000 and HK$6,034,000 for one year. Such balances have been classified as restricted bank balances during the year ended 31 December 2022. The provision amount recognised represents the undiscounted amount of present obligations that the Group is required to pay.

During the year ended 31 December 2023, the Group disposed all the equity interest in GETI (China) Energy. Details of the disposal of subsidiaries are set out in note 21 to this announcement. In the opinion of the directors of the Company, the court cases against GETI (China) Energy would not have any impact to the remaining group entities of the Group following the disposal.

21. DISPOSAL OF SUBSIDIARIES

On 22 September 2023, a subsidiary of the Company ("Vendor") entered into two equity transfer agreements with Zhejiang Farizon Intelligent Transportation Technology Co., Ltd. ("Purchaser"), a related party of the Group, to dispose of 100% equity interest in GETI (China) Energy and Hangzhou GETI Industrial Co., Ltd. ("Hangzhou GETI Industrial") at cash consideration of RMB20,000,000 (equivalent to HK$21,811,000) and no consideration respectively. The Purchaser is a company controlled by a controlling shareholder of the Company. The principal business of GETI (China) Energy and Hangzhou GETI Industrial is provision of battery swapping services. These two transactions were completed on 24 November 2023.

Net liabilities at the date of disposal were as follow:

	GETI (China) Energy	Hangzhou GETI Industrial	Total
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	264	–	264
Inventories	80	–	80
Trade receivables	1,044	–	1,044
Prepayments, deposits and other receivables	1,413	7	1,420
Amount due from the Group	1,098	–	1,098
Restricted bank deposits	11,067	–	11,067
Cash and cash equivalents	638	4	642
Other payables, accruals and deposits received	(12,593)	(118)	(12,711)
Provisions	(11,067)	–	(11,067)
Net liabilities disposed of	(8,056)	(107)	(8,163)
Satisfied by:			
Cash consideration	21,811	–	21,811
Net liabilities disposed of	8,056	107	8,163
Deemed contribution arising from disposal of subsidiaries *(Note (a))*	29,867	107	29,974
Reclassification of cumulative translation reserve upon disposal to profit or loss *(Note (b))*	1,103	3	1,106

Notes:

(a) Since the Purchaser is a company controlled by a substantial shareholder of the Company, the transaction, that resulted in a gain on disposal of subsidiaries and the loss of control, involves a contribution of shares of the subsidiary from owners in their capacity as owners, would consider as deemed contribution from shareholder and recognised in the consolidated statement of changes in equity.

(b) Translation reserve of HK$1,106,000 was re-classified to the profit or loss upon the disposal of subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

LITHIUM-ION BATTERY BUSINESS

The lithium-ion battery plant of the Group has full research and development ability (including lithium battery and battery management system design) and the batteries produced are top quality, reliable and safe technically, large vehicle manufacturers are not willing to place large orders due to the small production capacity which results in low utilisation rate of the battery plant and lead to a higher average costs when compared to the other competitors. In the PRC, the top ten powered battery manufacturers accounted for over 90% of the market share. As batteries for new energy vehicles are products that typically require long term development and testing to cater for a vehicle manufacturer's specific requirements for specific vehicle model, it is not easy to break off an established relationship between a battery manufacturer (supplier) and new energy vehicle manufacturer (customer), given the efforts and resources required by both the supplier and customer to develop a compatible battery product. Customer exploration remains a huge challenge but the Group has been constantly negotiating and promoting products matching with automobile, commercial vehicle or electric bicycle manufacturers and also with potential new customers in the energy storage field and manufacturers which are planning to make a switch from lead acid battery to lithium battery for their vehicles. Expect for lithium-ion battery for PHEVs and the new parking and starting battery for heavy trucks, the Group also has 12V, 48V batteries and portable power station in the product list.

Parking and Starting Battery For Heavy Trucks

As the number of heavy trucks continues to increase and drivers' pays more attention to pursue for comfort, more and more heavy truck drivers choose to install parking air conditioner to ensure cooling when the vehicles are stopped in summer. In the past, heavy trucks have always used lead-acid batteries as power supply for parking and starting. However, lead-acid batteries have the disadvantages of low battery capacity and short life, truck owners need to replace the lead-acid batteries every year. Focusing on the need of the drivers, the Group has launched a brand-new parking and starting battery which has a higher battery capacity and longer life for heavy trucks in 2023.

Zhejiang Forever New Energy Company Limited ("Zhejiang Forever New Energy")

Zhejiang Forever New Energy, a 52% owned subsidiary of the Group, is a modern lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park. Zhejiang Forever New Energy occupies an area of approximately 130,000 square meters and the plant is designed to possess a maximum production capacity of approximately 2,000,000 kWh ternary lithium-ion battery annually. The first 500,000 kWh production line which produce pouch type cells has commenced mass production since 2018.

Zhejiang Forever New Energy's Research and Development team consists of both national and overseas experts from top-tier powered battery manufacturers. As of 31 December 2023, Zhejiang Forever New energy was granted 261 patents, among which 195 are utility model patents, 4 appearance design patents and 62 innovation patents.

Shandong Forever New Energy Company Limited ("Shandong Forever New Energy")

The production plant of Shandong Forever New Energy, 24.5% owned associate of the Company, covers a total area of approximately 130,000 square meters and its current factory and office facilities cover a floor area of about 70,000 square meters. The current production capacity of Shandong Forever New Energy amounts to 150,000 kWh of lithium iron phosphate battery or 225,000 kWh of ternary lithium battery annually. In accordance with the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement signed in January 2020, Jiangsu Tiankai, as an investor, shall complete the Capital Increase by payment of the Capital Contribution Sum in cash into a designated account of Shandong Forever New Energy. However, despite repeated demands from the Company, Jiangsu Tiankai has not yet settled the unpaid capital contribution. The Group is exploring the feasibility of retrieving equity or reverting the transaction through negotiation or legal proceedings. There was no production in Shandong Forever New Energy in 2023 and Shandong Forever has focused on downsizing and operation simplification. On the other hand, shareholders of Shandong Forever New Energy are actively looking for potential buyer or new investor for the company.

