EvDynamics

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

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

2023/24
Interim Report

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Corporate Information

DIRECTORS

Executive Directors

Mr. Cheung Ngan *(Chairman)*
Mr. Miguel Valldecabres Polop
(Chief Executive Officer)
Ms. Chan Hoi Ying

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

AUDITOR

BDO Limited
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Registered Public Interest Entity Auditor
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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

www.evdynamics.com

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 2023.

RESULTS

During the six months ended 30 September 2023, the Group recorded revenue of approximately HK$35.6 million (six months ended 30 September 2022: HK$0.8 million) derived from the sale of electric vehicles. Gross profit amounted to approximately HK$5.1 million (six months ended 30 September 2022: HK$0.3 million), with the gross profit ratio of 14.3% (six months ended 30 September 2022: 32.5%). The revenue in the current period is strikingly higher than the last reporting period as a result of the recovery of the export sales to the overseas markets. During the current period, the Group continued to expand globally by enhancing its network on export sales as well as promoting its products in local market. The Group will continue to work on a cost optimization plan to ensure maximum efficiency and add more value to its final products to gain its market shares.

The Group recorded a loss of approximately HK$104.2 million for the six months ended 30 September 2023 (six months ended 30 September 2022: HK$41.0 million). The increase in loss was mainly due to a significant rise in loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL") to approximately HK$97.5 million (six months ended 30 September 2022: HK$9.9 million) as a result of drop in fair value of equity interest in Quantron AG ("Quantron") as set out in the "Business Review" below.

The loss attributable to owners of the Company for the six months ended 30 September 2023 was approximately HK$99.3 million (six months ended 30 September 2022: HK$38.3 million). Basic and diluted loss per share (after taken into account the effect of the Share Consolidation) for the six months ended 30 September 2023 was HK$0.107 per share (six months ended 30 September 2022: HK$0.042 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 2023 (six months ended 30 September 2022: HK$nil).

BUSINESS REVIEW

Electric bus and electric vehicles

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

During the current period, the Group has continued to diversify its sales network into various overseas markets.

Hong Kong market

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

The Group had launched its full electric 19-seats low-floor minibus ("APEX-MINI"), a model that is suitable for both the franchise and non-franchise minibus sectors in Hong Kong with a total market size of more than 4,000 units. It is powered by fast-charging batteries with a unique low-floor design. The Group is in progress on a small trial order for APEX-MINI and it will first be operated on a green minibus route. In last year, the Company has been selected by the Hong Kong SAR Government as one of the prequalified suppliers of 40 units electric public light buses for a sustainable public mobility pilot scheme that the Environmental Protection Department launched in 2023.

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

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

The Group continues to penetrate in the Philippines market, a country strives to strengthen its "green" policies by issuing incentives to encourage electric vehicle investment such as cutting tariffs, exempting duty and VAT, etc. The local transportation department of the Philippines has started a large-scale transportation initiative since 2017 that aim on phasing out the Jeepney, currently the most popular public transportation in the Philippines. There are several hundred thousand units of Jeepney operating throughout the country that need to be replaced. The Group has developed a customized city bus – "COMET" which stands for Community Optimized Managed Electric Transport, a fully green transportation designed for emerging markets around the world. The first showcase of this pioneering and environmentally friendly form of public transportation was carried out in Davao and Manila of Philippines. The Group believes that COMET is by far the most suitable and feasible model for replacing the Jeepneys in the Philippines. In 2021, the Group has received sizable orders and planned to deliver no fewer than 500 COMET units to the Philippines. Up to the date of this report, 65 units of COMET has been delivered and further units are in progress and expected to be completed by March 2024. Also, a plan of delivering further 200 units of COMET is under negotiation and expected to be completed by 2025. The COMET sees tremendous opportunities in the Philippines and we are expecting many more orders will be completed in the near future. The Group also believes that the COMET is the ideal replacement for other microbus type products, which are the dominant means of transport in the world's densest cities. The Group is very confident in dominating the Philippines Jeepney market through progressive market penetration.

