



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

INTERIM REPORT
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2021

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors” or individually a “Director”) of TIMELESS SOFTWARE 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 report 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 report misleading.

This report shall remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.timeless.com.hk.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

	Notes	(Unaudited)			
		Three months ended		Six months ended	
		30 September	2020	30 September	2020
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	16,514	30,057	79,253	66,936
Other income and gains	5	1,906	1,011	2,236	1,965
Production costs		(2,961)	(12,168)	(18,114)	(31,297)
Staff costs		(2,316)	(2,316)	(7,250)	(4,843)
Depreciation and amortisation		(920)	(207)	(1,559)	(565)
Gain/(loss) on disposal/written off of property, plant and equipment		–	(116)	143	(116)
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss		(748)	(4)	(936)	143
Gain on partial disposal of interest in an associate		–	–	–	407
Other operating expenses		(2,289)	(3,463)	(8,620)	(7,456)
Impairment loss on amount due from an associate		–	(1)	–	(3)
Share of profit/(loss) of associates		(18)	(13)	98	(37)
Finance costs		(170)	(172)	(338)	(342)
Profit before tax		8,998	12,608	44,913	24,792
Income tax expense	6	(1,753)	(3,353)	(11,257)	(6,601)
Profit for the period	7	7,245	9,255	33,656	18,191
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		104	2,682	1,775	3,007
Total comprehensive income for the period		7,349	11,937	35,431	21,198
Profit attributable to:					
Owners of the Company		508	1,361	6,078	3,143
Non-controlling interests		6,737	7,894	27,578	15,048
		7,245	9,255	33,656	18,191
Total comprehensive income attributable to:					
Owners of the Company		535	2,059	6,540	3,926
Non-controlling interests		6,814	9,878	28,891	17,272
		7,349	11,937	35,431	21,198
		HK cents	HK cents	HK cents	HK cents
Earnings per share					
– Basic and diluted	9	0.02	0.05	0.22	0.11

Condensed Consolidated Statement of Financial Position

At 30 September 2021

	Notes	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Non-current assets			
Property, plant and equipment	10	226	1,494
Right-of-use assets	10	6,156	6,263
Investment property	10	8,600	8,600
Interests in associates		195	97
Financial assets at fair value through profit or loss	13	9,992	9,992
Land rehabilitation costs		–	242
		25,169	26,688
Current assets			
Inventories		106	9,947
Trade receivables	11	–	3,621
Prepayments, deposits and other receivables	12	10,929	25,179
Financial assets at fair value through profit or loss	13	2,854	12,933
Bank balances and cash		154,879	116,072
		168,768	167,752
Current liabilities			
Trade and other payables	14	12,678	16,068
Dividends payable to a non-controlling shareholder		–	8,820
Provision for land rehabilitation		840	827
Loans from related companies	15	15,000	15,000
Current tax liabilities		5,050	9,611
		33,568	50,326
Net current assets		135,200	117,426
Total assets less current liabilities		160,369	144,114
Non-current liabilities			
Provision for land rehabilitation		7,077	6,965
Deferred tax liabilities		1,465	1,870
		8,542	8,835
Net assets		151,827	135,279
Capital and reserves			
Share capital	16	906,074	906,074
Reserves		(846,750)	(853,290)
Equity attributable to owners of the Company		59,324	52,784
Non-controlling interests		92,503	82,495
Total equity		151,827	135,279

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Share capital HK\$'000	Share options reserve HK\$'000	General reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 April 2020 (Audited)	906,074	2,024	1,590	964	(6,082)	(861,833)	42,737	55,768	98,505
Profit for the period	-	-	-	-	-	3,143	3,143	15,048	18,191
Other comprehensive income for the period	-	-	-	-	783	-	783	2,224	3,007
Total comprehensive income for the period	-	-	-	-	783	3,143	3,926	17,272	21,198
Transfer to reserve	-	-	591	-	-	(591)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	(129)	(129)	129	-
Balance at 30 September 2020 (Unaudited)	906,074	2,024	2,181	964	(5,299)	(859,410)	46,534	73,169	119,703
Balance at 1 April 2021 (Audited)	906,074	1,986	2,205	964	(3,882)	(854,563)	52,784	82,495	135,279
Profit for the period	-	-	-	-	-	6,078	6,078	27,578	33,656
Other comprehensive income for the period	-	-	-	-	462	-	462	1,313	1,775
Total comprehensive income for the period	-	-	-	-	462	6,078	6,540	28,891	35,431
Lapse of share options	-	(239)	-	-	-	239	-	-	-
Dividends distributed to non-controlling interests	-	-	-	-	-	-	-	(18,883)	(18,883)
Balance at 30 September 2021 (Unaudited)	906,074	1,747	2,205	964	(3,420)	(848,246)	59,324	92,503	151,827

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	(Unaudited)	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Cash flows from operating activities		
– Cash receipts from customers	82,874	51,471
– Purchase and production costs	(19,412)	(29,446)
– Income tax paid	(16,485)	(3,015)
– Other operating cash flows	16,440	(17,503)
Net cash generated by operating activities	<u>63,417</u>	<u>1,507</u>
Cash flows from investing activities		
– Interest received	1,253	227
– Proceeds from partial disposal of an associate	–	407
– Other investing cash flows	124	–
Net cash generated by investing activities	<u>1,377</u>	<u>634</u>
Cash flows from financing activities		
– Dividend paid to non-controlling interests	(27,703)	–
– Other financing cash flows	(338)	(338)
Net cash used in financing activities	<u>(28,041)</u>	<u>(338)</u>
Net increase in cash and cash equivalents	36,753	1,803
Cash and cash equivalents at the beginning of period	116,072	47,912
Effect of foreign exchange rate changes	<u>2,054</u>	<u>1,627</u>
Cash and cash equivalents at the end of period	<u><u>154,879</u></u>	<u><u>51,342</u></u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u><u>154,879</u></u>	<u><u>51,342</u></u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

1. General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on GEM of the Stock Exchange. The address of its registered office and principal place of business is Room 2208, 118 Connaught Road West, Hong Kong.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the exploration, development and exploitation of mines (“Mining Business”); and (ii) research, development and sale agency of bio and nano materials products as well as investments in startup fund, software maintenance and development services (“Other Business”). In addition to these operating segments, the Group has investments in various projects including e-sports tournament services, nano applications as well as smart farming solutions and services.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. These unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company and were approved for issue by the board of Directors (the “Board”) on 10 November 2021.

