



EvDynamics

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

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

2024/25
Interim Report



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Corporate Information

DIRECTORS

Executive Directors

Mr. Cheung Ngan (*Chairman*)
Ms. Chan Hoi Ying
Mr. Sun Jingchun

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

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AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Leung Wai Chun, CPA

PRINCIPAL BANKER

Bank of Communications Co., Ltd.
Hang Seng Bank Limited

WEBSITE

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Management Discussion and Analysis

The board of directors (the “Board”) of Ev Dynamics (Holdings) Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2024.

RESULTS

During the six months ended 30 September 2024, the Group recorded revenue of approximately HK\$2.2 million (six months ended 30 September 2023: HK\$35.6 million) derived from the sale of electric vehicles. Gross profit amounted to approximately HK\$0.6 million (six months ended 30 September 2023: HK\$5.1 million), with the gross profit ratio of 29.7% (six months ended 30 September 2023: 14.3%).

The Group recorded a loss of approximately HK\$41.7 million for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$104.2 million). The decrease in loss was mainly due to a significant reduction in loss on change in fair value and realised loss on disposal of financial assets at fair value through profit or loss (“FVTPL”) to approximately HK\$21.9 million (six months ended 30 September 2023: HK\$97.5 million).

The loss attributable to owners of the Company for the six months ended 30 September 2024 was approximately HK\$41.2 million (six months ended 30 September 2023: HK\$99.3 million). Basic and diluted loss per share (after adjustment of 2024 Share Consolidation) for the six months ended 30 September 2024 was HK\$0.222 per share (six months ended 30 September 2023: HK\$0.535 per share).

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$nil).

Management Discussion and Analysis

BUSINESS REVIEW

Electric vehicles and new energy business

The Group, through its subsidiary, Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. ("Suitong"), has a production base in Chongqing engaged in the manufacture of electric buses and their entire electric power and control systems, the manufacture of other buses, and the marketing and selling of vehicle components.

Hong Kong market

During the reporting period, a 12-meter electric bus was ready to be delivered to a Hong Kong non-governmental organization upon completion of the vehicle type approval and examination. This is a new order from the Hong Kong Productivity Council ("HKPC") after the successful delivery of the earlier order of electric buses for the Airport Authority Hong Kong and the Hong Kong Anti-Cancer Society. This vehicle is specifically designed to be accessible to seniors and those with disabilities, with features such as an extra-low platform for easy accessibility. The Group is fully confident that we are in an extremely well position in this market segment and are expecting more orders for 12-meter smart electric buses going through HKPC or other customers coming.

The Group had launched its full electric 19-seats low-floor minibus ("APEX-MINI"), a model that is powered by fast-charging batteries with a unique low-floor design, is suitable for both the franchise and non-franchise minibus sectors in Hong Kong. During the reporting period, the Group has completed a trial order and delivered the first unit of APEX MINI to a local green minibus operator. Another order received from a non-governmental organization is currently under production and expected to be completed by the end of 2025.

Management Discussion and Analysis

During the year ended 31 March 2024, the Group has been successfully awarded a contract of supplying the first electric mobile command unit (the “EMCU”) for the Hong Kong Fire Services Department. This EMCU is equipped with a powerful 350kW electric motor, and a battery capacity of 422kWh. There is also a high-capacity uninterruptable power supply system to support the wireless communication and electronic dispatch system, with a generator and a public power connection device to ensure the continuous normal operation of the system in any situation.

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

Southeast Asian market

In the past few years, the Group has developed a customized city bus – “COMET”, a fully green transportation designed for emerging markets such as the Philippine and India. The Group believes that COMET is by far the most suitable and feasible model for replacing the Jeepneys in the Philippines. Up to the date of this report, over 65 units of COMET has been delivered. The overall production schedule of further units has been postponed due to the delay in progress payment from the customer because of the current market sentiment and the prevailing high interest rate.

Apart from the Philippines market, the Group has been continued to explore new market opportunities and promote the new energy products and solutions among Asian markets such as Thailand and Singapore. During the reporting period, the Group has received a trial order to provide an electric conversion kit to a customer in Thailand for their project of electrification of local transportation.

Management Discussion and Analysis

American and European market

The Group has also developed a logistic vehicle type “cabin chassis platform”, which is a complete chassis with a driver cabin, and with powertrain, battery pack, steering, wheels, and brakes, etc. Subsequent to the delivery of the first 10 testing units of electric chassis to a world largest bakery company in Mexico in early 2022, the Group has received further orders to supply 1,000 units in aggregate of this model, of which 200 units orders have already been completed in the first half of 2023. The remaining units have been partly completed since end 2023 but the delivery is still held up because of modification requests from the customer. As disclosed in the announcement dated 14 August 2024, the Group successfully sourced a local reseller for the distribution of the completed units of the cabin chassis platform in Mexico. However, due to the pressure in the working capital of the Group, the shipment of the first batch of units order has been postponed in order to minimize the outflow of working capital.

In 2021, the Company acquired a total of 9,157 shares in Quantron AG (“Quantron”), a company incorporated in Germany principally engaged in e-mobility in inner-city and regional passenger and freight transport. The Group has been continuing the divestment in Quantron since the mid of 2022 given the deterioration of the Quantron’s financial performance over the years.

As disclosed in the last annual report, on 12 March 2024, the Company has entered into a loan agreement (the “Loan Agreement”) with a lender (the “Lender”) for advance of a loan facility of approximately EURO.6 million for three months (the “Loan”), which is secured by a pledge of 2,666 Quantron shares (the “Pledged Quantron Shares”). In June 2024, because of the pressure of short-term working capital the Group, no repayment on the principal made at the maturity of the loan and thus the Lender has enforced the Pledged Quantron Shares which were eventually transferred to the Lender as full settlement of the Loan. Subsequent to the reporting period, on 29 October 2024, the Augsburg judiciary has officially announced the opening of insolvency proceedings against Quantron. Therefore, the carrying value of the remaining 1,195 shares in Quantron (representing approximately 1.7% of the total issued capital) has been fully impaired during the six months ended 30 September 2024.

Management Discussion and Analysis

Business outlook

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

Suitong Disposal

On 2 June 2023, the Group entered into a sale and purchase agreement (the “Disposal Agreement”) for selling its entire equity interests in a group of subsidiaries (the “Target Group”) to a purchaser (the “Purchaser”) at a consideration of RMB34 million (the “Suitong Disposal”). The intended assets to be disposed are certain intangible assets including the modified bus enterprise status which is embedded with the entity of Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. (“Suitong”), one of the subsidiaries of the Target Group, where all other major assets and liabilities of the Target Group will be retained in the Group prior to the completion through restructuring. The Company will continue to possess the production facilities of Suitong and the qualifications to manufacture and export electric vehicles to overseas customers. There are no material impact on the business operation of the Company during and after the transitional period.

Since the second half of 2023, the Group has completed certain restructuring steps in accordance with the Disposal Agreement. However, the relationship between the Group and the Purchaser deteriorated and the Suitong Disposal still remains incompleting up to the date of this report because of a series of disagreements on the execution process such as (i) failure to make progress payments by the Purchaser in accordance with the Disposal Agreement; and (ii) failure to facilitate and cooperate with the transfer of the major assets of Suitong to the Group including land use rights, etc. The Group has repeatedly urged the Purchaser to fulfill the agreement in the past year. Government representatives of Chongqing Wulong District have also been involved regarding this matter with several meetings held to assist and facilitate mediation, but eventually to no avail.

Management Discussion and Analysis

On 21 August 2024, the Purchaser filed an application for arbitration (“CQ Arbitration”) to the Chongqing Arbitration Commission against the Group claiming the return of the consideration of RMB34 million plus penalty of RMB6.8 million and compensation of approximately RMB40 million. On 3 September 2024, the Group has received an enforcement notice from the Third Intermediate People’s Court of Chongqing that the equity interests in Chongqing Suitong New Energy Automotive Manufacturing Co. Ltd (重慶穗通新能源汽車製造有限公司), Shenzhen New Energy Technology Company Limited (深圳市中動智慧新能源技術有限公司) and Dongguan Sinocop Electric Vehicles Company Limited (東莞中銅電動汽車有限公司) held by the Group were frozen for three years. The Group strongly opposes the Purchaser’s unreasonable accusations and claims and has appointed the PRC attorney to respond actively. The Group is currently gathering evidence in defense and expects to submit the counterclaim by December 2024. Meanwhile, as at the date of this report, active communication and negotiation were in progress between the Group, Wulong government officials, and the Purchaser to sort out other potential solutions to the dispute.