American and European market

The Group has also developed a logistic vehicle type "cabin chassis platform", which is a complete chassis with a driver cabin, and with powertrain, battery pack, steering, wheels, and brakes, etc. This way the Group can meet the B2B business demand coming from local bus manufacturers that lack the technology to develop their own platform. 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. The Group has completed the delivery of first batch of 200 units in the first half of 2023. The production of remaining units have been partly completed subsequent to the period end and are planned to be delivered by early 2024. The Group foresees a huge demand for electric vehicle customization solutions in Latin America, Asia and Europe and is highly confident of further orders from America and Europe in the coming years.

In 2021, the Company acquired approximately 13.85% of Quantron, a company incorporated in Germany principally engaged in e-mobility in inner-city and regional passenger and freight transport.

On 23 November 2022, the Company has entered into a sale and purchase agreement (the "Previous Agreement") with a purchaser (the "First Purchaser") to dispose part of Quantron (previously represented approximately 4.9% of entire equity interest in Quantron) at the total consideration of approximately EUR5.6 million. As at 30 September 2023, total EUR0.9 million has been paid by the purchaser to the Company.

Due to unexpected outstanding on the remaining balance of the consideration, subsequent to the reporting period, on 13 November 2023, the Company and the First Purchaser have entered into a termination agreement in order to terminate the Previous Agreement. The First Purchaser agreed to acquire only part of the agreed shares of Quantron (the "First Disposal"). At the same date, the Company has entered into another sales and purchase agreement with another purchaser (the "Second Purchaser") to dispose part of Quantron (represented approximately 6.4% of entire equity interest in Quantron) at the total consideration of EUR1.0 million (the "Second Disposal"). Up to date of this report, the total consideration has been received and the transaction has been completed. The further details of the Disposals are set out in the announcement published on 13 November 2023.

Upon completion of the First Disposal and Second Disposal (together as the "Disposals") above, the Company will continue to hold approximately 5.47% of Quantron. The Company intends to continue to explore opportunities to realise the remaining equity interest in Quantron.

Business outlook

The Group resumed its business operations and production in late 2022. The Group recorded a significant rise in sales revenue as compared with last reporting period as a result of the robust recovery of demand in our export markets. Meanwhile for domestic market, the Group has also been selected as the supplier of the first EMCU by the Hong Kong Fire Services Department. We are very confident in gaining the acceptance of society at large and see a wide scope of potential applications for our products.

The Group is currently utilizing the existing production plant in the Wulong District of Chongqing, which has sufficient production capacity to cope with the increasing number of overseas orders.

Suitong Disposal

On 2 June 2023, the Group entered into a sale and purchase 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 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. As at the date of this report, the Group has received progress payment of RMB20 million plus approximately RMB1.3 million payables of Suitong being settled by the Purchaser on behalf, and certain restructurings of the Group have been completed in accordance with the agreement. The details of the Suitong Disposal are disclosed in the announcements published by the Company on 4 June 2023 and 7 June 2023.

Mining and production of mineral products

The Group's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited (the "Guangxi Weiri"), owns a glauberite mine located in the Guangxi Zhuang Autonomous Region of the People's Republic of China (the "Glauberite Mine" and "PRC" respectively). The product extracted from the Glauberite Mine is thenardite, an important raw material used in chemical and light industrial manufacturing. No significant exploration, development or production activity related to the Glauberite Mine was conducted during the six months ended 30 September 2023. 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.

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 RMB8.4 million has been paid for approximately 100,000 square meters of land for a factory site, however, relevant land use rights have not yet been issued as Guangxi Weiri together with the local government is still working closely to resolve the land issue. 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. The Group has been in regular communication with the local government and has closely monitored the progress of the land use rights.