2. Basis of Preparation

These unaudited condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the applicable disclosure requirements of the GEM Listing Rules.

These unaudited condensed consolidated financial statements do not include all information and disclosures required in a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2021.

The preparation of these unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for an investment property and certain financial instruments that are measured at fair values at the end of the reporting period.

The financial information relating to the year ended 31 March 2021 included in these financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2021 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622, Laws of Hong Kong).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

2. Basis of Preparation (continued)

The Company's auditor has reported on the financial statements for the year ended 31 March 2021. The auditor's report was unqualified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622, Laws of Hong Kong).

3. Significant Accounting Policies

The accounting policies and method of computation used in these unaudited condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the Group's audited consolidated financial statements for the year ended 31 March 2021, except for those related to new or revised HKFRSs effective for the first time for the periods beginning on or after 1 April 2021. The adoption of such new or revised HKFRSs during the six months ended 30 September 2021 has had no material impact on the Group's financial performance and positions for the six months ended 30 September 2021 and 2020 and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

4. Revenue and Segment Information

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. These operating divisions are the basis upon which the information that is regularly reviewed by the CODM is prepared and are analysed under HKFRS 8 *Operating Segments*.

Specifically, the Group's reportable segments under HKFRS 8 are (i) Mining Business; and (ii) Other Business.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 September 2021 (Unaudited)

	Mining Business HK\$'000	Other Business HK\$'000	Total HK\$'000
Segment revenue			
External sales	<u>78,906</u>	<u>347</u>	<u>79,253</u>
Segment profit	<u>46,748</u>	<u>193</u>	<u>46,941</u>
Interest income			1,379
Unallocated other income and gains			848
Unallocated corporate expenses			(3,222)
Gain on disposal of property, plant and equipment			143
Loss on fair value changes of financial assets at fair value through profit or loss			(936)
Share of profit of associates			98
Finance costs			(338)
Profit before tax			<u>44,913</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

4. Revenue and Segment Information (continued) Segment revenues and results (continued)

For the six months ended 30 September 2020 (Unaudited)

	Mining Business HK\$'000	Other Business HK\$'000	Total HK\$'000
Segment revenue			
External sales	66,928	8	66,936
Segment profit	26,785	291	27,076
Interest income			227
Unallocated other income and gains			1,325
Unallocated corporate expenses			(3,888)
Loss on written off of property, plant and equipment			(116)
Gain on fair value changes of financial assets at fair value through profit or loss			143
Gain on partial disposal of interest in an associate			407
Impairment loss on amount due from an associate			(3)
Share of loss of associates			(37)
Finance costs			(342)
Profit before tax			24,792

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Segment assets		
Mining Business	8,012	46,106
Other Business	38	40
Total segment assets	8,050	46,146
Interests in associates	195	97
Unallocated	185,692	148,197
Consolidated assets	193,937	194,440
Segment liabilities		
Mining Business	26,042	34,534
Other Business	65	5
Total segment liabilities	26,107	34,539
Unallocated	16,003	24,622
Consolidated liabilities	42,110	59,161

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

4. Revenue and Segment Information (continued) Geographical information

The following is an analysis of the Group's revenue by geographical segments:

	(Unaudited) Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	347	8
PRC	78,906	66,928
	79,253	66,936

Disaggregation of revenue from contracts with customers

	(Unaudited) Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Type of goods or services		
Sales of high-grade nickel-copper ores	78,906	36,466
Sales of nickel concentrates	–	21,191
Sales of copper concentrates	–	9,271
Service fee income	322	8
Sales of water soluble bags	25	–
	79,253	66,936

	(Unaudited) Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Timing of revenue recognition		
At a point in time	79,128	66,936
Over time	125	–
	79,253	66,936

The Group has contracts with customers for the sale of high-grade nickel-copper ores, nickel and copper concentrates and water soluble bags. The Group has concluded that revenue from sale of goods are recognised at a point in time when a customer obtained control of goods.

The revenue from the provision of sales agency services is recognised at a point in time when services are performed.

The revenue from the provision of management services is recognised over time when services are rendered.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

5. Other Income and Gains

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Government grants	-	-	-	366
Employment Support Scheme	-	27	-	267
Interest income	1,107	67	1,379	227
Rental income	48	56	96	110
Dividend income	750	750	750	750
Exchange gain	-	16	-	14
Other income	1	95	11	231
	<u>1,906</u>	<u>1,011</u>	<u>2,236</u>	<u>1,965</u>
Total other income and gains	<u>1,906</u>	<u>1,011</u>	<u>2,236</u>	<u>1,965</u>

6. Income Tax Expense

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
PRC Enterprise Income Tax				
– charge for the period	1,753	3,268	10,682	6,721
– under provision in respect of prior years	-	1	27	8
– PRC withholding tax	-	-	1,062	-
Deferred tax	-	84	(514)	(128)
	<u>1,753</u>	<u>3,353</u>	<u>11,257</u>	<u>6,601</u>
Total income tax expense recognised in profit or loss	<u>1,753</u>	<u>3,353</u>	<u>11,257</u>	<u>6,601</u>