Mining and production of mineral products

The Group's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited (the "Guangxi Weiri"), owns the Glauberite Mine located in the Guangxi Zhuang Autonomous Region of the PRC. The product extracted from the Glauberite Mine is thenardite, an important raw material used in chemical and light industrial manufacturing. No exploration, development or production activity related to the Glauberite Mine was conducted during the six months ended 30 September 2024. The mineral resources available have not changed since its acquisition on 28 February 2014. Details regarding these resources are available in the "Mineral Resources and Ore Reserves" section below.

The Revised Mining Plan

As stated in the previous annual report and the supplemental announcement dated 14 August 2024, the Company is considering the possibility of implementing the Revised Mining Plan, which utilises the latest modern technology to allow the extraction of the minerals in the Glauberite Mine in a more efficient manner as compared to the original mining plan.

In January 2024, China Tianchen Engineering Corporation ("TCC") has issued the feasibility studies report on the Revised Mining Plan (the "Feasibility Report"), which is intended for an annual production of 100,000 tons of baking soda and 80,000 tons of ammonium sulfate. Based on the opinion of TCC, the Revised Mining Plan which utilises (i) the Guangxi Land, the infrastructure and resources of Guangxi Weiri; and (ii) latest mining technology and extraction solutions provided by the Institute of Process Engineering of Chinese Academy of Sciences ("CAS"), is more economically efficient than the original mining plan. It is expected that, upon the implementation of the Revised Mining Plan, the Glauberite Mine generate positive revenue and net profit annually. Based on the preliminary estimation conducted by TCC, an initial investment and working capital of around RMB350 million is required for the construction of the above infrastructure and the operation of the Revised Mining Plan. It is expected to take around 18 to 24 months to complete the construction work upon commencement of the project.

The Company had been negotiating with a number of potential investors for fundraising opportunities for financing the implementation of the Revised Mining Plan. The Company also considered to collaborate with other mining companies in the PRC, including state-owned mining companies, to jointly develop the Glauberite Mine and implement the Revised Mining Plan. However, given the recent investment sentiment and macroeconomic environment, no fundraising and collaboration opportunities have yet to materialise in this regard.

Management Discussion and Analysis

The implementation of the Revised Mining Plan is subject to, among other things (i) the fundings required for the implementation of the Revised Mining Plan; and (ii) the board approval of the Company after considering factors such as the cashflow of the Company and valuation report of the Glauberite Mine to be further conducted based on the Revised Mining Plan.

Status of the Guangxi Land and the Administrative Litigation

Guangxi Weiri has purchased a land use rights covering 63,118 square meters of land at a cost of RMB7.6 million (the "Guangxi Land"). Another RMB8.6 million has been paid for approximately 100,000 square meters of land for a factory site, however, relevant land use rights have not yet been issued. No further payment has been made to the government on the land use right thus far since the land use rights of the second parcel of land as stated above are still pending approval. An accumulated expenditure of approximately RMB18.5 million was incurred for the construction of an access road to the factory site.

As disclosed in the previous annual report, the Group received a revocation notice from the Hengxian Natural Resources Bureau ("Resources Bureau") in relation to the revocation of the land use right of the Guangxi Land (the "Revocation"). As a result, the relevant land use rights of Guangxi Land have been fully depreciated in relation to the Revocation during the year ended 31 March 2024.

Despite of the Revocation, the Company had initiated an administrative litigation against the Resources Bureau to contest the validity of the Revocation (the "Administrative Litigation"). The first hearing was held on 26 July 2024 and the judgement is expected to be handed down during the year ending 31 March 2025.

The Company is of the view that, even if the outcome of the Administrative Litigation is unfavourable, Guangxi Weiri still possesses the mining right of the Glauberite Mine and may continue to implement the Revised Mining Plan through other lease arrangements that may be further negotiated with the Resources Bureau and/or the local government.

Refining the shareholding structure of Guangxi Weiri

As disclose in the supplemental announcement dated 14 August 2024, for the sake of potential collaboration opportunities in development of the Revised Mining Plan, in February 2024, the Group commenced litigation against Mr. Zhou Bo in the PRC for the reason that Mr. Zhou Bo refused to transfer the 1% registered shares in Guangxi Weiri to the Group as instructed pursuant to the deed of assignment dated 20 July 2011 (the "Deed"). The first hearing had been held on 20 May 2024. The second hearing will be scheduled upon completion of certain administrative procedures. As advised by the Company's PRC legal adviser, it is expected that the court will hand down the judgement by the year ending 31 March 2025.

Management Discussion and Analysis

Litigation against Guangxi Weiri

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

Pursuant to a notice from the Qingxiu Court (the “Notice”) dated 12 June 2023, which was received by the management of the Company on 5 July 2023, the mining right of the Glauberite Mine held by Guangxi Weiri (the “Mining Right”) was frozen for judicial preservation (the “Preservation”) in relation to the Arbitration for a period of three years from 26 May 2023 to 26 May 2026. On 30 June 2023, the Group received the decision from the Qingxiu Court that ordered Guangxi Weiri to pay the Contractor RMB0.9 million plus interest (the “Claimed Amount”). The Company has consulted its legal adviser and understands that (i) the Preservation only prohibits the change of legal title of the Mining Right by Guangxi Weiri, but does not affect the rights entitled by Guangxi Weiri under the Mining Rights, including the business operations and exploration or exploitation activities of the Glauberite Mine; and (ii) the Preservation of the Mining Right will be lifted immediately in the event the Company settles the Claimed Amount in accordance with the decision of the Qingxiu Court for the Arbitration. As at the date of this report, the Claimed Amount remains unsettled and Arbitration was under the execution procedure. An estimated amount of approximately RMB1,583,000 has been provided and included in “other payables and accruals”.

Management Discussion and Analysis

Litigation against Wise Goal

On 3 August 2021, the Group received a notice from the Intermediate People's Court of Nanning Municipality (the "Nanning Court") dated 27 July 2021. Pursuant to this notice, Mr. Zhou Bo as plaintiff has commenced an action at the Nanning Court against Wise Goal Enterprises Limited ("Wise Goal") as the defendant, seeking, among others, for payment by Wise Goal of its non-paid up share capital to Guangxi Weiri ("Zhou's Action") amounting RMB21.7 million (the "Litigation"). The plaintiff also applied to the Nanning Court for the equity interest in Guangxi Weiri to be judicially preserved (the "Property Preservation"). The Board is of the view that Zhou's Action is frivolous or vexatious as it is inconsistent with the Company's understanding of the current arrangement of paying up share capital of Guangxi Weiri by Wise Goal, as agreed among the shareholders of Guangxi Weiri. Hence the Board considered that no impairment on the investment held in Wise Goal is required. In order to defend the Company's interest, the Company has been seeking legal advice from the PRC legal adviser to actively respond to Zhou's Action. The court hearings were held on 21 October 2021 and 26 November 2021 and the Group received the decision from the Nanning Court on 13 January 2023, which ordered Wise Goal to complete the non-paid up share capital of RMB21.7 million and to reimburse Mr. Zhou Bo RMB1.5 million (the "Decision"). On 3 February 2023, an appeal has been lodged against such Decision, which was subsequently dismissed on 27 June 2023 by the Higher People's Court of Guangxi with the Decision upheld.

In October 2023, an application of re-examination has been submitted to The Supreme People's Court of the PRC and the case was combined with the litigation against Mr. Zhou Bo as disclosed above under "Refining the shareholding structure of Guangxi Weiri". The first hearing was held on 20 May 2024. The second hearing will be scheduled upon completion of certain administrative procedures. As advised by the Company's PRC legal adviser, it is expected that the court will hand down the judgement by the year ending 31 March 2025.

In September 2024, regarding the unsettled RMB1.5 million claim, the court has issued a notice to Wise Goal on a decision of auction the 25.1259% equity interest of Guangxi Weiri, but it was subsequently being opposed and held by Wise Goal. The Group is confident that, in the event of favorable judgement handed down after the second hearing, the Decision to reimburse Mr. Zhou Bo may be overturned.