Despite the difficulties faced by the Group on the development of the Glauberite Mine as a result of the administrative issue on the land use rights of the local government, the Group has continued to explore other opportunities and solutions to develop and commence operation of the Glauberite Mine. The Group is considering the possibility of implementing a modified mining plan (the "Revised Mining Plan") which may only utilise the existing land in Guangxi without the need to further obtain the land use rights. The Revised Mining Plan utilises the latest modern technology to allow the extraction of the minerals in the Glauberite Mine in a more efficient manner as compared to the original mining plan. On 22 June 2023, the Group entered into a contract with the Institute of Process Engineering of Chinese Academy of Sciences (the "CAS"), pursuant to which CAS shall provide solutions for the design of construction plans and engineering process of the extraction of the minerals of the Glauberite Mine leveraging on the latest mining technology, and the respective environmental, energy and safety feasibility studies. It is expected that the draft feasibility studies will be completed by the CAS by 2024.

In July 2023, the Company further engaged China Tianchen Engineering Corporation ("TCC"), a company managed by the State-owned Assets Supervision and Administration Commission of the State Council, to assist in the preparation of the feasibility studies report.

In August 2023, the Company made a submission to the Municipal Government in relation to the possible implementation of the Revised Mining Plan. On 29 September 2023, the Municipal Government issued a letter in response to the Revised Mining Plan, pursuant to which the Municipal Government recommended the Company to submit the feasibility study reports of the Revised Mining Plan to the relevant authorities for further evaluation, which demonstrated the Municipal Government continue to support the Company to develop the Glauberite Mine.

The implementation of the Revised Mining Plan is subject to, among other things (i) the result of the feasibility studies from CAS and TCC; and (ii) the approval of the Company after considering factors such as the result of the feasibility studies, the cashflow of the Company and valuation report of the Glauberite Mine to be further conducted based on the Revised Mining Plan.

The Revised Mining Plan, if implemented, may only utilise the existing land without the need to further obtain the land use rights (which were yet to be granted by the Municipal Government due to administrative reasons as disclosed above) or processing factories as the Company may either lease factories or subcontract the processing functions to third parties.

Accordingly, the Company is of the view that, the Revised Mining Plan, if implemented, may allow the Company to resolve the uncertainties in relation to the land use rights issue and facilitate the development of the Glauberite Mine.

Litigation against 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 for 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. On 26 October 2023, an application of re-examination has been submitted to The Supreme People's Court of the People's Republic of China regarding this legal case.

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.

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. Pursuant to the Notice, 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 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 RMB0.9 million plus interest in accordance with the decision of the Qingxiu Court for the Arbitration. As such, the Company considers there are no legal obstacle in relation to the development of the Glauberite Mine with the Mining Rights.

The Board will closely monitor the litigations as mentioned above and evaluate their impact to the Group.

Status of the Guangxi Land

On 14 November 2022, the Board came into attention that, on 20 January 2022, Hengxian Natural Resources Bureau ("Resources Bureau") has purported issued a notice (the "Notice") for the revocation of the land use right of the Guangxi Land. Pursuant to the Notice, it was stated that, among other things, as the Guangxi Land remained idle since the end of 2018, the Resources Bureau has decided to revoke the land use rights of the Guangxi Land. The details of the Notice are disclosed in the announcement published by the Company on 19 December 2022.

On 18 September 2023, the Group has received a revocation notice from Resources Bureau and is currently negotiating with the local authorities regarding the revocation. Up to date of this report, the Group has yet to receive any confirmation as to whether the land use rights of the Guangxi Land has been or will be revoked.

The Company has consulted with the PRC legal advisors, which has advised that, the Company continue to possess the land use rights certificate of the relevant land and there is no public notice published by the Municipal Government regarding the land use rights of the Guangxi Land as required by the relevant rules and regulations.

Furthermore, as disclosed above, the Company is considering the possibility of implementing the Revised Mining Plan which may only utilise the land use rights of the Guangxi Land and the Company has made a submission to the Municipal Government in relation to the possible implementation of the Revised Mining Plan, which positive feedback has been received from the Municipal Government on 29 September 2023 that recommended the Company to submit the feasibility study reports to the relevant authorities for further evaluation.