No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for both periods.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

7. Profit for the Period

Profit for the period has been arrived at after charging/(crediting):

	(Unaudited)			
	Three months ended 30 September 2021		Six months ended 30 September 2021	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Employee benefits expense (including Directors' and chief executive's emoluments)	2,383	4,532	7,521	8,699
Amount included in the production costs line item	(67)	(2,216)	(271)	(3,856)
Amount included in the staff costs line item	2,316	2,316	7,250	4,843
Depreciation of property, plant and equipment	91	59	315	332
Amortisation of intangible assets	–	1,653	3,013	5,596
Depreciation and amortisation (included in the production costs line item)	91	1,712	3,328	5,928
Depreciation of property, plant and equipment	578	165	990	340
Depreciation of right-of-use assets	219	101	323	196
Amortisation of land rehabilitation costs	123	(59)	246	29
Depreciation and amortisation (included in the depreciation and amortisation line item)	920	207	1,559	565
Gross rental income arising from an investment property	(48)	(56)	(96)	(110)
Less: direct operating expenses incurred for an investment property that generate rental income during the period	20	15	40	35
Net rental income	(28)	(41)	(56)	(75)
Cost of inventories recognised as an expense	2,961	12,168	16,188	31,297
Provision for inventories (included in the production costs line item)	–	–	1,786	–
Expense relating to short-term leases not included in the measurement of lease liabilities	126	893	252	1,709
Net foreign exchange (gain)/loss	96	(16)	21	(14)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

8. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

9. Earnings per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	(Unaudited)			
	Three months ended 30 September 2021		Six months ended 30 September 2021	
	2021	2020	2021	2020
Profit:				
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>HK\$508,000</u>	<u>HK\$1,361,000</u>	<u>HK\$6,078,000</u>	<u>HK\$3,143,000</u>
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,812,881,803</u>	<u>2,812,881,803</u>	<u>2,812,881,803</u>	<u>2,812,881,803</u>

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options since the exercise prices of those options were higher than the average market price of the shares for the three months and six months ended 30 September 2021 and 2020.

10. Property, Plant and Equipment, Right-of-use Assets, Investment Property and Intangible Assets

During the six months ended 30 September 2021, there was addition of property, plant and equipment of approximately HK\$19,000 (six months ended 30 September 2020: nil), there was no addition to right-of-use assets (six months ended 30 September 2020: nil), investment properties (six months ended 30 September 2020: nil) and intangible assets (six months ended 30 September 2020: HK\$38,560,000). In addition, gain on disposal of property, plant and equipment of approximately HK\$143,000 (six months ended 30 September 2020: loss on written-off of HK\$116,000) was recognised for the six months ended 30 September 2021.

During the six months ended 30 September 2021, depreciation for property, plant and equipment was approximately HK\$1,305,000 (six months ended 30 September 2020: HK\$464,000) and depreciation of right-of-use assets was approximately HK\$323,000 (six months ended 30 September 2020: HK\$196,000). There was no change in the fair value of the investment property (six months ended 30 September 2020: nil). During the six months ended 30 September 2020, amortisation for intangible assets was approximately HK\$12,893,000.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

11. Trade Receivables

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Trade receivables from contracts with customers	-	3,621

The credit terms granted to customers are varied and are generally the result of negotiations between customers and the Group. No interest is charged on overdue trade receivables. The management closely monitored the credit quality of trade receivables and considered the trade receivables that are neither past due nor impaired to be of good credit quality.

The following is an aged analysis of trade receivables presented based on the invoice date:

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
0 to 30 days	-	3,621

As at 30 September 2021, none of trade receivables balance are past due (31 March 2021: nil).

The Group does not hold any collateral over its trade receivables.

12. Prepayments, Deposits and Other Receivables

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Prepayments	73	197
Deposits	1,777	24,870
Other receivables	9,079	112
	10,929	25,179

As at 30 September 2021, the Group's other receivables mainly represent compensation receivable from the guarantors in respect of the profit guarantee of CGA Holdings Limited ("CGA Holdings") and its subsidiaries ("CGA Group") of HK\$8,142,400 (31 March 2021: nil), further details of which are set out in the Company's announcement dated 30 June 2021.

As at 30 September 2021, the Group's deposits amounting to approximately HK\$1,674,000 (31 March 2021: HK\$24,041,000) represent the land restoration and environmental recoverability guarantee deposits for the Group's mines. In April 2021, the Group received refund of deposits of approximately HK\$22,750,000 upon the completion of land restoration work of the Group's certain mines.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

13. Financial Assets at Fair Value through Profit or Loss

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Financial assets measured at fair value through profit or loss:		
– Listed debt securities (note i)	1,921	2,858
– Unlisted equity investments (note ii)	9,992	9,992
– Convertible loan (note iii)	933	933
– CGA Profit Guarantee (note iv)	–	9,142
	<u>12,846</u>	<u>22,925</u>
Analysed for reporting purposes:		
– Current assets	2,854	12,933
– Non-current assets	9,992	9,992
	<u>12,846</u>	<u>22,925</u>

Notes:

- (i) Listed debt securities carried fixed interest rates of 4.6% to 7.5% and maturity dates in September 2022 and June 2023 respectively.
- (ii) Unlisted equity investments composed of 8.86% equity interest of Dragon Silver Holdings Limited (“Dragon Silver”), a profit guarantee, a dividend guarantee and a put option. Dragon Silver is a company incorporated in Hong Kong principally engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products.
- (iii) The convertible loan in the principal sum of US\$100,000 (equivalent to approximately HK\$770,000) bears interest rate of 6% per annum with maturity on 15 March 2022. The Group has the right to convert all or part of the loan amount into the equity shares of the borrower according to the terms and conditions of the convertible loan agreement entered into between the Group and the borrower.
- (iv) CGA Profit Guarantee has been reclassified as other receivables upon the signing of the Deed of Settlement on 30 June 2021. Further details were set out in note 12 to the unaudited condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

14. Trade and Other Payables

At 30 September 2021, included in the Group's trade and other payables were trade payables of approximately HK\$1,672,000 (31 March 2021: HK\$2,970,000).