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

Mineral resources and ore reserves

The following table sets out the mineral information of the Glauberite Mine as at 30 September 2024:

Wireframe	Classification	Tonnes (‘000)	Na ₂ SO ₄ (%)	Na ₂ SO ₄ Metal Tonnage (‘000)
North Orebody 1	Indicated	473,000	18.12	86,000
	Inferred	–	–	–
North Orebody 2	Indicated	–	–	–
	Inferred	37,000	18.92	7,000
Central Orebody 1	Indicated	581,000	16.77	98,000
	Inferred	49,000	16.76	8,000
Central Orebody 2	Indicated	43,000	14.99	6,000
	Inferred	–	–	–
East Orebody 1	Indicated	151,000	19.10	29,000
	Inferred	12,000	19.63	2,000
Sub Total	Indicated	1,248,000	17.50	219,000
	Inferred	98,000	17.91	17,000
Total	Indicated + Inferred	1,346,000	17.53	236,000

Metals and minerals trading

The metals and minerals trading industry has remained weak and the profit margins of such business are low, the Group did not conclude any trading contract on metal ores during the six months ended 30 September 2024 to avoid any possible risk. The Group continues to identify and pursue other types of resources for the trading business and believes that it will be able to seize such opportunities as they arise.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The directors have considered various ways of raising funds. During the six months ended 30 September 2024, the Group (i) conducted a rights issue on the basis of three rights shares for every two existing shares (the “Rights Issue”); and (ii) issued convertible notes (the “2024 Convertible Notes”) in a principal amount of HK\$5 million. These fund raising activities serve as significant financial support for enhancing liquidity and future development.

As at 30 September 2024, the net asset value of the Group amounted to approximately HK\$1,211.9 million (31 March 2024: HK\$1,216.3 million). The gearing ratio of the Group was 1.66% (31 March 2024: 2.33%) and the equity attributable to owners of the Company was approximately HK\$1,236.0 million (31 March 2024: HK\$1,246.2 million).

The operating cash flows of the Group are mainly denominated in Hong Kong dollars, Renminbi, US dollars and Euro. Certain bank deposits, receivables and payables of the Group are denominated in Renminbi, US dollars and Euro. As at 30 September 2024, the Group had unpledged cash and bank balances of approximately HK\$5.3 million (31 March 2024: HK\$13.9 million), of which 47.0% (31 March 2024: 6.9%) was denominated in HK dollars, 50.9% (31 March 2024: 80.3%) was denominated in Renminbi.

During the reporting period, the exchange rate of the Renminbi increased by approximately 2.18% against the HK dollar. This had a positive impact on the results of the Group on the translation of the Group’s assets that are denominated in Renminbi. The Group has not entered into any foreign currency exchange forward contracts for hedging purposes for Renminbi during the six months ended 30 September 2024. Foreign exchange exposure in respect of US dollars is considered to be minimal as the exchange rate between HK dollars and US dollars is pegged. Foreign exchange exposure in respect of the Euro is also considered to be minimal in the current period. The Group will closely monitor its currency exposure and, when it considers appropriate, will take the necessary actions to ensure that such exposure is properly hedged.

USE OF PROCEEDS

2024 Convertible Notes

On 13 September 2024, the Company issued the 2024 Convertible Notes in a principal amount of HK\$5 million at the initial conversion price of HK\$0.1 per conversion share under the general mandate granted to the directors of the Company on 15 August 2024. The net proceeds from the issue of 2024 Convertible Notes after deducting all relevant expenses were approximately HK\$4.75 million, which were fully utilised for the general working capital of the Group as at the date of this report.

Rights Issue

In October 2024, the Company completed the Rights Issue and the net proceeds generated from the Rights Issue after deducting all relevant expenses was approximately HK\$5.83 million. As disclosed in the prospectus dated 29 August 2024 and the announcement dated 9 October 2024, the Company intended to apply the net proceeds from the Rights Issue as follows:

- i. approximately HK\$1.87 million for the material and relevant production cost for completing production orders of electric vehicles on hand, which is expected to be utilised by first half of 2025;
- ii. approximately HK\$1.94 million for the material and relevant production cost for production orders of electric and utility vehicles for potential customers, which is expected to be utilised by the year ending 31 March 2026 in the event the purchase orders under negotiation materialise;
- iii. approximately HK\$0.32 million for the homologation, marketing and promotion and aftersales support of the electric vehicles, which is expected to be utilised by the first half of 2025;
- iv. approximately HK\$0.85 million for settlement of salaries, rental, legal and professional fees and other administrative expenses for twelve months, which is expected to be utilised by the end of 2025; and
- v. approximately HK\$0.85 million for general working capital of the Group, which is expected to be utilised by the end of 2025.

Management Discussion and Analysis

After careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the Remaining Net Proceeds with an updated expected timeline of full utilisation as follows:

	Planned use of net proceeds HK\$'000 (approximately)	Actual use of net proceeds up to the date of this report HK\$'000 (approximately)	Remaining net proceeds HK\$'000 (approximately)	Revised allocation of remaining net proceeds HK\$'000 (approximately)	Updated expected timeline of full utilisation of the balance
Production orders of electric vehicles on hand	1,870	522	1,348	500	Before March 2025
Production orders of electric and utility vehicles for potential customers	1,940	700	1,240	–	N/A
Homologation, marketing and promotion and after-sales support of the electric vehicles	320	320	–	–	N/A
General working capital and settlement of other administrative expenses	1,700	2,408	(708)	1,380	Before December 2024
	<u>5,830</u>	<u>3,950</u>	<u>1,880</u>	<u>1,880</u>	

In view of the results of the Rights Issue that was undersubscribed and the size of the Rights Issue is substantially reduced due to the current economic sentiment and slowing economic growth, the progress of the Group's EV business has been curtailed. After assessing the current market condition, the Board are of the view that it may not be the best option to apply the net proceeds as originally intended, having considered that (i) the recent downturn of the economy with the global interest rate hikes affected purchasing power, resulting in a significant decrease in purchase orders; and (ii) it is crucial to ensure sufficient working capital is available for the Group's daily operations. Therefore, in order to better utilise the Group's financial resources, the Group intends to adjust its plan to reallocate the remaining net proceeds to the existing production orders on hand and increase the working capital for the Group's daily operation. In light of the above, the Board considers that the reallocation of the remaining net proceeds would allow the Group to utilise its financial resources in a more flexible, beneficial and effective way. The Board is also of the view that the reallocation will allow the Group to meet its operational needs and provide more buffer to cope with the economic uncertainties in the future.

PROSPECTS

The Group believes that the new energy sectors, the major trend in addressing air pollution and enhancing economic sustainability, are becoming a key focus of global interest. With this in mind, electrifying transport with zero emissions is becoming increasingly widespread worldwide.

With the Group's diversification of business into overseas export markets, it is confident that the electric bus and vehicles business will continue to grow at a fast pace, contributing more to the Group's overall revenue and elevating its business to the next level. The Group is well positioned and confident in its ability to further develop the market and can also expand and capture new opportunities as they arise.

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

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2024, the equity interests in Chongqing Suitong New Energy Automotive Manufacturing Co. Ltd (重慶穗通新能源汽車製造有限公司), Shenzhen New Energy Technology Company Limited (深圳市中動智慧新能源技術有限公司) and Dongguan Sinocop Electric Vehicles Company Limited (東莞中銅電動汽車有限公司) held by the Group were frozen in relation to the CQ Arbitration for three years from 3 September 2024 to 3 September 2027. Details of the CQ Arbitration are set out in the "Business Review" above.

As at 30 September 2024, the Mining Rights were remained frozen for Preservation in relation to the Arbitration for a period of three years from 26 May 2023 to 26 May 2026. Details of the Arbitration are set out in the "Business Review" above.

Save as disclosed herein, there was no other charge on the Group's assets and the Group did not have any significant contingent liabilities not accounted for as at 30 September 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2024, the Group employed 45 (31 March 2024: 54) full time managerial and skilled staff principally in Hong Kong and the PRC. The Group also engaged some international advisors in Europe to support its growth strategy in the global market. The Group continues working on a cost optimization plan in order to ensure maximum efficiency.

Management Discussion and Analysis

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

EVENTS AFTER THE REPORTING PERIOD

Details regarding the events after the reporting period are set out in note 31 to the condensed consolidated financial statements.