Taking into the account of the above, the Company is of the view that the Company continue to possess the land use right of the Guangxi Land and consider there is no indication of impairment on right-of-use assets of the Guangxi Land as at 30 September 2023.

Mineral resources and ore reserves

The following table sets out the mineral information of the Glauberite Mine as at 30 September 2023:

Wireframe	Classification	Tonnes ('000)	Na_2SO_4 (%)	Na_2SO_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 2023 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the net asset value of the Group amounted to approximately HK$1,420.2 million (31 March 2023: HK$1,618.3 million). The gearing ratio of the Group was 1.27% (31 March 2023: 1.59%) and the equity attributable to owners of the Company was approximately HK$1,448.1 million (31 March 2023: HK$1,658.9 million).

As at 30 September 2023, the Group's other payables and accruals amounted to HK$47.6 million (31 March 2023: HK$29.4 million), the increase of 61.9% was mainly attributable to the deposit of RMB20.0 million received for the Suitong Disposal. Details of the Suitong Disposal are set out in the "Business Review" above.

As at 30 September 2023, the Company has (i) outstanding convertible notes in the principal amount of HK$7.5 million (31 March 2023: HK$7.5 million) which could be converted into 10,000,000 shares (31 March 2023: 10,000,000 shares) of the Company based on the conversion price of HK$0.75 per share subject to the conversion restriction set out in the terms of the convertible notes in relation to the compliance with the relevant requirements of the Codes on Takeovers and Mergers and Share Buy-backs and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and "Stock Exchange" respectively); and (ii) outstanding share options entitling participants to subscribe for a total of 924,100,000 shares (31 March 2023: 924,100,000 shares) of the Company, for which 924,100,000 (31 March 2023: 924,100,000) options were exercisable.

The operating cash flows of the Group are mainly denominated in Hong Kong dollars, Renminbi and US dollars. Certain bank deposits, receivables and payables of the Group are denominated in Renminbi, US dollars and Euro. As at 30 September 2023, the Group had unpledged cash and bank balances of approximately HK$4.4 million (31 March 2023: HK$1.4 million), of which 8.1% (31 March 2023: 31.6%) was denominated in HK dollars, 62.2% (31 March 2023: 52.7%) was denominated in Renminbi and 26.9% (31 March 2023: 5.6%) was denominated in US dollars.

During the reporting period, the exchange rate of the Renminbi depreciated by approximately 6.5% against the HK dollar. This had a negative 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 2023. 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.

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 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 explore every possible way and opportunity to commence the operation of the Glauberite Mine.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2023, the Group has pledged a leasehold land and building in Wulong Chongqing with an aggregate carrying amount of approximately RMB31.0 million to secure bank borrowing of approximately RMB4.8 million (31 March 2023: RMB5.1 million).

Besides, a mining right of the glauberite mine in Guangxi held by Guangxi Weiri was frozen for judicial 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 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed 57 (31 March 2023: 62) full time managerial and skilled staff principally in Hong Kong and the PRC. The Group continues working on a cost optimization plan in order to ensure maximum efficiency.

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

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

(b) On 13 November 2023, the Company and the First Purchaser have entered into a termination agreement in order to terminate the Previous Agreement regarding the disposal of partial interest of Quantron. The First Purchaser agreed to acquire part of Quantron in return of the EUR0.9 million deposit paid to the Company. At the same date, the Company has entered into another sales and purchase agreement with another purchaser to further dispose part of Quantron at the total consideration of EUR1.0 million. The details of the Disposals are set out in the announcement published on 13 November 2023.

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 1 April 2023, the total number of share options available for grant was 526,967,897 under the 2013 Share Option Scheme. As at the date of this report, upon the Share Consolidation became effective on 13 October 2023, there were 92,410,000 outstanding options granted under the 2013 Share Option Scheme to subscribe for a total 92,410,000 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.