The following is an aged analysis of trade payables presented based on the invoice date:

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
0 to 30 days	31	305
61 to 90 days	–	2,552
More than 90 days	1,641	113
	<u>1,672</u>	<u>2,970</u>

15. Loans from Related Companies

On 20 July 2018, the Group entered into loan agreements to borrow HK\$15,000,000 from related companies which are beneficially owned by Mr. Felipe Tan, an executive Director of the Company. The loans are unsecured, repayable on demand and bear interest at 4.5% per annum.

16. Share Capital

	Number of shares	Share capital HK\$'000
Issued and fully paid: At 31 March 2021 and 30 September 2021	<u>2,812,881,803</u>	<u>906,074</u>

17. Fair Value Measurements of Financial Instruments

Management has assessed that the fair values of trade receivables, deposits and other receivables, bank balances and cash, trade and other payables, dividends payable to non-controlling interests and loans from related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial instruments traded in active markets are determined with reference to quoted market bid prices.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

17. Fair Value Measurements of Financial Instruments (continued)

Fair value hierarchy

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 September 2021				
Financial assets				
Financial assets designated as at fair value through profit or loss	1,921	–	10,925	12,846
	<u>1,921</u>	<u>–</u>	<u>10,925</u>	<u>12,846</u>
As at 31 March 2021				
Financial assets				
Financial assets designated as at fair value through profit or loss	2,858	–	20,067	22,925
	<u>2,858</u>	<u>–</u>	<u>20,067</u>	<u>22,925</u>

During the period, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (six months ended 30 September 2020: nil).

18. Share-Based Payment Arrangement

On 25 September 2013, an ordinary resolution approving the adoption of a new share option scheme was passed by shareholders of the annual general meeting of the Company (“2013 Share Option Scheme”). Under the 2013 Share Option Scheme, Directors of the Company may grant options to eligible persons to subscribe for the Company’s shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2013 Share Option Scheme will remain valid for a period of 10 years from the adoption date.

During the period, no share option was granted to employees (six months ended 30 September 2020: nil).

19. Related Party Transactions

Other than as disclosed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following significant transactions with related parties:

	(Unaudited) Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Rental and share of office expenses paid to related companies (Note i)	301	329
Purchase of goods from a related company (Note ii)	22	–
Loan interest paid to related companies (Note iii)	338	338
Management fee income from an associate (Note iv)	125	150
Recharge of consultancy fee to an associate (Note iv)	–	20
	<u> </u>	<u> </u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

19. Related Party Transactions (continued)

Notes:

- (i) Rental and share of office expenses in respect of the leasing of office premises were paid to related companies which are beneficially owned by Mr. Felipe Tan (“Mr. Tan”), an executive Director of the Company, at terms mutually agreed by both parties.
- (ii) Goods were purchased from a related company, in which Mr. Tan has equity interests, at terms mutually agreed by both parties.
- (iii) Interest expenses in respect of loans with interest rate at 4.5% per annum were paid to related companies which are beneficially owned by Mr. Tan.
- (iv) Management fee income and recharge of consultancy fee were received from an associate, in which the Company owned a 22.53% equity interests, at terms mutually agreed by both parties.

Compensation of key management personnel

The key management personnel are the Directors of the Company. Details of their remuneration during the current interim period are set out as follows:

	(Unaudited) Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Short-term employee benefits	1,160	1,179
Post-employment benefits	18	36
	<u>1,178</u>	<u>1,215</u>

20. Event after Reporting Period

On 18 October 2021, an independent third party subscribed for 12,470 shares of CGA Holdings with the subscription price payable in cash to provide funding for the proposed listing of CGA Holdings on an overseas stock exchange (the “Subscription”). Immediately after the Subscription, the issued shares of CGA Holdings increased from 12,980 shares to 25,450 shares. The Group’s equity interests in CGA Holdings decreased from 29.97% to 15.28%. Accordingly, CGA Holdings ceased to be an associate of the Group and was accounted for as financial assets at fair value through profit or loss.

Further details of the Subscription are set out in the Company’s announcement dated 18 October 2021.

Management Discussion and Analysis

About the Group

The Group is principally engaged in two business lines, namely (i) the Mining Business; and (ii) the Other Business.

Business Review

Mining Business

The Mining Business primarily comprises of exploration, development and exploitation of a nickel-copper mine in the PRC. For the six months ended 30 September 2021, the Group sold high-grade nickel-copper ores as its major products under the Mining Business.

Due to the increase in sales of high-grade nickel-copper ores and the gradual uptrend of nickel market price, the Group recorded an increase in gross profit for the six months ended 30 September 2021. During the period, the Group continued to prepare for the renewal of the mining license which will be expired in September 2022. For the other mining zone (phase two) of the Baishiquan Nickel-copper Mine, qualified professionals will be engaged to prepare the supplementary detailed report, of which the approval by the regulatory authority is a precedent for the commencement of the feasibility study.

For the six months ended 30 September 2021, turnover from the sales of high-grade nickel-copper ores amounted to approximately HK\$78.9 million (six months ended 30 September 2020: HK\$36.5 million), representing the sales of 18,046 tonnes (six months ended 30 September 2020: 12,861 tonnes) of high-grade nickel-copper ores. For the six months ended 30 September 2020, the Group also sold 5,129 tonnes and 806 tonnes of nickel concentrates and copper concentrates, generating revenue of approximately HK\$21.2 million and HK\$9.3 million, respectively.