EQUITY LINKED AGREEMENTS

Rights Issue

On 26 June 2024, the Board proposed to conduct the Rights Issue on the basis of three rights shares for every two existing share to raise up to approximately HK\$132.2 million (before expenses). The Rights Issue was approved by way of poll and was duly passed as an ordinary resolution of the Company at the special general meeting held on 15 August 2024 (the "SGM"). On 9 October 2024, the Company announced that the total rights shares to be allotted and issued amounted to 71,927,651 rights shares (represented approximately 5.17% of the total number of rights shares offered for subscription) based on the results of acceptance of the Rights Issue and the results of the placing of the unsubscribed shares. Details of the Rights Issue are set out in the announcements, circular and other listing documents dated 26 June 2024, 26 July 2024, 29 August 2024, 20 September 2024 and 9 October 2024.

2024 Convertible Notes

On 13 September 2024, the Company issued 5,000,000 4% convertible notes for HK\$5 million at the initial conversion price of HK\$0.1 per conversion share under the general mandate granted to the directors of the Company on 15 August 2024. The 2024 Convertible Notes mature 2 years from the issue at the nominal value of HK\$20 million or can be converted into ordinary shares of the Company at the holder's option upon conversion at any time from the date falling on the third monthiversary of the issue date to the maturity. The maximum number of ordinary shares to be issued upon conversion is 50,000,000 shares and none of them was issued up to 30 September 2024. Details of the 2024 Convertible Note are set out in the announcement dated 2 September 2024.

Share Schemes

2013 Share Option Scheme

The Company adopted a share option scheme (the "2013 Share Option Scheme") by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013, which is expired on 30 August 2023. As at the date of this report, 71,010,000 shares are available for issue under the 2013 Share Option Scheme, representing 7.65% of the issued shares of the Company. All outstanding options granted under the 2013 Share Option Scheme prior to its expiration will continue to be valid and exercisable in accordance with the rules of the 2013 Share Option Scheme.

Management Discussion and Analysis

The detailed movement of the share options under 2013 Share Option Scheme for the six months ended 30 September 2024 are set out as follows:

				Number of underlying shares comprised in share options						
Name and category of participant	Date of grant	Exercise price	Closing price immediately before the date of grant	Outstanding	Granted	Exercised	Lapsed/	Outstanding	Exercise period	Vesting period
				at 1 April 2024	during the period	during the period	forfeited during the period	at 30 September 2024		
Directors										
Mr. Cheung Ngan	20 December 2022	HK\$0.38	HK\$0.33	900,000	–	–	–	900,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK\$3.00	HK\$3.00	370,000	–	–	–	370,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Miguel Valdecabres Polop (resigned on 15 August 2024)	20 December 2022	HK\$0.38	HK\$0.33	9,000,000	–	–	(9,000,000)	–	20 December 2022 to 19 December 2032	N/A
	25 February 2021	HK\$1.30	HK\$1.10	8,000,000	–	–	(8,000,000)	–	25 February 2021 to 24 February 2031	N/A
Ms. Chan Hoi Ying	20 December 2022	HK\$0.38	HK\$0.33	900,000	–	–	–	900,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK\$3.00	HK\$3.00	370,000	–	–	–	370,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Chan Francis Ping Kuen	20 December 2022	HK\$0.38	HK\$0.33	900,000	–	–	–	900,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK\$3.00	HK\$3.00	370,000	–	–	–	370,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Lee Kwok Leung	20 December 2022	HK\$0.38	HK\$0.33	900,000	–	–	–	900,000	20 December 2022 to 19 December 2032	N/A
Dato' Tan Yee Boon	20 December 2022	HK\$0.38	HK\$0.33	900,000	–	–	–	900,000	20 December 2022 to 19 December 2032	N/A

Management Discussion and Analysis

				Number of underlying shares comprised in share options						
Name and category of participant	Date of grant	Exercise price	Closing price immediately before the date of grant	Outstanding	Granted	Exercised	Lapsed/	Outstanding	Exercise period	Vesting period
				at 1 April 2024	during the period	during the period	forfeited during the period	at 30 September 2024		
Other employees										
12 employees	20 December 2022	HK\$0.38	HK\$0.33	23,500,000	-	-	-	23,500,000	20 December 2022 to 19 December 2032	N/A
15 employees	25 February 2021	HK\$1.30	HK\$1.10	17,900,000	-	-	(1,000,000)	16,900,000	25 February 2021 to 24 February 2031	N/A
12 employees	10 March 2016	HK\$3.00	HK\$3.00	25,000,000	-	-	-	25,000,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
4 employees	11 April 2014	HK\$11.50	HK\$11.40	3,400,000	-	-	(3,400,000)	-	12 April 2016 to 10 April 2024	11 April 2014 to 12 April 2020
Total				92,410,000	-	-	(21,400,000)	71,010,000		

2023 Share Option Scheme

In view of expiration of the 2013 Share Option Scheme and no further options can thereafter be offered or granted, the Company then adopted a new share option scheme (the “2023 Share Option Scheme”) by way of an ordinary resolution at the annual general meeting of the Company held on 29 August 2023 (the “Adoption Date”). The 2023 Share Option Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date. As at the date of this report, the remaining life of the 2023 Share Option Scheme is approximately 8 years.

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

Management Discussion and Analysis

2019 Share Award Plan

The Company adopted a share award plan on 8 May 2019 (the “2019 Share Award Plan”). Details of the 2019 Share Award Plan are set out in the announcement of the Company dated 8 May 2019.

On 29 August 2023, certain proposed amendments to the 2019 Share Award Plan and adoption of the amended 2019 Share Award Plan were approved by way of an ordinary resolution at the annual general meeting of the Company. Details of the amended 2019 Share Award Plan are set out in the circular of the Company dated 28 July 2023.

During the six months ended 30 September 2024, no awarded shares were granted to any participant (six months ended 30 September 2023: nil). As at the date of this report, no shares are available for issue in respect of the outstanding awards under the 2019 Share Award Plan.

Overall Scheme Limit

The overall scheme limit represents a limit on the total number of shares of the Company which may be allotted and issued in respect of all options and awards to be granted under all share schemes of the Company, which must not exceed 10% of the issued shares as at the Adoption Date. As at 30 September 2024, the total number of options and awards available for grant under the scheme mandate was 92,796,789 (31 March 2024: 92,796,789).

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options granted to the directors during the six month ended 30 September 2024 are set out in the “Share Schemes” above.

Save as disclosed above, at no time during the six months ended 30 September 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Company’s directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity or nature of interest	Number of shares or underlying shares		Approximate percentage of shareholding in the Company or associated corporations
		Long position	Short position	
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	77,132,495 (Note 1)	–	8.31%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Ms. Chan Hoi Ying	Beneficial owner	1,270,000 (Note 3)	–	0.14%
Mr. Chan Francis Ping Kuen	Beneficial owner	1,270,000 (Note 3)	–	0.14%
Mr. Lee Kwok Leung	Beneficial owner	900,000 (Note 3)	–	0.10%
Dato' Tan Yee Boon	Beneficial owner	900,000 (Note 3)	–	0.10%

Management Discussion and Analysis

Notes:

- 1) The 77,132,495 shares include:
 - a. the number of shares of 53,603,855 held by Mr. Cheung Ngan;
 - b. the underlying shares of 1,270,000 from the share options granted, details of which are set out in the section headed “Directors’ Rights to Acquire Shares” above; and
 - c. the number of shares 22,258,640 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan.
- 2) The 1,000 shares represent the indirect interest in Tong Guan La Plata Company Limited (“TGLP”), which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Faith Profit Holding Limited held 50% interest in Great Base Holdings Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited and 51% interest in CM Universal Corporation.
- 3) Being options to acquire ordinary shares of the Company, and further details of which are set out in the section headed “Directors’ Rights to Acquire Shares” above.