During the year ended 31 December 2023 ("Year Ended 2023"), the lithium-ion battery segment recorded a revenue of approximately HK$173.9 million, which was increased by approximately 59.4% when compared to HK$109.1 million revenue recognised last year. The reasons were discussed in the Business Review section in the Management Discussion and Analysis of this announcement.

The lithium-ion battery segment gain was approximately HK$20.5 million (for the year ended 31 December 2022 ("Year Ended 2022") of: HK$174.1 million loss) for the Year Ended 2023. The segment turned to profit during the year because there was no provision of repayment to government in the current year (Year Ended 2022: HK$151.8 million).

ONLINE CAR-HAILING BUSINESS

On 10 August 2022, the Group closed the acquisition of controlling interests of Jixing International Technology Co. Ltd ("Jixing International"), which engaged in online car-hailing services in France under the brand "Caocao". The service was launched in Paris in January 2020, and despite the COVID pandemic posed severe challenges, Caocao has received positive feedback from passengers and B2B business partners, affirming the quality of our service. Caocao also completed a round of funding in 2022, which demonstrate confidence our investors have in Caocao's growth potential. In a strategic move, we have also begun cooperating with Uber, a market competitor, to explore synergies and enhance our service offerings. However, Caocao faces challenges, particularly in terms of high administrative, drivers and IT costs. We are actively working on strategies to optimise our operations and reduce these costs, while maintaining the high level of service our customers expect and put more efforts to develop B2B and advertising business, which have a better margin. For the Year Ended 2023, Caocao has completed over 120,000 B2C orders and 3,600 B2B orders and contributed approximately HK$53.0 million revenue to the Group (August to December 2022: HK$21.4 million).

Destination France International Travel and Tourism Summit

In January 2024, Caocao had the honor of being invited to the Destination France International Travel and Tourism Summit. This event provided an excellent platform for Caocao to introduce our online car hailing business to distinguished audience that included top management from Fortune 500 companies and France government officials including the president of France. We are optimistic about the potential partnerships and opportunities (B2B business) that may arise from this kind of exposure and Caocao is committed to play an important role in France tourism industry.

BATTERY SHARING BUSINESS

Under the brand "GETI", the Company was running a battery sharing business which target electric bicycles with business model include self-operation and franchising in the PRC since 2019. "GETI" has set up battery swapping stations in the Jiangsu Province and Zhejiang Province. For the Year Ended 2023, GETI contributed approximately HK$1.9 million revenue to the Group (Year Ended 2022: HK$7.2 million).

Disposal of Battery Sharing Business

Reference is made to the announcement and circular of the Company dated 22 September 2023 and 27 October 2023 respectively and in relation to, among others, the equity transfer agreements dated 22 September 2023, pursuant to which GETI Energy Sharing Technology Company Limited, a direct non-wholly owned subsidiary of the Company, has conditionally agreed to transfer, and Zhejiang Farizon Intelligent Transportation Technology Co., Ltd. (a connected person of the Company) has conditionally agreed to acquire, the 100% equity interests in GETI (China) Energy Technology Co., Ltd. and Hangzhou GETI Industrial Co., Ltd. at the total consideration of RMB20.0 million (the "Equity Transfer Agreements").

The Company initially established GETI (China) Energy and Hangzhou GETI Industrial in 2019 for purposes of the provision of battery swapping services to the riders of electric bicycles. However, despite four years have elapsed since the establishment of such companies and the diminished effects of COVID-19 on the market, the sales of GETI (China) Energy have been unsatisfactory and the businesses of GETI (China) Energy and Hangzhou GETI Industrial have been unprofitable since they were launched. It was not optimistic to turn the business around due to, among others high level of competition in the market. Furthermore, the businesses of GETI (China) Energy and Hangzhou GETI Industrial were capital intensive and currently facing financial difficulties with only limited available working capital. Accordingly, the Directors considered that the business prospects of GETI (China) Energy and Hangzhou GETI Industrial were uncertain and that further allocation of capital resources to GETI (China) Energy and Hangzhou GETI Industrial may no longer serve the best interests of the Group.

In light of the aforesaid particularly the time already given to explore the potential of these companies, the high level of competition in the market and financial conditions of these companies, the Directors considered the Disposals at this stage would be a good opportunity for the Group to recover its earlier investments in GETI (China) Energy which would enable the Group to better reallocate its resources and also to simplify its corporate structure. The disposal was completed in November 2023.

PROGRESS OF SAM IRON ORE PROJECT

Background

As of 31 December 2023, the Group had accumulatively provided US$81.2 million to Sul Americana de Metais S.A. ("SAM"), an indirect wholly owned subsidiary of the Company in Brazil, for preliminary work of the iron ore project in Brazil ("Block 8 Project" or "SAM Project"). In addition to the acquisition consideration of US$78.42 million, the cumulative investment had reached approximately US$159.62 million.

There has been no exploration and mining activity during the Year Ended 2023 and the measured and indicated resources for Block 8 Project are same as last year at 3,583 million tonnes (16.63%) and 1,556 million tonnes (16.05%) respectively.