The sales during the period under review represented sales of the remaining high-grade nickel-copper ores extracted from phase one of the Baishiquan Nickel-copper Mine, of which the mining operation was completed in March 2021. In August 2021, all the remaining inventory has been sold. Since the current period is not under normal mining operation as in prior period, the profit margin of the current quarter is not directly comparable.

In consideration of the nature and future use, obsolete items of inventories with an aggregate carrying amount of HK\$1.8 million are written off for the six months ended 30 September 2021.

Exploration, Development and Mining Production Activities

The exploration, development and mining production activities of the project of the Group for the six months ended 30 September 2021 are summarised below:

Mine	Activity		
	Exploration	Development	Mining
Baishiquan Nickel-copper Mine	No material activities during the period		

For the six months ended 30 September 2021, there was no material activities on Baishiquan Nickel-copper Mine upon the completion of ores extraction in December 2020.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Mining Business (Continued)

Expenditure Incurred

During the six months ended 30 September 2021, the Group had incurred the followings related to the mining activities which mainly included staff costs and fuel and electricity incurred for ores blending before the final sales of high-grade nickel-copper ores in August 2021:

	Total HK\$'000
1. Capital Expenditure	
1.1 Exploration activities	
Drilling and analysis	—
1.2 Development activities (including mine construction)	
Construction of drift	—
Total Capital Expenditure	—
2. Operating Expenditures for Mining Activities	
Staff cost	271
Consumables	6
Fuel, electricity, water and other services	88
Non-income taxes, royalties and other government charges	14
Others	8
Total Operating Expenditure	387
Total Capital and Operating Expenditure	387
3. Processing Expenditure	—
Total Expenditures	387

Infrastructure projects and subcontracting arrangements

No new contracts related to infrastructure projects and subcontracting arrangements were concluded during the six months ended 30 September 2021. As at 30 September 2021, there was no outstanding commitments (31 March 2021: nil).

Management Discussion and Analysis (Continued)

Business Review (Continued)

Other Business

Other Business comprised of research, development and sale agency of bio and nano materials products as well as investments in startup fund, software maintenance and development services. For the six months ended 30 September 2021, there was segment revenue of approximately HK\$0.4 million (six months ended 30 September 2020: HK\$8,000) from Other Business and the segment profit was approximately HK\$0.2 million (six months ended 30 September 2020: HK\$0.3 million). The segment profit was mainly contributed by the service fee income of HK\$0.2 million from the sales agency of bio and nano materials products.

The Group also engaged in the development and sales of water soluble and biodegradable products, which recorded turnover of approximately HK\$25,000 (six months ended 30 September 2020: HK\$8,000) for the six months ended 30 September 2021.

Interest in Associates

As at 30 September 2021, the Group owned 3,890 ordinary shares, representing 29.97% equity interests in CGA Holdings. CGA Holdings, together with its subsidiaries, are engaged in the e-sport business. Pursuant to the subscription agreement dated 16 May 2018, the three founders of CGA Holdings (the "CGA Guarantors") guaranteed to the Group that the net profit after tax of CGA Group as shown in the audited consolidated financial statements of CGA Holdings for the years ended 31 March 2020 and 31 March 2021 shall not be in aggregate less than HK\$32,000,000 (the "Guaranteed Profit"). As the Guaranteed Profit are not fulfilled, the CGA Guarantors are required to pay to the Group a compensation of HK\$9,142,400 ("Profit Guarantee Compensation"). On 30 June 2021, the Group and the CGA Guarantors entered into a deed of settlement ("Deed of Settlement") in relation to the Profit Guarantee Compensation. The CGA Guarantors jointly and severally undertake to pay to the Group (a) HK\$1,000,000 upon the execution of the Deed of Settlement; (b) HK\$8,142,400 on or before 30 June 2023 or such earlier date as may be requested by the Group; and (c) a further sum accruing at the rate of 5% per annum on the outstanding amount payable by the CGA Guarantors under (b) above, calculated on the actual number of days elapsed from the date of the Deed of Settlement and up to the date of payment of such outstanding amount on the basis of a 365 day year, on the date of payment of such outstanding amount. As security for the due and punctual performance of the obligations of the CGA Guarantors under the Deed of Settlement, Bloom Explorer Limited ("Bloom Explorer") which is wholly owned by the CGA Guarantors executed in favour of the Group a share charge in respect of 9,090 shares of CGA Holdings owned by it, representing approximately 70.03% of the issued share capital of CGA Holdings.

On 18 October 2021, an independent third party ("the Subscriber") subscribed for 12,470 shares of CGA Holdings with the subscription price payable in cash to provide funding for the proposed listing of CGA Holdings on an overseas stock exchange (the "Subscription"). Immediately after the Subscription, the issued shares of CGA Holdings increased from 12,980 shares to 25,450 shares, among which 12,470 shares are owned by the Subscriber, 9,090 shares are owned by Bloom Explorer, and 3,890 shares are owned by the Group, representing approximately 49.00%, 35.72% and 15.28% of the issued shares of CGA Holdings respectively. Accordingly, CGA Holdings ceased to be an associate of the Group and was accounted for as financial assets at fair value through profit or loss.