Save as disclosed above, as at 30 September 2024, none of the directors of the Company have interest or short positions in the shares and underlying shares or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

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

As at 30 September 2024, the following shareholders had registered an interest or short position in the shares or underlying shares of 5% or more of the issued share capital of the Company in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Capacity or nature of interest	Number of shares or underlying shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	77,132,495 (Note 1)	–	8.31%
Faith Profit Holding Limited	Beneficial owner	22,258,640 (Note 1)	–	2.40%
Entrust Limited	Beneficial owner	98,272,751 (Note 2)	–	10.59%
Mr. Chan Tok Yu	Interest of controlled corporation	98,272,751 (Note 2)	–	10.59%
Ms. Siu Kwan	Interest of controlled corporation	98,272,751 (Note 2)	–	10.59%

Management Discussion and Analysis

Notes:

- 1) The 77,132,495 shares include:
 - a. the number of shares of 53,603,855 held by Mr. Cheung Ngan;
 - b. the underlying shares of 1,270,000 from the share options granted to Mr. Cheung Ngan; and
 - c. the number of shares of 22,258,640 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan. Accordingly, Mr. Cheung Ngan is deemed to be interested in the shares in which Faith Profit Holding Limited is interested by virtue of the SFO.
- 2) Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying (executive director of the Company), 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. Mr. Chan Tok Yu's interest is held by Ms. Siu Kwan as a trustee. Accordingly, Mr. Chan Tok Yu and Ms. Siu Kwan are deemed to be interested in the shares in which Entrust Limited is interested by virtue of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2024.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") as set out in the Appendix C1 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions during the six months ended 30 September 2024 except the following:

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Despite the deviation from C.2.1 of the code provision of the Listing Rules for Mr. Cheung Ngan serves as the Chairman of the Board as well as the chief executive officer of the Company, the Board believes that Mr. Cheung Ngan being the Chairman of the Board, is familiar with the Company's business operation and has excellent knowledge and experience of the Company's business which will be conducive to improving the efficiency of the Company's overall strategic planning. The Board believes that such management structure layout will be more beneficial to the future development of the Company and will improve the Company's operating conditions. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as the chief executive officer when appropriate.

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

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

- Mr. Chan Francis Ping Kuen, the independent non-executive director of the Company, has resigned as an executive director of Carrianna Group Holdings Company Limited (a company listed on Main Board of the Stock Exchange) on 1 October 2024.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' securities transactions.

All directors of the Company have confirmed, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code during the six months ended 30 September 2024.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive directors, namely Mr. Chan Francis Ping Kuen, Dato' Tan Yee Boon and Mr. Lee Kwok Leung, is responsible for providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, overseeing the audit process and the corporate governance functions. The Audit Committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2024.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2024

		For the six months ended 30 September	
		2024	2023
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	6	2,156	35,567
Cost of sales		(1,515)	(30,497)
Gross profit		641	5,070
Other income	6	820	1,611
Selling and distribution expenses		(133)	(286)
Administrative and other operating expenses		(17,694)	(24,086)
(Impairment)/reversal of impairment of other receivables and prepayments, net		(565)	11,909
Change in fair value of financial assets at FVTPL		(8,300)	(97,536)
Realised loss on disposal of financial assets at FVTPL		(13,633)	–
Loss on disposal of a subsidiary		(2,711)	–
Share of results of an associate		–	(412)
Finance costs	7	(178)	(544)
Loss before income tax	8	(41,753)	(104,274)
Income tax credit	9	61	61
Loss for the period		(41,692)	(104,213)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2024

	Notes	For the six months ended	
		30 September 2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from:			
– translation of foreign operations		28,076	(93,862)
– reclassification relating to disposal of a subsidiary		1,556	–
Total comprehensive income for the period		(12,060)	(198,075)
Loss attributable to:			
– Owners of the Company		(41,226)	(99,291)
– Non-controlling interests		(466)	(4,922)
		(41,692)	(104,213)
Total comprehensive income attributable to:			
– Owners of the Company		(10,515)	(196,042)
– Non-controlling interests		(1,545)	(2,033)
		(12,060)	(198,075)
			(Restated)
Loss per share			
– Basic and diluted (HK\$)	11	(0.222)	(0.535)

Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	12	29,460	30,402
Construction in progress	13	27,298	26,703
Right-of-use assets	14	14,925	18,281
Mining assets	15	1,164,359	1,139,000
Other intangible assets		2,778	3,639
Prepayments	19	11,720	11,464
Total non-current assets		1,250,540	1,229,489
Current assets			
Inventories	17	15,970	16,097
Trade receivables	18	11,996	13,447
Contract assets		13,006	12,723
Other receivables, deposits and prepayments	19	40,549	38,503
Financial assets at FVTPL	16	–	27,008
Cash and bank balances		5,283	13,901
Total current assets		86,804	121,679
Total assets		1,337,344	1,351,168
Current liabilities			
Accounts payable	20	6,182	7,208
Other payable and accruals	21	66,396	66,736
Contract liabilities		28,220	27,729
Loans from shareholders	23	12,612	12,277
Bank and other borrowings	22	–	9,892
Lease liabilities		2,965	4,648
Total current liabilities		116,375	128,490
Net current liabilities		(29,571)	(6,811)
Total assets less current liabilities		1,220,969	1,222,678

Condensed Consolidated Statement of Financial Position

As at 30 September 2024

	Notes	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Non-current liabilities			
Deferred tax liabilities		4,196	4,166
Other borrowing	22	4,694	–
Lease liabilities		222	2,213
Total non-current liabilities		9,112	6,379
Total liabilities		125,487	134,869
NET ASSETS		1,211,857	1,216,299
Equity			
Share capital	25	9,279	92,796
Reserves		1,226,743	1,153,417
Equity attributable to owners of the company		1,236,022	1,246,213
Non-controlling interests		(24,165)	(29,914)
TOTAL EQUITY		1,211,857	1,216,299

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible notes equity reserve HK\$'000	Share options reserve HK\$'000	Foreign currency translation reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2024 (audited)	92,796	3,970,029	20,566	-	80,421	(354,085)	(12,479)	(2,551,035)	1,246,213	(29,914)	1,216,299
Loss for the period	-	-	-	-	-	-	-	(41,226)	(41,226)	(466)	(41,692)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences arising from translation of foreign operations	-	-	-	-	-	29,155	-	-	29,155	(1,079)	28,076
- Reclassification relating to disposal of a subsidiary (Note 30)	-	-	-	-	-	1,556	-	-	1,556	-	1,556
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Issue of convertible notes	-	-	-	324	-	30,711	-	(41,226)	(10,515)	(1,545)	(12,060)
Capital Reorganisation (Note 25)	(83,517)	-	-	-	-	-	-	83,517	324	-	324
Lapsed share options	-	-	-	-	(21,286)	-	-	21,286	-	-	-
Forfeited share options	-	-	-	-	(7,620)	-	-	7,620	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	7,294	7,294
At 30 September 2024 (unaudited)	9,279	3,970,029	20,566	324	51,515	(323,374)	(12,479)	(2,479,838)	1,236,022	(24,165)	1,211,857
At 1 April 2023 (audited)	92,796	3,970,029	20,566	6,625	80,421	(276,094)	687	(2,236,105)	1,658,925	(40,609)	1,618,316
Loss for the period	-	-	-	-	-	-	-	(99,291)	(99,291)	(4,922)	(104,213)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences arising from translation of foreign operations	-	-	-	-	-	(96,751)	-	-	(96,751)	2,889	(93,862)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Reorganisation of inter-company	-	-	-	-	-	(96,751)	-	(99,291)	(196,042)	(2,033)	(198,075)
At 30 September 2023 (unaudited)	92,796	3,970,029	20,566	6,625	80,421	(372,845)	687	(2,350,152)	1,448,127	(27,886)	1,420,241

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

		For the six months ended	
		30 September	
		2024	2023
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
OPERATING ACTIVITIES			
Loss before income tax		(41,753)	(104,274)
Adjustments for:			
Interest income	6	(226)	(294)
Finance costs	7	178	544
Depreciation of property, plant and equipment	12	1,466	2,421
Depreciation of right-of-use assets	8	1,207	2,077
Amortisation of other intangible assets	8	924	930
Change in fair value of financial assets at FVTPL		8,300	97,536
Realised loss on disposal of financial assets of FVTPL		13,633	–
(Gain)/loss on disposal of property, plant and equipment		(12)	1
Loss on write-off of property, plant and equipment		–	5
Gain on lease modification		(48)	–
Write-down of inventories	8	–	70
Impairment of trade receivables, net	8	2,231	743
Impairment/(reversal of impairment) of other receivables and prepayments, net	8	565	(11,909)
Loss on disposal of a subsidiary	30	2,711	–
Share of results of an associate		–	412
Exchange loss/(gain), net		834	(339)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