SAM is devoted to develop Block 8 Project as phase I operation in the state of Minas Gerais with an annual production capacity of 27.5 million tons of iron concentrate (on dry basis) with an average grading of 66.2% Fe in the first 18 years' operation. The project will have an integrated system comprising of an open-pit mine, a beneficiation plant, tailings disposal facilities, a power transmission line, water supply pipelines, and a Vacaria water dam.

Environmental License

The environmental license of the Block 8 project in Brazil involves three types of licenses: Preliminary License ("LP"), Installation License ("LI") and Operation License ("LO"). Among them, the LP is the most important to the project as it confirms environmental feasibility and approves the location and design of the project, and establishes basic requirements and conditions to be met in the next phases of the implementation of the project. The LP is also a prerequisite for obtaining the LI, LO, and other necessary approvals or implementing the project.

SAM remained committed to applying for the LP in compliance with laws and regulations in Brazil over the past few years. When and after the Group was notified of the pending granting of the LP for the first time in 2015, two tailings dam failures occurred at mines operated by other companies in Brazil, resulting in a severe delay in the granting LP for the SAM project. Details and impact of the two tailings dam failures and other past events which negatively affected the licensing process of SAM was disclosed in annual report 2021.

In August 2021, SAM's Block 8 Project was selected as a priority project of Brazilian federal government by the Inter-ministerial Committee for the Analysis of Strategic Minerals Projects (CTAPME). CTAPME was established in 2021 to select projects considered highly important for the development of Brazil and it coordinates government agencies to implement and expand production of strategic minerals on an environmentally sustainable basis. CTAPME comprises the Ministry of Mines and Energy (MME), the Ministry of Science, Technology and Innovation (MCTI), the Institutional Security Office of the Presidency (GSI/PR), the Special Secretariat of the Investment Partnerships Program of the Ministry of Economy (SEPPI/ME) and the Special Secretariat of Strategic Affairs of the Presidency (SAE/PR). To minimise risks and solve conflicts that may be identified, the projects that are selected will be supported by the SEPPI/ME in monitoring the environmental licensing processes which are carried out by the relevant environmental bodies.

On 10 and 11 May 2022, the Superintendence of Priority Projects (SUPPRI) of the Secretariat of Environment and Sustainable Development (SEMAD), the then licensing organisation responsible for SAM's project, held two public hearings for the environmental licensing process for Block 8 Project in the cities of Grão Mogol and Fruta de Leite. The public hearing is a fundamental instrument of an environmental licensing process, whose purpose is to present the results of environmental studies to the public, resolve doubts and collect criticisms and suggestions from those present. Around 1,150 people in total registered and attended the two public hearings. Those present including representatives of important institutions in the northern region of Minas Gerais, the mayors and councillors of the municipalities in the project area, people from the communities, all manifested their support for Block 8 project and made it clear that they are looking forward to the installation of the project in the region.

In July 2022, SUPPRI's technical team made a field technical inspection of the area of the Block 8 project.

Reasons for the further delay of the Block 8 Project:

In February 2023, SAM received the technical report from SUPPRI. The technical report requests some gap studies because of the modification of the project and the update of the laws and regulations.

After that, the progress was severely affected by the restructuring of Minas Gerais State government institutions, which started in April 2023. As a result of the restructuring, the licensing organ SUPPRI which was responsible for the licensing of SAM's project was replaced by Minas State Environmental Foundation (FEAM). In November 2023, SAM's licensing process for Block 8 Project was transferred to FEAM from SUPPRI.

On 26 February 2024, SAM conducted its first meeting with FEAM. FEAM emphasised the imperative for complementary studies as outlined in the technical report of SUPPRI released in February 2023. Furthermore, FEAM referred to the Law 23.291/2019, which demand alternative studies on tailings disposal to demonstrate the absence of safer solutions beyond the chosen one, taking into account environmental, social, and economic sustainability criteria. In alignment with FEAM's perspective, there is an understanding of the necessity to conduct more studies for the project.

As of the date of this announcement, SAM is actively engaged in discussions with internal teams and consultants to optimise the project further, with a particular focus on tailings disposal alternatives.

Mining Concession

Due to significant optimisations and changes in the engineering and the development model of the project in the past few years, SAM updated the Integrated Economic Utilisation Plan ("PIAE"). PIAE is an essential document for any mining project, being a fundamental requirement for the Mining Concession. On 7 January 2022, SAM submitted the updated PIAE to the National Mining Agency ("ANM").

On 22 May 2022, ANM approved SAM's PIAE, which means that once SAM obtains the Installation License ("LI") from the licensing organisation, ANM will issue the Mining Concession for Block 8 Project to SAM. The approval of the PIAE is a very important step for the project.

Expected Timetable

Many uncertainties, may affect the timetable, by assuming that the LP (preliminary license) is granted in fourth quarter of 2025, there is a chance to obtain the LI in the second quarter of 2027 and start trial production in the second half of 2030. The new operation commencement date is expected to be early 2031 (2022: early 2029).

Impairment Assessment of Jixing International

During the year ended 31 December 2023, impairment of approximately HK$66.8 million was recognised in relation to Jixing International cash generating unit (the "Jixing CGU") mainly because the forecast revenue from 2025 up to the end of useful life of Jixing CGU at 30 September 2031, are adjusted downward compared to the forecast revenue last year.

The recoverable amount had been determined based on value in use calculation using discounted cash flow technique and determined by an independent professional valuer, Valtech Valuation Advisory Limited.

POTENTIAL LITHIUM BRINE PROJECT INVESTMENT

Entering into a Letter of Intent Regarding the Investment in Lithium Brine Project

On 6 April 2023, the Company has entered into a letter of intent (the "Letter of Intent") with Tibet Summit Resources Co., Ltd. (西藏珠峰資源股份有限公司) ("Tibet Summit") (Shanghai Stock Exchange stock code: 600338).