In the event that the listing shall be unsuccessful for any reason whatsoever by 18 April 2023, the Subscriber shall transfer all its shareholding in CGA Holdings to Bloom Explorer and the Group at a consideration of HK\$1 so as CGA Holdings shall be owned as to approximately 70.03% by Bloom Explorer and as to approximately 29.97% by the Group. Further details of the Subscription are set out in the Company's announcement dated 18 October 2021.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Interest in Associates (Continued)

As at 30 September 2021, the Group owned 22.53% equity interests in Nano Bubble Limited which mainly engaged in research and development for hygienic and sanitisation products, and the related solutions using the nano-ozone technology. The hydroponic machine is used for aquaculture and agriculture to enrich oxygen level in fish and vegetable cultivation media. In June 2021, Nano Bubble Limited participated in the Start-up Fiesta organised by the Hong Kong Trade Development Council and such technology attracted massive positive feedback. Both the industrial hydroponic machine and nano bubble generator for domestic use are under fine tuning and expected to be released by the end of 2021. During the period, Nano Bubble Limited also received HK\$0.6 million cash rebate for research and development of nano products from the Innovation and Technology Commission.

The Company also owned 27.03% equity interests in Nano Energy Limited which is engaged in the research and development of nano-power generation products using different nanomaterials and related technologies.

For the six months ended 30 September 2021, the Group recorded share of profit of associates of approximately HK\$98,000 (six months ended 30 September 2020: loss of HK\$37,000).

Outlook

Protecting and creating a clean, healthy and sustainable environment remains the global concern. Going forward, the Group will continue to adhere to global environmental protection trend in order to grasp opportunities and to optimise the development of our business.

For the Mining Business, although nickel prices fell after rising to a decade-high in October 2021, the fundamental outlook for nickel remains bullish due to the electric car revolution and global nickel supply deficit. The development of phase two zone of the Baishiquan Nickel-copper Mine will be our primary focus in the long term and the Group will try its best to fast track this project schedule with the assistance of our professional team and partners.

As phase two mining zone is still in a development stage, no revenue from the Mining Business will be generated in next 2 to 3 years. To replenish our revenue and keep up with the global trend, the development pace of our biodegradable material project will be accelerated. The Group is now negotiating with a number of parties to make progress of the project.

Other Investments

As at 30 September 2021, the Group owned 600,000 ordinary shares of Dragon Silver, representing approximately 8.86% of its issued share capital, at an investment cost of HK\$7,800,000. Dragon Silver is a company incorporated in Hong Kong principally engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products.

Pursuant to the subscription agreement dated 29 December 2017 (as amended and supplemented by the supplemental agreement dated 24 April 2020), the founder of Dragon Silver (the “DS Guarantor”) irrevocably guaranteed to the Group that the amount of dividends declared and paid by Dragon Silver for each of the financial years ending from 30 June 2018 to 2022 (the “DS Relevant Years”) shall not be less than HK\$1.25 per share (“DS Guaranteed Dividends”). If the actual dividend paid by Dragon Silver for the DS Relevant Year is less than the DS Guaranteed Dividends, the DS Guarantor shall compensate the Group for the shortfall (“DS Dividend Compensation Amount”).

Management Discussion and Analysis (Continued)

Business Review (Continued)

Other Investments (Continued)

The DS Guarantor also irrevocably guaranteed to the Group that the profit for each of the DS Relevant Years shall not be less than HK\$15,000,000 (“DS Profit Guarantee”). Due to the collective impact of the outbreak of COVID-19, US-China trade tensions, decrease in sales and trading as a result of the frustration in the global production lines and supply chains, the Group and the DS Guarantor entered into a supplemental agreement on 24 April 2020 to waive the DS Profit Guarantee for the two financial years ending 30 June 2020 and 2021 and the DS Guarantor agreed to extend the DS Profit Guarantee for three additional financial years ending 30 June 2023, 2024 and 2025.

In addition, pursuant to the put option deed dated 29 December 2017, the Group has the right to sell all the 600,000 shares to the DS Guarantor at the consideration of HK\$7,800,000 within the period from 29 December 2021 to 28 December 2022.

As at 30 September 2021, being the dividend payment deadline for the financial year ended 30 June 2021 (“FY2021”) of Dragon Silver, Dragon Silver has not declared and paid any dividend to the Group. On 8 October 2021, the DS Guarantor paid to the Group the DS Dividend Compensation Amount for FY2021 of HK\$750,000. As such, the Board (including the independent non-executive Directors) considers that the obligation of the DS Guarantor in respect of the DS Guaranteed Dividend for FY2021 has been fulfilled.

Financial Performance Review

For the six months ended 30 September 2021, the Group recorded turnover of approximately HK\$79.3 million (six months ended 30 September 2020: HK\$66.9 million), representing an increase of 18% as compared with the prior period. Turnover from the Mining Business and the Other Business amounted to HK\$78.9 million (six months ended 30 September 2020: HK\$66.9 million) and HK\$0.4 million (six months ended 30 September 2020: HK\$8,000), respectively. The increase in turnover from the Mining Business was due to increase in both sales volume and average selling prices of high-grade nickel-copper ores while the increase in turnover from the Other Business was attributable to sales agency services rendered during the period.

For the period under review, the Group’s Mining Business and Other Business recorded segment profit of HK\$46.7 million (six months ended 30 September 2020: HK\$26.8 million) and HK\$0.2 million (six months ended 30 September 2020: HK\$0.3 million), respectively. The increase in segment profit for the Mining business by 74% was due to the increase in revenue from the Mining Business while the decrease in segment profit for the Other Business by 33% was due to a one-off cash rebate for research and development of HK\$0.3 million received in the prior period.

Other income and gains of approximately HK\$2.2 million for the period under review (six months ended 30 September 2020: HK\$2.0 million) mainly represented interest income, dividend income and rental income. The increase by 10% was due to the increase in interest income generated from the increased average cash and bank balance.

For the six months ended 30 September 2021, the Group reported share of profit of associates of approximately HK\$98,000 (six months ended 30 September 2020: share of loss of HK\$37,000).