		For the six months ended	
		30 September	
		2024	2023
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Operating cash flows before movements in working capital			
		(9,990)	(12,077)
Decrease in inventories		432	289
Increase in trade receivables		(780)	(60)
Increase in other receivables, deposits and prepayments		(2,012)	(274)
Decrease in accounts payable		(781)	(869)
Increase in other payables and accruals		4,869	19,388
Increase in contract liabilities		491	3,581
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(7,771)	9,978
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		12	15
Interest received		7	294
Disposal of a subsidiary	30	(7)	–
NET CASH GENERATED FROM INVESTING ACTIVITIES		12	309

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

	Notes	For the six months ended 30 September	
		2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
FINANCING ACTIVITIES			
Interest paid on lease liabilities		(80)	(96)
Interest paid on bank borrowing		(18)	(141)
Interest paid on other borrowing		–	(307)
Repayment of principal portion of lease liabilities		(1,174)	(2,782)
Proceeds from loans from shareholders		168	470
Proceeds from issue of convertible notes		5,000	–
Repayment of bank borrowing		(4,891)	(328)
Repayment of other borrowing		–	(4,064)
NET CASH USED IN FINANCING ACTIVITIES		(995)	(7,248)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(8,754)	3,039
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		13,901	1,429
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		136	(99)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		5,283	4,369
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,283	4,369

Notes to Condensed Consolidated Interim Financial Statements

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business are located at 46th Floor, United Asia Finance Centre, 333 Lockhart Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in development and sales of electric vehicle, mining and metal and minerals trading.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the 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 set out in Appendix 16 of the Listing Rules.

The basis of preparation, the accounting policies and the methods of computation adopted in these interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 March 2024, except as stated in note 3 below following the adoption of the revised Hong Kong Financial Reporting Standards in the reporting period. The interim financial statements should be read in conjunction with the annual financial statements.

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

In the current interim period, the Group has applied the following revised standards, amendments and interpretations issued by the HKICPA, which are relevant to its operations and effective for its accounting period beginning on 1 April 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2024 annual financial statements.

5. SEGMENT REPORTING

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

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

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

Notes to Condensed Consolidated Interim Financial Statements

5. SEGMENT REPORTING (Continued)

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

(a) Reportable segments

	Development of electric vehicles		Mining		Metal and minerals trading		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2024	2023	2024	2023	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	2,156	35,567	–	–	–	–	2,156	35,567
Reportable segment loss	(9,524)	(4,950)	(223)	(454)	(19)	(57)	(9,766)	(5,461)
Interest income	225	293	–	–	–	–	225	293
Unallocated interest income							1	1
Total interest income							226	294
Depreciation	(1,605)	(3,169)	(53)	(107)	–	–	(1,658)	(3,276)
Unallocated depreciation							(1,015)	(1,222)
Total depreciation							(2,673)	(4,498)
Amortisation	(924)	(930)	–	–	–	–	(924)	(930)

Notes to Condensed Consolidated Interim Financial Statements

5. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

Reconciliation of segment revenue and profit or loss

	For the six months ended 30 September 2024 (unaudited) HK\$'000		2023 (unaudited) HK\$'000
Revenue			
Reportable segment revenue and consolidated revenue	2,156		35,567
Loss before income tax			
Reportable segment loss	(9,766)		(5,461)
Unallocated other income	110		240
Change in fair value and realised loss on disposal of financial assets at FVTPL	(21,933)		(97,536)
Unallocated other corporate expenses	(9,986)		(973)
Finance costs	(178)		(544)
Consolidated loss before income tax	(41,753)		(104,274)

	Development of electric vehicles As at		Mining As at		Metal and minerals trading As at		Total As at	
	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Reportable segment assets	138,147	149,413	1,190,510	1,164,780	6	3	1,328,663	1,314,196
Additions to non-current assets	-	3,240	-	-	-	-	-	3,240
Unallocated additions to non-current assets							-	4,761
Total additions to non-current assets							-	8,001
Reportable segment liabilities	(95,855)	(107,309)	(6,800)	(6,740)	(204)	(204)	(102,859)	(114,253)

5. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

Reconciliation of segment assets and liabilities

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Assets		
Reportable segment assets	1,328,663	1,314,196
Unallocated corporate assets (note)	8,681	36,972
	<hr/>	<hr/>
Consolidated total assets	1,337,344	1,351,168
	<hr/>	<hr/>
Liabilities		
Reportable segment liabilities	102,859	114,253
Unallocated corporate liabilities	22,628	20,616
	<hr/>	<hr/>
Consolidated total liabilities	125,487	134,869
	<hr/>	<hr/>

Note: Unallocated corporate assets as at 30 September 2024 mainly represent cash and bank balances of HK\$2,202,000 (31 March 2024: HK\$1,816,000) and financial asset at FVTPL of HK\$nil (31 March 2024: HK\$27,008,000) held by the Company, and unallocated other receivables and prepayments of HK\$4,403,000 (31 March 2024: HK\$3,601,000).

5. SEGMENT REPORTING (Continued)

(b) Geographic information

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

	Revenue from external customers For the six months ended 30 September		Specified non-current assets As at	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
PRC, including Hong Kong	1,880	–	1,250,540	1,229,489
Mexico	–	35,567	–	–
Philippines	276	–	–	–
	<u>2,156</u>	<u>35,567</u>	<u>1,250,540</u>	<u>1,229,489</u>

5. SEGMENT REPORTING (Continued)

(c) Information about major customers

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

	For the six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Customer A	1,880	–
Customer B	276	–
Customer C	–	35,567
	2,156	35,567

6. REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers within the scope of HKFRS 15

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

	For the six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Sale of electric vehicles	2,156	35,567

Note: Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 5(b).

6. REVENUE AND OTHER INCOME (Continued)

(b) Other income

	For the six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	12	–
Government grants (note)	33	369
Exchange gain, net	40	–
Sundry income	392	879
Gain on lease modification	48	69
Gain on lease termination	69	–
Interest income	226	294
	820	1,611

Note: Government grants were received from local government authorities and the entitlements of which were under the discretion of the relevant authorities. There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised to profit or loss.

7. FINANCE COSTS

	For the six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowing	18	141
Interest on other borrowing	80	307
Interest on lease liabilities	80	96
	178	544

Notes to Condensed Consolidated Interim Financial Statements

8. LOSS BEFORE INCOME TAX

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

	For the six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Amortisation of other intangible assets	924	930
Cost of inventories recognised as expenses (note)	1,515	30,497
Depreciation of property, plant and equipment	1,466	2,421
Depreciation of right-of-use assets	1,207	2,077
Exchange (gain)/loss, net	(40)	2,267
Impairment of trade receivables, net	2,231	743
Impairment/(reversal of impairment) of other receivables and prepayments, net	565	(11,909)
Short-term lease expense	340	387
Research and development cost (included in administrative expense)	–	94
Employee costs (including directors' remuneration)		
– Salaries and allowances	7,176	7,994
– Other benefits	24	793
– Pension contributions	258	313
	7,458	9,100

Note: No cost of inventories recognised as expenses relating to write-down of inventories for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$70,000).

Notes to Condensed Consolidated Interim Financial Statements

9. INCOME TAX CREDIT

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

	For the six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax		
– Provision for PRC enterprise income tax for the period	–	–
Deferred tax		
– Origination and reversal of temporary differences	(61)	(61)
Income tax credit	(61)	(61)

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the current and prior periods.

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

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

10. DIVIDEND

The directors do not recommend the payment or declaration of any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$nil).

Notes to Condensed Consolidated Interim Financial Statements

11. LOSS PER SHARE

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

	For the six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	(41,226)	(99,291)
	Number	Number
		(Restated)
Weighted average number of ordinary shares in issue	185,593,579	185,593,579

Basic and diluted loss per share is HK\$0.222 per share (six months ended 30 September 2023: HK\$0.535 per share) based on the loss for the period attributable to owners of the Company of HK\$41,226,000 (six months ended 30 September 2023: HK\$99,291,000) and the weighted average number of ordinary shares in issue detailed above. The basic and diluted loss per share for both periods presented are the same as the potential ordinary shares issuable under the convertible notes, the share options and share awards are anti-dilutive.