According to the Letter of Intent, the Company intends to acquire approximately 38.75% equity interests of Tibet Summit Resources Hongkong Limited (西藏珠峰資源(香港)有限公司) ("Tibet Summit Hong Kong") at a total consideration of approximately US$350 million through acquisition of existing shares and/or subscription of new shares, and Tibet Summit owns the remaining 61.25%. Tibet Summit Hong Kong indirectly holds 100% interest in POTASIO Y LITIO DE ARGENTINA S.A. ("PLASA") (controlling the Sal de Los Angeles lithium brine project ("Angeles Project")) and TORTUGA DE ORO S.A. ("TOSA") (controlling the Arizaro lithium brine project ("Arizaro Project")).

In order to develop the Angeles Project with an annual capacity of 50,000 tons of battery-grade lithium carbonate equivalent ("LCE"), Tibet Summit is responsible to obtain the environmental and all other licenses and approvals in relation to the installation, mining, production and sales of products of the Angeles Project, and secure the supply of brine in the cooperation period. The Company intends to provide an additional interest-bearing loans of with a maximum amount of US$600 million for project construction and operation (the "Project Loans"). The positive cash flow generated after the Angeles Project commenced production will be used to repay the principal and interest of the Project Loans first. Afterwards, Tibet Summit and the Company will distribute the profits or products generated by the Angeles Project through Tibet Summit Hong Kong in proportions of 50.1% and 49.9%, respectively.

Exclusivity

Tibet Summit agrees to grant the Company an exclusivity period of 4.5 months unconditionally and irrevocably from the date of the Letter of Intent ("Exclusivity Period"). During the Exclusivity Period, Tibet Summit guarantees that it will not directly or indirectly make an investment, development or other cooperation offer for the proposed cooperation under the Letter of Intent with anyone other than the Company, and will not sign or enter into any agreement related to the cooperation arrangement under the Letter of Intent.

Priority Right

After the completion of the detailed exploration of the Arizaro Project, if Tibet Summit intends to cooperate with a third party to develop the project, the Company has the priority of cooperation under the same terms.

The Angeles Project

The Angeles Project is owned by PLASA, a wholly-owned subsidiary of Tibet Summit Hong Kong. Angeles Project holds a total of 39 mining concessions. The project exploration work has been completed, and the NI43-101 resource report has been submitted, the lithium resource is 2.05 million tons of LCE, which is a world-class lithium resources. The average lithium concentration of the deposit is about 490mg/L, and the average magnesium-lithium ratio is 3.8:1. PLASA is preparing to set up a 50,000 tonnes LCE (modified to 30,000 tonnes LCE in February 2024) project in the Sal de Los Angeles lithium brine, and is in a stage of preparing supplementary information in relation to the environmental licensing ("EIA") application. According to the feasibility study report of a consulting company, the total investment of the 50,000-ton LCE project is about US$700 million, and the cost per ton of lithium carbonate is approximately US$5,000. The actual cost can only be estimated more accurately depending on the actual annual production capacity, process route and related costs.

The Arizaro Project

The Arizaro Project is owned by TOSA, a wholly-owned subsidiary of Tibet Summit Hong Kong, is located in the core area of the "Lithium Triangle" in South America, which is rich in lithium ore. Covering an area of 1970 square kilometers, the Arizaro brine is one of the largest lithium brines in South America. Arizaro Project has 12 mining concessions in the lake, covering an area of 365.78 square kilometers. At present, Arizaro Project is still in the preliminary exploration stage, and the environmental impact assessment report for in-depth exploration has recently been approved by the local approval agency in Argentina. According to the preliminary research of a consulting company, the resource of the Arizaro Project may reach more than 10 million tons of LCE. TOSA is preparing to implement the detailed exploration of the Arizaro Project, as well as preparing for the construction of a project with an annual production capacity of 100,000 tons of LCE.

The Exclusivity Period in the Letter of Intent was expired on 22 August 2023, no formal agreement has been entered into between the Company and Tibet Summit regarding the investment and cooperation arrangement in Tibet Summit Hong Kong yet, but both parties are still in the negotiation process. In addition, the Company has basically completed the business and financial due diligence of Tibet Summit Hong Kong and its subsidiaries and is finalising the legal due diligence in Argentina.

In addition, according to the announcement of Tibet Summit dated 2 August 2023, PLASA has submitted supplemental information to relevant organisation in Argentina regarding the environmental license application of the project with annual production capacity of 50,000 tonnes LCE. Subsequently on 28 February 2024, Tibet summit announced that the annual production capacity of the Angeles Project was modified to 30,000 tonnes LCE following the advice of relevant licensing organisation in Argentina. If environmental license is granted, the means of direct financing will increase for the project and the Company may not be required to provide shareholder's loan for the CAPEX alone. The Company is negotiating a new proposal with Tibet Summit for the acquisition of 49.9% equity interests of Tibet Summit Hong Kong through acquisition of existing shares and subscription of new shares under an appropriate valuation. Under this arrangement, Tibet Summit Hong Kong may have enough internal resources for the CAPEX of partial production capacity, the CAPEX for the remaining production capacity can be fulfilled by bank loans or other financing facilities or can be built later as a second phase of the project.

CONTINGENT CONSIDERATION AND LIABILITIES

Pursuant to the share purchase agreement in relation to the acquisition of SAM (the "SAM SPA"), the total consideration of US$390 million for the acquisition of SAM was to be satisfied in cash in five instalment payments. The first and the second instalment payment amount to US$75 million were settled before the date of Settlement Agreement (details set out in the announcement of the Company dated 13 May 2016). The third, fourth and fifth instalment payment amount to US$115 million, US$100 million and US$100 million were required to be settled according to certain milestones.