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 terms of the 2023 Share Option Scheme had been prepared in compliance with the Chapter 17 of the Listing Rules currently in force, taking into account of amendments therein relating to share schemes of listed issuers, which took effect on 1 January 2023 to the extent it is applicable.

The detailed movement of the share options of the Company for the six months ended 30 September 2023 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 at 1 April 2023	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 September 2023	Exercise period	Vesting period
Directors										
Mr. Cheung Ngan	20 December 2022	HK$0.038	HK$0.033	9,000,000	–	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK$0.30	HK$0.30	3,700,000	–	–	–	3,700,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Miguel Valldecabres Polop	20 December 2022	HK$0.038	HK$0.033	90,000,000	–	–	–	90,000,000	20 December 2022 to 19 December 2032	N/A
	25 February 2021	HK$0.13	HK$0.11	80,000,000	–	–	–	80,000,000	25 February 2021 to 24 February 2031	N/A
Ms. Chan Hoi Ying	20 December 2022	HK$0.038	HK$0.033	9,000,000	–	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK$0.30	HK$0.30	3,700,000	–	–	–	3,700,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Chan Francis Ping Kuen	20 December 2022	HK$0.038	HK$0.033	9,000,000	–	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK$0.30	HK$0.30	3,700,000	–	–	–	3,700,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020

Name and category of participant	Date of grant	Exercise price	Closing price immediately before the date of grant	Number of underlying shares comprised in share options					Exercise period	Vesting period
				Outstanding at 1 April 2023	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 September 2023		
Mr. Lee Kwok Leung	20 December 2022	HK$0.038	HK$0.033	9,000,000	–	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
Dato' Tan Yee Boon	20 December 2022	HK$0.038	HK$0.033	9,000,000	–	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
Other employees										
12 employees	20 December 2022	HK$0.038	HK$0.033	235,000,000	–	–	–	235,000,000	20 December 2022 to 19 December 2032	N/A
16 employees	25 February 2021	HK$0.13	HK$0.11	179,000,000	–	–	–	179,000,000	25 February 2021 to 24 February 2031	N/A
12 employees	10 March 2016	HK$0.30	HK$0.30	250,000,000	–	–	–	250,000,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
4 employees	11 April 2014	HK$1.15	HK$1.14	34,000,000	–	–	–	34,000,000	12 April 2016 to 10 April 2024	12 April 2016 to 12 April 2020
Total				**924,100,000**	**–**	**–**	**–**	**924,100,000**		

As at 30 September 2023, the total number of shares available for issue under the 2013 Share Option Scheme and the 2023 Share Option Scheme was 924,100,000, representing 9.96% of the issued shares and 9.96% of the weighted average number of shares in issue of the Company.

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. Pursuant to the 2019 Share Award Plan, the maximum number of shares to be awarded shall not exceed 10% of the total number of issued shares as at 8 May 2019, representing 688,604,680 shares. As at 1 April 2023, the total number of awards available for grant under the 2019 Share Award Plan was 321,604,680.

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 2023, no awarded shares were granted to any participant (six months ended 30 September 2022: nil). As at 30 September 2023, 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 2023, the total number of options and awards available for grant under the scheme mandate was 927,967,897.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options granted to the directors during the six month ended 30 September 2023 are set out in the "Share Schemes" above.

No share option was exercised by the directors during the six months ended 30 September 2023.

Save as disclosed above, at no time during the six months ended 30 September 2023 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 2023, 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	771,324,959 (Note 1)	–	8.31%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Miguel Valldecabres Polop	Beneficial owner	170,000,000 (Note 3)	–	1.83%
Ms. Chan Hoi Ying	Beneficial owner	12,700,000 (Note 3)	–	0.14%
Mr. Chan Francis Ping Kuen	Beneficial owner	12,700,000 (Note 3)	–	0.14%

Notes:

1) The 771,324,959 shares include:

   a. the number of shares of 536,038,559 held by Mr. Cheung Ngan;

   b. the underlying shares of 12,700,000 from the share options granted, details of which are set out in the section headed "Directors' Rights to Acquire Shares" above; and

   c. the number of shares of 222,586,400 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 2023, 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 CONTRACTS

No director, whether directly or indirectly, had a material beneficial interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2023.