For the six months ended 30 September 2021, profit for the period was approximately HK\$33.7 million (the six months ended 30 September 2020: HK\$18.2 million), representing an increase by 85% as compared to the corresponding period in 2020. The increase in profit was mainly contributed by the increase in revenue and segment profit from the Mining Business.

Management Discussion and Analysis (Continued)

Liquidity and Financial Resources

As at 30 September 2021, the Group had bank balances and cash of approximately HK\$154.9 million (31 March 2021: HK\$116.1 million) and net current assets of HK\$135.2 million (31 March 2021: HK\$117.4 million) respectively. Out of the Group's bank balances and cash, about 2% was denominated in Hong Kong dollars (31 March 2021: 2%), 98% was denominated in Renminbi (31 March 2021: 98%) and less than 1% was denominated in United States dollars (31 March 2021: less than 1%). As at 30 September 2021, the Group's current ratio was 5.03 (31 March 2021: 3.33). The increase in current ratio was mainly due to the increase in bank balances and cash, which was driven by the net cash from operating activities of HK\$63.4 million during the period.

The Group generally financed its operations and investing activities with internally generated cash.

As at 30 September 2021, the Group had outstanding borrowings of approximately HK\$15.0 million (31 March 2021: HK\$15.0 million), which represented loans from related companies.

Capital Commitments

The Group has no capital commitment as at 30 September 2021.

Gearing Ratio

As at 30 September 2021, the Group's gearing ratio was approximately 25.28% (31 March 2021: 28.42%), based on total borrowings of approximately HK\$15.0 million (31 March 2021: HK\$15.0 million) and equity attributable to owners of the Company of approximately HK\$59.3 million (31 March 2021: HK\$52.8 million). The decrease in the ratio was mainly due to profit generated in the current period which resulted in an increase in equity attributable to owners of the Company.

Charge on the Group's Assets

None of the Group's assets was pledged as at the date of the report.

Order Book and Prospects for New Business

There was no order book on hand as at 30 September 2021.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There was no material disposal or acquisition of subsidiaries, associates and joint ventures for the period under review.

Segmental Information

The Group is currently organised into two operating segments – (i) the Mining Business; and (ii) the Other Business. During the period under review, the Mining Business accounted for 99.56% (six months ended 30 September 2020: 99.99%) and the Other Business accounted for 0.44% (six months ended 30 September 2020: 0.01%) of the revenue.

Management Discussion and Analysis (Continued)

Future Plans for Material Investments

The Group does not have any plan for material investments in the near future.

Exposure to Exchange Risks

Since the Group's borrowings and its source of income are primarily denominated in functional currency of the respective group companies which are mainly in Hong Kong dollars or Renminbi and the exchange rate of Renminbi to Hong Kong dollars has been relatively stable throughout the period under review, the exposure to foreign exchange rate fluctuations is not significant.

Contingent Liabilities

As at 30 September 2021, there were no material contingent liabilities incurred by the Group.

Employee Information

As at 30 September 2021, the Group employed a total staff of 22. The decrease in staff number was due to the staff layoff for the mine site and the processing plant upon completed extraction of mineral resources in the current mining zone (phase one) and also expiration of the tenancy of its processing plant. Staff remuneration is reviewed by the management of the Group from time to time and increases are granted normally annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides staff benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group. The Group also concerns on work safety to the employees. For the six months ended 30 September 2021, there was no serious work safety issue on our Group's employees.

Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company

At 30 September 2021, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions

(a) Interests in the shares of the Company

Name of Directors	Number of ordinary shares held in the capacity of		Total number of shares	Percentage of shareholding
	Beneficial owner	Controlled corporation		
Executive Director				
Felipe TAN	159,128,000	678,074,400*	837,202,400	29.76%
Independent Non-Executive Directors				
CHAN Choi Ling	1,200,000	–	1,200,000	0.04%
LAM Kwai Yan	1,200,000	–	1,200,000	0.04%

* The shares were held by Starmax Holdings Limited ("Starmax") which is beneficially owned by Mr. Felipe Tan. By virtue of the SFO, Mr. Felipe Tan is deemed to have interests in the shares held by Starmax.

(b) Interests in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares/registered capital	Percentage of interest in the registered capital of the associated corporation
Felipe TAN	Goffers Management Limited	Interest of controlled corporation	200	49%
	Goffers Resources Limited	Interest of controlled corporation	1,000	100%
	Kangshun HK Limited	Interest of controlled corporation	1,000	100%
	新疆天目礦業資源開發有限公司 Xinjiang Tianmu Mineral Resources Development Co. Ltd.	Interest of controlled corporation	RMB36,000,000	51%

Other Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Long positions (Continued)

(c) Options to subscribe for ordinary shares of the Company

Particulars of the Directors' interests in share options to subscribe for shares in the Company pursuant to the Company's 2013 Share Option Scheme were as follows:

Name of Directors	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options and underlying shares			
				Outstanding at 01.04.2021	During the period		Outstanding at 30.09.2021
					Cancelled	Lapsed	
Executive Directors							
Felipe TAN	02.03.2017	02.03.2017-01.03.2027	0.1080	2,000,000	-	-	2,000,000
LAU Yun Fong Carman*	03.10.2013	03.10.2013-02.10.2023	0.1435	2,075,676	-	(2,075,676)	-
	17.02.2014	17.02.2014-16.02.2024	0.1329	415,135	-	(415,135)	-
	02.03.2017	02.03.2017-01.03.2027	0.1080	1,000,000	-	(1,000,000)	-
Ronald TAN	02.03.2017	02.03.2017-01.03.2027	0.1080	2,000,000	-	-	2,000,000
Independent Non-Executive Directors							
CHAN Choi Ling	02.03.2017	02.03.2017-01.03.2027	0.1080	1,000,000	-	-	1,000,000
LAM Kwai Yan	02.03.2017	02.03.2017-01.03.2027	0.1080	1,000,000	-	-	1,000,000
TSANG Wai Chun Marianna	02.03.2017	02.03.2017-01.03.2027	0.1080	1,000,000	-	-	1,000,000
				<u>10,490,811</u>	<u>-</u>	<u>(3,490,811)</u>	<u>7,000,000</u>

* Ms. Lau Yun Fong Carman resigned as an executive Director of the Company on 31 August 2021.