After execution of the Settlement Agreement in June 2016, the Group shall no longer be liable to pay third, fourth and fifth instalment payment with the total amount of US$315 million under the SAM SPA.

Conditional additional payment

If, however:

(i) the Group disposes of any or all of its interests in direct or indirect interests of SAM;

(ii) SAM disposes of all or a significant portion of its assets other than the sale of inventory (i.e., pellet feed or other minerals) in the ordinary course of business after the production or extraction of minerals has begun, to a party other than the Group company;

(each a "Disposal Event") after the execution of the Settlement Agreement but before (a) the date by which an aggregate of 100,000 metric tons of pellet feed from any of the areas represented by the exploration permits issued to SAM has been shipped commercially (the "New Mining Production Commencement Date"); or (b) any final and non-appealable order, by any Brazilian regulatory authority, permanently restraining, enjoining or otherwise preventing the consummation of the New Mining Production Commencement Date, whichever is earlier, and the net proceeds from such a Disposal Event exceeds 120% of the Company's investment in SAM and the Project, which comprises:

(1) the amount of US$75,000,000, being part of the acquisition consideration and US$420,000, an incentive payment previously paid to Votorantim (the seller);

(2) the Settlement Payment of US$3,000,000 under the Settlement Agreement;

(3) an amount of US$1,500,000, paid to a third party as fees for preparation of SAM's feasibility study report;

(4) the amount of US$64,175,000, representing the funds loaned to SAM and capital invested in SAM as of the date of the Settlement Agreement; and

(5) the total sum of any additional loans and capital invested (and not repaid, reduced or returned) by the Group in SAM or the Project, in each case which is related to the development of the Project, between the date of the Settlement Agreement and the date of any Disposal Event ("Honbridge's Investment"), with the aggregate of items (1) to (5) above in no event exceeding US$250,000,000, then the net proceeds from the Disposal Event that exceed 120% of Honbridge's Investment shall be shared equally by the Company and Votorantim, with payment to Votorantim in no event to exceed US$60,000,000 (the "Additional Payment"). As at 31 December 2023, the additional loans and capital invested was approximately US$15,560,000.

Conditional mining production payment to Votorantim

If, prior to the expiry of 10 years after the date of the Settlement Agreement (i.e. May 2026), the New Mining Production Commencement Date occurs and all Additional Payments made by the Group to Votorantim in the aggregate prior to that date are less than US$30,000,000, then the Group shall pay US$30,000,000 to Votorantim ("New Mining Production Payment") within 10 Business Days after the New Mining Production Commencement Date.

As at 31 December 2023, the contingent consideration payable was approximately HK$119.0 million (equivalent to approximately US$15.2 million) (2022: HK$112.8 million, equivalent to approximately US$14.5 million).

SHAREHOLDING IN YUXING INFOTECH

As at 31 December 2023, the Group owned 351,867,200 shares of Yuxing InfoTech Investment Holdings Limited ("Yuxing InfoTech"), represented 14.14% equity interests in Yuxing InfoTech, a listed equity investments listed in the GEM of The Stock Exchange of Hong Kong Limited. The shares could be disposed for working capital of the Company or if the appropriate opportunity or market conditions arrived.

CHANGE OF CONTROLLING SHAREHOLDER AND THE OFFER

On 12 January 2023, Geely Group Limited ("Offeror"), wholly-owned by Mr. Li Shufu, as the purchaser and Mr. He Xuechu and Mr. Li Xingxing ("Vendors") as the vendors entered into a sale and purchase agreement, pursuant to which (i) Mr. He Xuechu and Mr. Li Xingxing conditionally agreed to sell 38.09% and 30.77%, respectively, of the total issued share capital of Hong Bridge Capital Limited (the "Target Company"), which is the controlling shareholder of the Company, and (ii) the Offeror conditionally agreed to acquire from Mr. He Xuechu and Mr. Li Xingxing an aggregate of 68.86% of the total issued share capital of the Target Company as at the date of the sale and purchase agreement (the "Sale and Purchase Agreement").

Following the completion of the Sale and Purchase Agreement which took place on 16 January 2023, the Offeror has acquired a statutory control (as referred to under the Takeovers Code) over the Target Company, and the Offeror and the Offeror concert parties are interested in approximately 62.40% in the Company. The Offeror is required to make an unconditional mandatory general offer for all the issued shares of the Company (other than those already owned or agreed to be acquired by the Offeror and the Offeror concert parties) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code at HK$0.08 per offer share. The Offer was closed on 16 March 2023.

Details of the change of controlling shareholder of the Company and the Offer were set out in the joint announcements dated 12 January 2023, 16 January 2023, 2 February 2023, 16 March 2023 and the composite document dated 22 February 2023 jointly issued by the Company and the Offeror.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2023, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

	Number of Shares in the Company				
Name of Shareholder	**Beneficial owner**	**Interest of spouse**	**Interests of controlled corporation**	**Total number of shares held**	**Approximate percentage of shareholding**
Li Shufu *(Note 1)*	103,064,000	50,000,000	5,918,504,675	6,071,568,675	61.61%
Geely Group Limited *(Note 2)*	2,829,000	–	4,065,000,000	4,067,829,000	41.28%
Hong Bridge Capital Limited	4,065,000,000	–	–	4,065,000,000	41.25%
Geely International (Hong Kong) Limited	1,850,675,675	–	–	1,850,675,675	18.78%
Zhejiang Geely Holding Group Company Limited *(Note 3)*	–	–	1,850,675,675	1,850,675,675	18.78%

Notes:

1. Mr. LI Shufu holds 91.08% equity interest of Zhejiang Geely Holding Group Company Limited and 100% equity interest of Geely Group Limited.