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

As at 30 September 2023, 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	771,324,959 (Note 1)	–	8.31%
Faith Profit Holding Limited	Beneficial owner	222,586,400 (Note 1)	–	2.40%
Entrust Limited	Beneficial owner	982,727,510 (Note 2)	–	10.59%
Mr. Chan Tok Yu	Interest of controlled corporation	982,727,510 (Note 2)	–	10.59%
Ms. Siu Kwan	Interest of controlled corporation	982,727,510 (Note 2)	–	10.59%

Notes:

1) The 771,324,959 shares include:

   a. the number of shares of 536,038,559 held by Mr. Cheung Ngan;

   b. the underlying shares of 12,700,000 from the share options granted to Mr. Cheung Ngan; and

   c. the number of shares of 222,586,400 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 2023.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions during the six months ended 30 September 2023.

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. Miguel Valldecabres Polop is appointed as a director of Turbo Energy, S.A. (Stock code: TURB) (American Depositary Share) during the reporting period, the shares of which is listed on the Nasdaq of the United States.

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 10 of the Listing Rules as the code of conduct regarding directors' securities transactions.

Specific enquiry has been made of all the directors of the Company who have confirmed in writing their compliance with the required standards set out in the Model Code during the six months ended 30 September 2023.

AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters of the Group. The Committee had reviewed the unaudited interim financial statements for the six months ended 30 September 2023.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September 2023 (unaudited) HK$'000	2022 (unaudited) HK$'000
Revenue	6	**35,567**	781
Cost of sales		**(30,497)**	(527)
Gross profit		**5,070**	254
Other income	6	**1,611**	2,249
Selling and distribution expenses		**(286)**	(401)
Administrative and other operating expenses		**(24,086)**	(32,689)
Reversal of impairment/(impairment) of other receivables and prepayments, net		**11,909**	(90)
Change in fair value of financial assets at FVTPL		**(97,536)**	(9,901)
Share of results of an associate		**(412)**	–
Finance costs	7	**(544)**	(490)
Loss before income tax	8	**(104,274)**	(41,068)
Income tax credit	9	**61**	65
Loss for the period		**(104,213)**	(41,003)

	Notes	For the six months ended 30 September 2023 (unaudited) HK$'000	2022 (unaudited) HK$'000
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(93,862)**	(184,143)
Total comprehensive income for the period		**(198,075)**	(225,146)
Loss attributable to:			
– Owners of the Company		**(99,291)**	(38,270)
– Non-controlling interests		**(4,922)**	(2,733)
		(104,213)	(41,003)
Total comprehensive income attributable to:			
– Owners of the Company		**(196,042)**	(227,724)
– Non-controlling interests		**(2,033)**	2,578
		(198,075)	(225,146)
			(Restated)
Loss per share			
– Basic and diluted (HK$)	11	**(0.107)**	(0.042)