Notes:

- No share options have been granted under the share option schemes during the six months ended 30 September 2021 (2020: nil).
- No share options granted under the share option schemes were exercised during the six months ended 30 September 2021 (2020: nil).

Save as disclosed above, at 30 September 2021, none of the Directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Other Information (Continued)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2021, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and the chief executive, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

Name of substantial shareholder	Nature of interests	Number of shares or underlying shares held			Percentage of the issued share capital as at 30 September 2021
		Ordinary shares	Share options	Total	
Starmax Holdings Limited*	Beneficial owner	678,074,400	–	678,074,400	24.11%

* Starmax is beneficially owned by Mr. Felipe Tan.

Saved as disclosed above, as at 30 September 2021, the Company has not been notified by any persons (other than the Directors) who has interests or short positions in the Shares or underlying Shares of the Company which would fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

Share Options

A summary of the share options granted under the share option schemes is as follows:

Type of participants	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options			Outstanding at 30.09.2021
				Outstanding at 01.04.2021	During the period		
				Cancelled	Lapsed		
2003 Share Option Scheme							
Employee	20.11.2012	20.11.2012-19.11.2022	0.1281	3,113,514	–	–	3,113,514
Weighted average exercise price				HK\$0.1281	N/A	N/A	HK\$0.1281

Other Information (Continued)

Share Options (Continued)

Type of participants	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Outstanding at 01.04.2021	Number of share options		Outstanding at 30.09.2021
					Cancelled	Lapsed	
2013 Share Option Scheme							
Directors	03.10.2013	03.10.2013-02.10.2023	0.1435	2,075,676	-	(2,075,676)	-
	17.02.2014	17.02.2014-16.02.2024	0.1329	415,135	-	(415,135)	-
	02.03.2017	02.03.2017-01.03.2027	0.1080	8,000,000	-	(1,000,000)	7,000,000
				10,490,811	-	(3,490,811)	7,000,000
Employees	03.10.2013	03.10.2013-02.10.2023	0.1435	3,632,433	-	-	3,632,433
	17.02.2014	17.02.2014-16.02.2024	0.1329	622,703	-	-	622,703
	02.03.2017	02.03.2017-01.03.2027	0.1080	9,000,000	-	-	9,000,000
				13,255,136	-	-	13,255,136
Others	02.03.2017	02.03.2017-01.03.2027	0.1080	13,000,000	-	-	13,000,000
				13,000,000	-	-	13,000,000
Total				36,745,947	-	(3,490,811)	33,255,136
Weighted average exercise price				HK\$0.1141	N/A	N/A	HK\$0.1123

Notes:

- No share options have been granted under the share option schemes during the six months ended 30 September 2021 (2020: nil).
- No share options granted under the share option schemes were exercised during the six months ended 30 September 2021 (2020: nil).

Other Information (Continued)

Competing Interest

Mr. Felipe Tan holds shareholding and directorship in GobiMin Inc., the shares of which are listed on the TSX Venture Exchange (symbol: GMN). Its subsidiaries are principally engaged in investment in equity, debt or other securities as well as direct ownership stakes in projects, including a gold mine in Xinjiang, PRC whereas the Mining Business of the Group involved a nickel-copper mine. In this regard, Mr. Felipe Tan is considered to have interests in business which might compete, either directly or indirectly with the businesses of the Group.

The abovementioned competing business is operated and managed by a company with independent management. In addition, the Board is independent from the board of the abovementioned company.

Accordingly, the Group is therefore capable of carrying on business independently and at arm's length from the said competing business.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Code on Corporate Governance Practices

During the six months ended 30 September 2021, the Company had complied with all code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, except for code provision A.2.1.

Code provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Since the re-appointment of Mr. Felipe Tan as an executive Director and the Chairman of the Company after the resignation of the Acting Chief Executive Officer on 17 March 2021, the Company has a vacancy for the Chief Executive Officer and the role of the Chief Executive Officer has been performed by the executive Directors collectively. The Board of the Company will use its best endeavor in finding a suitable candidate to assume duties as Chief Executive Officer of the Company as soon as possible.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2021.

Other Information (Continued)

Audit Committee

The primary duties of the audit committee are to review and supervise the financial reporting process, internal control and risk management systems of the Group.

Under the terms of reference of the audit committee, the committee is required, amongst other things, to oversee the relationship with the external auditors, review the Group's consolidated financial statements and annual report and accounts, half-year report and quarterly reports and the connected transactions, monitor compliance with statutory and GEM Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's internal control, engage independent legal and other advisers as it determines is necessary and perform investigations.

The Group has designated staff with relevant experience and knowledge to oversee the internal control and internal audit function. The designated staff regularly (i) evaluates with the senior management on the risk assessment and risk mitigation measures; (ii) assesses the effectiveness of the internal control and risk management systems and ensure they are properly followed; and (iii) submits periodical reports to the audit committee for review and approval.

As at the date of the Report, the audit committee comprises three independent non-executive Directors, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling and Mr. Lam Kwai Yan. The audit committee has reviewed this interim report, including the unaudited condensed consolidated financial statements for the six months ended 30 September 2021.

On behalf of the Board

Felipe Tan

Chairman

Hong Kong, 10 November 2021