2. Geely Group Limited is the controlling shareholder holding 68.86% equity interest of Hong Bridge Capital Limited.

3. Zhejiang Geely Holding Group Company Limited holds 100% equity interest of Geely International (Hong Kong) Limited.

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

BUSINESS REVIEW

For the year ended 31 December 2023 ("Year Ended 2023"), the Group recognised HK$227.0 million in revenue, representing a 73.9% increase when compared to HK$130.5 million revenue recognised for the year ended 31 December 2022 ("Year Ended 2022"). The loss for the Year Ended 2023 attributable to owners of the Company was approximately HK$106.5 million (Year Ended 2022: loss of HK$199.2 million).

Approximately HK$173.9 million revenue of the Group were contributed by our Zhejiang lithium-ion battery plant. The revenue generated from selling lithium batteries has soared by approximately 59.4% from HK$109.1 million due to the ramp-up of production volume of our major product in 2023.

The remaining revenue were generated by the online car-hailing business in France. In August 2022, the Group made a strategic move by acquiring the controlling interests of Jixing International Technology Co. Ltd ("Jixing International"), which engaged in online car-hailing services in France under the brand Caocao. The impact of this acquisition became evident for the Year Ended 2023 when Jixing International's full-year financial results fully integrated into the Group and contributed approximately HK$53.0 million in revenue (August to December 2022: HK$21.4 million).

The Group had been running the battery sharing business focusing on food delivery electric bicycle branded "GETI" in the PRC in Jiangsu Province since 2019. However, despite four years have elapsed since the establishment of such business and the diminished effects of COVID-19 on the market, the sales had been unsatisfactory and the business had been unprofitable since they were launched. It is not optimistic to turn the business around due to, among others high level of competition in the market. Furthermore, the business was capital intensive and require new working capital. Accordingly, the Group considered that the business prospects were uncertain and that further allocation of capital resources to the business no longer serve the best interests of the Group. The business was disposed for a total consideration of RMB 20 million and the disposal was closed in November 2023. For the Year Ended 2023, GETI has just recognised approximately HK$1.9 million in revenue (Year Ended 2022: HK$7.2 million). The financial results of GETI were listed separately as discontinued operation in the consolidated statement of profit or loss and other comprehensive income.

The Group recorded a gross profit of approximately HK$50.7 million (gross profit ratio: 22.3%) for the Year Ended 2023 as compared with the gross profit of approximately HK$31.7 million (gross profit ratio: 24.3%) last year. The lower gross profit ratio of the Company has been dragged down by the online car hailing business, which constitutes 23.4% of the total revenue (Year Ended 2022: 16.4%). This sector has a low gross profit margin of 6.0% due to high driver costs and vehicle depreciation. On the other hand, the lithium battery plant, which makes up 76.6% of the revenue, had a gross profit ratio of 27.3% for the Year Ended 2023.

Other operating expenses of approximately HK$13.1 million (Year Ended 2022: expenses of HK$33.7 million) was recognised during the year. The reduction was mainly due to the reduction in loss from investments in listed securities from HK$63.0 million for the Year Ended 2022 to HK$36.6 million for the Year Ended 2023 as the share price of Yuxing InfoTech, a listed equity investments listed in the GEM of The Stock Exchange of Hong Kong Limited dropped less during the current year.

Because of the increased in revenue, the maintenance cost for the battery products increased during the current year and the selling and distribution costs for the Year Ended 2023 was approximately HK$6.9 million (Year Ended 2022: HK$5.9 million).

The administrative expenses increased by approximately HK$10.6 million or 11.1% when compared to last year. The increase was mainly contributed by increase in staff costs and depreciation expenses.

Significant impairment loss of approximately HK$66.8 million are recognised by our online-car hailing business in France, the decreased in projected revenue is expected to decrease the future cash flow of the project.

Approximately HK$9.4 million finance costs were recognised during the Year Ended 2023 (Year Ended 2022: HK$8.7 million) which was mainly interest expense related to the bank borrowings from a commercial bank in the PRC. There was no additional bank borrowing draw down for the current year and the interest rate has been consistently held at 4.9% per annum for both Year Ended 2022 and 2023.

For the Year Ended 2023, the loss attributable to the owners of the Company was approximately HK$106.5 million (Year Ended 2022: loss of HK$199.2 million). The significant reduction in losses was primarily due to the absence of a special provision of HK$151.8 million for repayment of government grant that was present for the Year Ended 2022. Additionally, we have achieved an improved gross profit from HK$31.6 million for the Year Ended 2022 to HK$50.7 million for the Year Ended 2023, reflecting our successful efforts in enhancing the revenue. Furthermore, our results were positively impacted by a decrease in investment losses in listed securities, which enjoyed a relatively less share price drop for the Year Ended 2023. Their positive impact was partially set-off by the approximately HK$66.8 million impairment on property, plant and equipment and right-of-use assets during the current year (Year Ended 2022: HK$19.1 million). These major factors combined have contributed to our improved financial results.