The weighted average number of ordinary shares for the six months ended 30 September 2024 is adjusted and for the six months ended 30 September 2023 is restated to reflect the impact of 2024 Share Consolidation of every five issued and unissued existing shares of par value of HK\$0.01 each into one consolidated share of par value of HK\$0.05 each. Details regarding to the 2024 Share Consolidation are set out in note 31(c).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, depreciation for property, plant and equipment was approximately HK\$1,466,000 (six months ended 30 September 2023: HK\$2,421,000); carrying amount of approximately HK\$117,000 (six months ended 30 September 2023: HK\$nil) was derecognised upon disposal of a subsidiary; and gain on exchange realignment arising on translation of the carrying amount of the property, plant and equipment amounted to approximately HK\$641,000 (loss on exchange realignment for the six months ended 30 September 2023: HK\$2,049,000).

13. CONSTRUCTION IN PROGRESS

Construction in progress mainly represents:

- (a) the mining assets in the PRC on the preliminary construction costs incurred for the development of road access to the factory buildings to be constructed for the mining business of thenardite; and
- (b) the manufacturing plant in the PRC on the preliminary construction costs incurred for the manufacturing plant of electric vehicle in Chongqing.

During the six months ended 30 September 2024, no expenditure was recognised as construction in progress (six months ended 30 September 2023: HK\$nil); and gain on exchange realignment arising on translation of construction in progress amounted to approximately HK\$595,000 (loss on exchange realignment for the six months ended 30 September 2023: HK\$1,631,000).

14. RIGHT-OF-USE ASSETS

Right-of-use assets mainly represents:

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

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

On 18 September 2023, the local bureau issued a notice for the revocation of the land use right of the Guangxi Land as it remained idle since the end of 2018. As at 31 March 2024, the land use right was revoked and the Group had fully depreciated the right-of-use asset related to the Guangxi Land during the year ended 31 March 2024.

(b) Other properties leased for own use

The Group has obtained the right to use other properties as its office premises and warehouses through tenancy agreements. The leases typically run for an initial period of one to two years (31 March 2024: one to two years).

15. MINING ASSETS

Mining assets have not been amortised since acquisition as the Glauberite Mine has not yet commenced operation since then. As disclosed under the “Business Review”, the Company is considering the possibility of implementing the Revised Mining Plan which utilise the latest modern technology to allow the extraction of the minerals in the Glauberite Mine in a more efficient manner as compared to the original mining plan. Gain on exchange realignment arising on translation of the carrying amount of the mining assets amounted to approximately HK\$25,359,000 (loss on exchange realignment for the six months ended 30 September 2023: HK\$83,852,000) during the six months ended 30 September 2024.

As at 30 September 2024, the mining rights were remained frozen for judicial preservation in relation to a litigation for a period of three years from 26 May 2023 to 26 May 2026. However, the Company has consulted with the PRC legal advisors and was advised that (i) the preservation only prohibits the change of legal title of the mining right by Guangxi Weiri, but does not affect the rights entitled by Guangxi Weiri under the Mining Rights, including the business operations and exploration or exploitation activities of the Glauberite Mine; and (ii) the preservation of the mining right will be lifted immediately in the event the Company settles the RMB0.9 million plus interest. Details of the litigation are set out under the “Business Review”.

The Revised Mining Plan, if implemented, may allow the Company to resolve the uncertainties in relation to the land use rights issue and facilitate the development of the Glauberite Mine. In addition, there are no material fluctuations on the product price during the six months ended 30 September 2024. As such, the Company considers there is no indication of impairment on the mining assets as at 30 September 2024.

16. FINANCIAL ASSETS AT FVTPL

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Financial assets at FVTPL comprise:		
– Unlisted equity investments outside Hong Kong	–	27,008

17. INVENTORIES

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Raw materials	5,910	4,773
Work in progress	3,565	3,894
Finished goods	6,495	7,430
	15,970	16,097

18. TRADE RECEIVABLES

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Trade receivables at amortised cost	35,622	39,374
Less: Accumulated impairment losses	(23,626)	(25,927)
Trade receivables, net	11,996	13,447

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

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
0–30 days	812	–
More than 1 year	11,184	13,447
	11,996	13,447

The average credit period on sales of electric vehicles is 30–365 days from the invoice date, except for a customer with carrying amount of receivables amounted to HK\$9,972,000 (31 March 2024: HK\$11,249,000), which bear interest at 5% per annum and repayable by monthly instalments in 5 years from the date on which the related goods has been delivered and accepted by the customer.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Other receivables, net	8,762	5,386
Value-added tax recoverable	8,170	8,117
Deposits	1,331	1,936
Prepayments	34,006	34,528
	52,269	49,967
Less: Non-current portion	(11,720)	(11,464)
	40,549	38,503

20. ACCOUNTS PAYABLE

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

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
0–30 days	2	–
31–90 days	86	1
91–180 days	67	10
181–365 days	260	1
More than 1 year	5,767	7,196
	6,182	7,208

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

21. OTHER PAYABLES AND ACCRUALS

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Other payables and accruals	29,335	29,896
Deposit received related to the Suitong Disposal	37,061	36,840
	66,396	66,736

As at 30 September 2024, the balance included amounts due to directors of the Company in aggregate amount of HK\$7,121,000 (31 March 2024: HK\$4,383,000). The amounts are interest-free, unsecured and repayable on demand.

22. BANK AND OTHER BORROWINGS

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Current – Secured		
Bank loan due for repayment within one year (Note (i))	–	4,876
Other borrowing (Note (ii))	–	5,016
	–	9,892
Non-Current – Unsecured		
Other borrowing (Note (iii))	4,694	–
	4,694	9,892

Notes:

- (i) On 16 April 2024, the bank loan was fully settled.

22. BANK AND OTHER BORROWINGS (Continued)

- (ii) As at 31 March 2024, the balance included a borrowing of EUR594,339 (equivalent to approximately HK\$5,016,000) from an independent third party (the “Lender”). This borrowing was pledged by 2,666 shares of or 3.78% equity interest in Quantron held by the Group, which has been enforced by the Lender and the 2,666 Quantron shares were transferred to the Lender as full settlement of the borrowing during the six months ended 30 September 2024.
- (iii) The Company issued 5,000,000 4% convertible notes for HK\$5,000,000 at the initial conversion price of HK\$0.1 per conversion share on 13 September 2024. The notes are convertible into ordinary shares of the Company during the conversion period, at the option of the holder, or repayable on 12 September 2026. The convertible notes are presented in follows:

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Face value of the notes issued	5,000	–
Other equity component	(324)	–
	<hr/>	<hr/>
Interest expense *	4,676	–
Interest paid	18	–
	–	–
	<hr/>	<hr/>
Non-current liability	4,694	–
	<hr/>	<hr/>

- * Interest expense is calculated by apply the effective interest rate of 7.7% to the liability component.

23. LOANS FROM SHAREHOLDERS

The loans are unsecured, interest-free with principal amounts of HK\$12,612,000 (31 March 2024: HK\$12,277,000) repayable within one year.

Notes to Condensed Consolidated Interim Financial Statements

24. CONVERTIBLE NOTES

On 13 September 2024, the Company issued a convertible note (the “2024 Convertible Note”) at a principal amount of HK\$5,000,000. The 2024 Convertible Note have a maturity period of two years from the date of issue and can be converted into ordinary shares of the Company at HK\$0.1 per share upon exercise of the conversion rights of the holder during the conversion period (being the period commencing from (and including) the date falling on the third monthiversary of the issue date of the Convertible Notes to the maturity date), subject to the conversion restriction set out in the terms of the 2024 Convertible Note in relation to the compliance with the relevant requirements of the Hong Kong Code on Takeovers and Mergers and the Listing Rules.

During the six months ended 30 September 2024, no conversion rights were exercised and no convertible note was converted into ordinary share (six months ended 30 September 2023: nil) of the Company.