On 31 December 2022, Zhejiang Forever New Energy Company Limited ("Zhejiang Forever", being the Group's 52% owned subsidiary) entered into an agreement with certain local government entities in Zhejiang, PRC (the "Government"), pursuant to which, Zhejiang Forever shall repay the Government (a) by 31 December 2022, the Government Loans in the principal amount of RMB100 million (which Zhejiang Forever had already fully repaid in December 2022); and (b) by 29 February 2024, the government grants (the "Grants") received by Zhejiang Forever in relation to its production facilities in the aggregate amount of around RMB208 million, net of 20% to 30% of Zhejiang Forever's accumulated qualified plant and equipment investment as at 31 January 2024 (the percentage being subject to the category classification of the production facilities as at 31 January 2024) (the "Deductible Amount"). The maximum of the Deductible Amount shall not exceed the amount of the Grants received of around RMB208 million and if the maximum of Deductible Amount is reached as at 31 January 2024, no repayment of the Grants shall be made. The estimated repayment amount was approximately RMB134.2 million (equivalent to approximately HK$151.8 million) and the same amount of provision was provided for the Year Ended 2022. No further provision was made for the Year Ended 2023. The Government is presently conducting an evaluation of Zhejiang Forever's qualified plant and equipment investment. Currently, discussions are underway between Zhejiang Forever and the Government to establish a schedule for potential installment repayments.

Since March 2020, Shandong Forever New Energy became an associate of the Company. It has temporarily stopped production and approximately HK$0.6 million share of loss was recognised by the Company for the Year Ended 2023 (Year Ended 2022: HK$1.4 million). In 2023, it has been focusing on downsizing and operation simplification.

As at 31 December 2023, the cash and cash equivalent balance of the Group was approximately HK$167.0 million (31 December 2022: HK$165.5 million). As at 31 December 2023, the net current assets of the Group was approximately HK$45.5 million (Year Ended 2022: HK$256.6 million). The decrease was mainly due to a reclassification of a non-current liability related to a provision of repayment of government grant as a current liability. The Group will continue to prudently control its costs and monitor its expenditure under current challenging and uncertain economic situation.

As at 31 December 2023, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 2.6% (31 December 2022: 3.2%). The gearing ratio of the Group has improved because the Company has repaid some bank borrowings during the Year Ended 2023.

THE USE OF PROCEEDS FROM PLACING AND SHARE SUBSCRIPTION

Upon completion of the placing of 754,000,000 new shares (the "Placing") and the subscription of 446,000,000 new shares (the "Share Subscription") of the Company in June 2015 at HK$1.12 per share, the Company received an aggregate of HK$1,336 million of net proceeds, HK$950 million of which was intended to be applied to increase the Group's production capacity of lithium-ion battery business and potential investment and acquisition opportunities in the new energy vehicle related field, HK$200 million of which was intended to be used in the Brazilian iron ore project and HK$186 million of which was intended to be used for general working capital of the Company. However, in 2016, the Company had yet to identify suitable investment and acquisition targets in the new energy vehicle-related field and the Company decided to improve the Group's capital efficiency and to better utilise its cash by making short term investment to generate better returns to its Shareholders. In April 2016, HK$540 million net proceeds were re-allocated from new energy related projects and the Company has entered into a Loan Agreement with Cloudrider Limited (the "Borrower") and a loan with principal amount of HK$540 million has been granted. In February 2020, Zhejiang Forever New Energy lithium-ion battery plant required new capital from its shareholders. Since the Brazilian iron ore project still need more time to obtain the environmental license and no material expenses are expected before the license is obtained, to strengthen the use efficiency of proceeds, HK$46.7 million net proceeds were re-allocated for the new energy vehicles related projects.

The below table sets out the applications of the net proceeds from Placing and Share Subscription as at 31 December 2023:

Intended use of proceeds	Total net proceeds	Actual use of proceeds up to 31 December 2022	Use of proceeds during the year ended 31 December 2023	Actual use of net proceeds up to 31 December 2023	Remaining balance of net proceeds up to 31 December 2023
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
Lent to the Borrower	540.0	540.0	–	540.0	Nil
New energy vehicle related business	456.7	456.7	–	456.7	Nil
Brazilian iron ore project	153.3	150.3	3.0	153.3	Nil
Repayment of loans from the ultimate holding company	109.1	109.1	–	109.1	Nil
General working capital of the Company	76.9	76.9	–	76.9	Nil
Total	1,336.0	1,333.0	3.0	1,336.0	Nil

CAPITAL COMMITMENTS

As at 31 December 2023, the Group has contracted but not provided for capital commitments in relation to property, plant and equipment amounted to approximately HK$26.7 million.

EMPLOYEES

As at 31 December 2023, the total number of employees of the Group was 201 (2022: 328). Employee benefit expenses (including directors' emoluments) amounted to HK$82.0 million for the year (2022: HK$76.2 million). The number of staff decreased substantially because of the reduction of headcount in China and France. In China, certain manufacturing processes and IT functions were outsourced resulting in a decrease in number of employees. In France, there was a change of human resources strategy to optimise headcount by engaging drivers as independent service providers instead of employees during the year ended 31 December 2023.

The Group considers its employees as its most valuable assets. In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidised training programs are offered to employees of the Group. Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employees may also receive a discretionary bonus based on performance. Share options have also been granted to certain employees of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year Ended 2023, neither the Company, its ultimate holding company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHARGES ON GROUP ASSETS

Details of the charges on assets of the Group are set out in note 18 to this announcement.

PROSPECTS

The world is undergoing an evolution of the replacement of combustion-engine cars by electric vehicles with low and even zero emission as several countries in Europe, certain provinces in China and certain states in the USA have set out their timetable to gradually phase out sales of combustion-engine vehicles.

Meanwhile in China, the General Office of the State Council of the PRC released the long term "New Energy Vehicle Industry Development Plan (2021-2035)" (《新能源汽車產業發展規劃(2021–2035年)》) in November 2020, which aims to guide the development of the new energy vehicle industry in the next fifteen years. The new energy vehicle industry in China has grown robustly under the support of the PRC government and sales have achieved 37.9% growth to 9.5 million units for the year ended 31 December 2023, accounted for about 31.6% of the overall new car sales. In June 2023, the Chinese government continued to promote new energy vehicles industry and announced certain tax benefits for purchasing new energy vehicles will be extended until the end of 2027. The Company expects the new energy vehicle industry will continue to maintain a high growth trend in the next few years.