25. SHARE CAPITAL

	For the six months ended 30 September 2024		For the year ended 31 March 2024	
	(unaudited) Number of shares	(unaudited) HK\$'000	(audited) Number of shares	(audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 (31 March 2024: HK\$0.1) each				
Authorised:				
At beginning of the period/year	5,000,000,000	500,000	50,000,000,000	500,000
Capital Reorganisation (note (i))	45,000,000,000	–	–	–
Share consolidation (note (ii))	–	–	(45,000,000,000)	–
At end of the period/year	50,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid:				
At beginning of period/year	927,967,897	92,796	9,279,678,975	92,796
Capital Reorganisation (note (i))	–	(83,517)	–	–
Share consolidation (note (ii))	–	–	(8,351,711,078)	–
At end of the period/year	927,967,897	9,279	927,967,897	92,796

25. SHARE CAPITAL (Continued)

Notes:

- (i) On 19 August 2024, the Company conducted a capital reorganisation (the “Capital Reorganisation”) that was approved by the shareholders of the Company by way of poll as a special resolution in the special general meeting held on 15 August 2024. Pursuant to the Capital Reorganisation, (i) the issued share capital of the Company is reduced from HK\$0.10 to HK\$0.01; and (ii) each of the authorized but unissued existing share of par value of HK\$0.10 each is subdivided in to ten (10) authorised but unissued adjusted shares of par value of HK\$0.01 each.
- (ii) On 13 October 2023, the Company conducted a share consolidation for every ten (10) issued and unissued ordinary shares of the Company be consolidated into one (1) ordinary share of the Company whereby the par value of all the then issued and unissued consolidated shares increases from HK\$0.01 to HK\$0.1 each (the “2023 Share Consolidation”). Immediately after the 2023 Share Consolidation became effective, there were 927,967,897 shares in issue.

26. SHARE-BASED PAYMENT TRANSACTIONS

Share option schemes

The Company adopted a share option scheme by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the “2013 Share Option Scheme”), which was expired on 30 August 2023. In view of the expiration of the 2013 Share Option Scheme, the Company then adopted a new share option scheme (the “2023 Share Option Scheme”) by way of an ordinary resolution at the annual general meeting of the Company held on 29 August 2023 (the “Adoption Date”). All outstanding options granted under the 2013 Share Option Scheme prior to its expiration will continue to be valid and exercisable in accordance with the rules of the 2013 Share Option Scheme.

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share option schemes (Continued)

The movements in the number of share options during the six months ended 30 September 2024 were as follows:

Date of offer of grant	At 1 April 2024	Lapsed/ forfeited during the period	At 30 September 2024	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
<u>Under 2013 Share Option Scheme</u>							
11/04/2014	3,400,000	(3,400,000)	-	HK\$11.5	HK\$11.1	12/04/2016 to 10/04/2024	11/04/2014 to 12/04/2020
10/03/2016	26,110,000	-	26,110,000	HK\$3.0	HK\$2.8	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
25/02/2021	25,900,000	(9,000,000)	16,900,000	HK\$1.3	HK\$1.2	25/02/2021 to 24/02/2031	N/A
20/12/2022	37,000,000	(9,000,000)	28,000,000	HK\$0.38	HK\$0.32	20/12/2022 to 19/12/2032	N/A
	<u>92,410,000</u>	<u>(21,400,000)</u>	<u>71,010,000</u>				

The exercise prices, closing price at grant date and number of share options have been adjusted with effect from 13 October 2023 due to the 2023 Share Consolidation.

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share option schemes (Continued)

The movements in the number of share options during the six months ended 30 September 2023 were as follows:

Date of offer of grant	At 1 April 2023	Granted/ (forfeited) during the period	At 30 September 2023	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
<u>Under 2013 Share Option Scheme</u>							
11/04/2014	34,000,000	-	34,000,000	HK\$1.15	HK\$1.11	12/04/2016 to 10/04/2024	11/04/2014 to 12/04/2020
10/03/2016	261,100,000	-	261,100,000	HK\$0.30	HK\$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
25/02/2021	259,000,000	-	259,000,000	HK\$0.13	HK\$0.12	25/02/2021 to 24/02/2031	N/A
20/12/2022	370,000,000	-	370,000,000	HK\$0.038	HK\$0.032	20/12/2022 to 19/12/2032	N/A
	<u>924,100,000</u>	<u>-</u>	<u>924,100,000</u>				

During the six months ended 30 September 2024, no share options (six months ended 30 September 2023: nil) were granted.

The weighted average remaining contractual life of options outstanding at the end of the period was 5.49 years (six months ended 30 September 2023: 6.45 years). The weighted average exercise price of options outstanding at the end of the period was HK\$1.36 (six months ended 30 September 2023: HK\$0.18).

71,010,000 share options were exercisable at the end of the period (six months ended 30 September 2023: 92,410,000 (after adjustment of the 2023 Share Consolidation)). No share options were exercised during the six months ended 30 September 2024 and 2023.

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share award plan

On 8 May 2019, a share award plan (the “2019 Share Award Plan”) was adopted by the Company for the purpose of providing incentives and aligning the interests of the selected employees with that of shareholders. On 29 August 2023, certain proposed amendments to the 2019 Share Award Plan and adoption of the amended 2019 Share Award Plan were approved by way of an ordinary resolution at the annual general meeting of the Company. During the six months ended 30 September 2024, no award shares (six months ended 30 September 2023: nil) were granted to the eligible participants.

27. RELATED PARTY TRANSACTIONS

- (a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.
- (b) Details of loans from shareholders are disclosed in note 23.
- (c) The remuneration of key management paid or payable during the six months ended 30 September 2024 which only comprised executive directors’ remuneration was as follows:

	For the six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Basic salaries, housing benefits, other allowances and benefits in kind	3,006	2,914
Pension contributions	9	9
	3,015	2,923

28. CAPITAL COMMITMENTS

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

	As at 30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Acquisition of property, plant and equipment	18,768	19,982
Capital expenditure in respect of the construction of the ores processing plant	3,682	3,673
Capital expenditure in respect of the mining operations	17,733	17,346
Capital expenditure in respect of the development of electric vehicles	796	779
	40,787	40,741

29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 September 2024 and 31 March 2024 may be categorised as follows:

	As at	
	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Financial assets		
Financial assets at amortised cost (including cash and bank balances)	27,372	34,670
Financial assets at FVTPL – unlisted investments	–	27,008
	27,372	61,678
Financial liabilities		
Financial liabilities at amortised cost	89,884	96,113
Lease liabilities	3,187	6,861
	93,071	102,974

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade receivables, other receivables and deposits, cash and bank balances, accounts payable, other payables and accruals, loans from shareholders and bank borrowing.

The directors of the Company considered that due to the short term nature, the carrying amounts of these financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their corresponding fair value.

29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(b) Financial instruments measured at fair value

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 30 September 2024 (unaudited)				As at 31 March 2024 (audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value								
– Unlisted equity investment	-	-	-	-	-	-	27,008	27,008

There were no transfers between levels during the six months ended 30 September 2024.

30. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 September 2024, the Group entered into a contract to sell the entire equity interest in Sinocop New Energy Technology Company Limited ("Sinocop"), a subsidiary wholly-owned by the Group, to an independent third party at a consideration of HK\$100. The net assets of Sinocop as at the date of the disposal were as follows:

	(unaudited) HK\$'000
Net assets disposed of:	
Property, plant and equipment	117
Cash and bank balances	7
Prepayments and other receivables	11
Trade payables	(383)
Accruals and other payables	(5,891)
Non-controlling interests	7,294
	<hr/> 1,155
Cumulative exchange difference in respect of net assets of the subsidiary reclassified from equity to profit or loss	 1,556
Loss on disposal of a subsidiary	(2,711)
	<hr/> —
Satisfied by:	
Cash	—
	<hr/>
Net cash outflow in respect of the disposal of a subsidiary:	
Cash consideration	—
Cash and bank balances disposed of	(7)
	<hr/>
Net cash outflow	(7)
	<hr/>

31. EVENTS AFTER THE REPORTING PERIOD

- (a) On 9 October 2024, the Company announced that total 71,927,651 rights shares (represented approximately 5.17% of the total number of rights shares offered for subscription) to be allotted and issued based on the results of acceptance of the Rights Issue and the results of the placing of the unsubscribed shares. Details of the results of the Rights Issue are set out in the announcements dated 20 September 2024 and 9 October 2024.
- (b) On 29 October 2024, the Augsburg judiciary has officially announced the opening of insolvency proceedings against Quantron. The carrying value of the remaining 1,195 shares in Quantron (representing approximately 1.7% of the total issued capital) has been fully impaired during the six months ended 30 September 2024.
- (c) On 13 November 2024, the Company underwent a share consolidation for every five (5) issued and unissued existing shares of par value of HK\$0.01 each be consolidated into one (1) consolidated share of par value of HK\$0.05 each (the "2024 Share Consolidation"). Details of the 2024 Share Consolidation are set out in the circular of the Company dated 21 October 2024.

32. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 29 November 2024.