Our Zhejiang lithium-ion manufacturing plant has been focusing on producing lithium-ion batteries for PHEV models in the past few years. Nevertheless, PHEV is only a niche market for the battery segment in new energy vehicles, accounting for approximately 29% of the total new energy vehicles sales in the PRC, which more than half of the total sales were derived by a single manufacturer which is also a battery manufacturer. Since 2022, the Group has shifted its focus to electric bicycle and commercial vehicle sectors and has achieved positive progress. The Group also awares that a switch from lead acid battery to lithium battery in vehicles is an unavoidable trend and the Group has launched parking and starting lithium battery for heavy truck (駐車電池) during the year.

In August 2022, the Company has closed the acquisition of controlling interests of Jixing International Technology Co., Ltd., which is providing online car-hailing service in Paris, France. As the world gears up for the Paris Olympic Games in 2024, Caocao which has a fleet of new energy taxi, could play an important role in this event, offering a swift, eco-friendly ride for local, tourists and athletes. As a long term business strategy, Jixing International Technology Co., Ltd. will expand its service and promote its core values (safe, reliable, low carbon, etc.) to other cities in France and other countries in Europe in a suitable time.

For the iron ore project in Brazil, despite the exceptional time and efforts spent for the SAM iron ore project, it is mainly due the two tailing dam disasters in Brazil in November 2015 and January 2019 that all the licensing process of other projects with tailing dam has been badly affected. In 2023, the progress was severely affected by the restructuring of Minas Gerais State government institutions, which started in April 2023. Because of the restructuring, the licensing organ SUPPRI which was responsible for the licensing of SAM's project was replaced by Minas State Environmental Foundation (FEAM). In November 2023, SAM's licensing process for Block 8 Project was transferred to FEAM from SUPPRI.

As a result the Company was still unable to obtain the Preliminary License (LP) in relation to the environmental feasibility. The Company will continue to review its status and development continuously in order to make the best decision for the shareholders of the Company. While the iron ore project is currently progressing in the direction of self-development, the introduction of strategic investors for joint development or collective sale cannot be ruled out should suitable opportunities arise in a suitable time.

The Company has identified an investment opportunity in relation to two lithium brine projects in Argentina and has entered into a letter of intent with potential transaction party, Tibet Summit Resources Co., Ltd., on 6 April 2023. The Company has basically completed the business and financial due diligence and is finalising the legal due diligence process in Argentina. Save for the aforesaid, the Group is also reviewing certain lepidolite and spodumene projects in Africa and Brazil to explore the possibility of mining subcontracting or cooperation, and at the same time look for long-term users of lithium carbonate and front-end lithium raw material products. As these potential projects may also have a sizable funding requirement, the Group is exploring the possibility of securing various financing facilities. The overall business strategy of the Group is the dual development of new energy vehicles related business and resources, creating value for shareholders.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the Year Ended 2023.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 3.1(b)(ii) to the consolidated financial statements, which states that the Group incurred a loss from continuing operations of approximately HK$158,811,000 for the year ended 31 December 2023, and as of that date, the Group had provision for repayment to the government of HK$147,690,000 and bank borrowings of HK$20,025,000 that were repayable within one year while its cash and cash equivalents amounted to HK$166,953,000 only. These conditions, along with other matters as set forth in note 3.1(b)(ii), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance practices and procedures. The corporate governance principles of the Company emphasises accountability and transparency and are adopted in the best interests of the Company and its shareholders.

The Company complied with the corporate governance code in Appendix C1 to the GEM Listing Rules throughout the Year Ended 2023 with the exception of Code Provision D.2.5. Under Code Provision D.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the audit committee and the Board. In addition, the audit committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for Directors.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standards of dealings and its code of conduct regarding the directors' securities transaction throughout the Year Ended 2023.

AUDIT COMMITTEE

The primary duties of the audit committee are to review and supervise the financial reporting, internal control procedures, whistleblowing policy and risk management system of the Group. Other duties of the audit committee are set out in its specific terms of reference, which are posted on the website of the Company and the Stock Exchange respectively. The audit committee comprises Mr. Chan Chun Wai, Tony (Committee Chairman), Mr. Ma Gang and Mr. Ha Chun, who are Independent Non-Executive Directors of the Company.

During the year, the audit committee held four meetings to review and comment on the Company's 2022 annual results, 2023 half-yearly results and quarterly results as well as the Company's internal control procedures and risk management system. Full attendance was recorded for the four meetings.

The Group's annual report for the Year Ended 2023 were reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

The terms of reference of the Audit Committee are published on the Company's website (http://www.8137.hk) and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary results announcement of the Group's results for the Year Ended 2023 have been compared by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by BDO Limited in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by BDO Limited on this results announcement.

As at the date of this results announcement, the Board comprises:

Executive Directors:
Mr. HE Xuechu *(Chairman)*
Mr. Liu Jian *(Vice Chairman and Joint Chief Executive Officer)*
Mr. Liu Wei, William *(Joint Chief Executive Officer)*

Non-Executive Director:
Mr. YAN Weimin

Independent Non-Executive Directors:
Mr. CHAN Chun Wai, Tony
Mr. MA Gang
Mr. HA Chun

On behalf of the Board
LIU Wei, William
Executive Director and Joint Chief Executive Officer

Hong Kong, 26 March 2024