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Non-current assets			
Property, plant and equipment	12	**30,801**	35,293
Construction in progress	13	**25,210**	26,841
Right-of-use assets	14	**23,148**	26,720
Mining assets	15	**1,296,148**	1,380,000
Investment in an associate		**2,451**	2,863
Other intangible assets		**4,518**	5,782
Amount due from an associate		**6,565**	6,565
Other receivables, deposits and prepayments	19	**11,358**	12,093
Total non-current assets		**1,400,199**	1,496,157
Current assets			
Inventories	17	**22,262**	23,751
Trade receivables	18	**18,641**	19,324
Contract assets		**9,623**	10,246
Other receivables, deposits and prepayments	19	**43,775**	73,563
Financial assets at FVTPL	16	**24,899**	85,400
Cash and bank balances		**4,369**	1,429
Total current assets		**123,569**	213,713
Total assets		**1,523,768**	1,709,870
Current liabilities			
Accounts payable	20	**8,338**	9,785
Other payables and accruals	21	**47,624**	29,415
Contract liabilities		**24,967**	21,405
Loans from shareholders	23	**11,551**	6,938
Bank and other borrowings	22	**5,153**	4,750
Lease liabilities		**962**	4,050
Total current liabilities		**98,595**	76,343
Net current assets		**24,974**	137,370
Total assets less current liabilities		**1,425,173**	1,633,527

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Non-current liabilities			
Deferred tax liabilities		**4,187**	4,522
Loans from shareholders	23	**–**	4,458
Bank borrowing	22	**–**	5,143
Lease liabilities		**745**	1,088
Total non-current liabilities		**4,932**	15,211
Total liabilities		**103,527**	91,554
NET ASSETS		**1,420,241**	1,618,316
Equity			
Share capital	25	**92,796**	92,796
Reserves		**1,355,331**	1,566,129
Equity attributable to owners of the Company		**1,448,127**	1,658,925
Non-controlling interests		**(27,886)**	(40,609)
TOTAL EQUITY		**1,420,241**	1,618,316

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	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 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	**–**	**–**	**–**	**–**	**–**	**(96,751)**	**–**	**(99,291)**	**(196,042)**	**(2,033)**	**(198,075)**
Reorganisation of inter-company	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(14,756)**	**(14,756)**	**14,756**	**–**
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**
At 1 April 2022 (audited)	90,096	3,963,009	20,566	6,625	87,387	(145,417)	687	(2,169,117)	1,853,836	(43,186)	1,810,650
Loss for the period	–	–	–	–	–	–	–	(38,270)	(38,270)	(2,733)	(41,003)
Other comprehensive income											
– Exchange differences arising from translation of foreign operations	–	–	–	–	–	(189,454)	–	–	(189,454)	5,311	(184,143)
Total comprehensive income	–	–	–	–	–	(189,454)	–	(38,270)	(227,724)	2,578	(225,146)
Forfeited share options	–	–	–	–	(1,196)	–	–	1,196	–	–	–
At 30 September 2022 (unaudited)	90,096	3,963,009	20,566	6,625	86,191	(334,871)	687	(2,206,191)	1,626,112	(40,608)	1,585,504

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September 2023 (unaudited) HK$'000	2022 (unaudited) HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(104,274)**	(41,068)
Adjustments for:			
Interest income	6	**(294)**	(345)
Finance costs	7	**544**	490
Depreciation of property, plant and equipment	12	**2,421**	2,898
Depreciation of right-of-use assets	8	**2,077**	3,556
Amortisation of other intangible assets	8	**930**	983
Change in fair value of financial assets at FVTPL		**97,536**	9,901
Loss on disposal of property, plant and equipment		**1**	–
Loss on write-off of property, plant and equipment		**5**	–
Gain on lease modification		**–**	(18)
COVID-19-related rent concession		**–**	(102)
Write-down of inventories	8	**70**	136
Impairment of trade receivables, net	8	**743**	566
(Reversal of impairment)/impairment of other receivables and prepayments, net	8	**(11,909)**	90
Share of results of an associate		**412**	–
Exchange gain, net		**(339)**	(56)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September 2023 (unaudited) HK$'000	2022 (unaudited) HK$'000
Operating cash flows before movements in working capital		**(12,077)**	(22,969)
Decrease in inventories		**289**	179
(Increase)/decrease in trade receivables		**(60)**	4,891
(Increase)/decrease in other receivables, deposits and prepayments		**(274)**	6,161
Decrease in accounts payable		**(869)**	(2,133)
Increase in other payables and accruals		**19,388**	8,598
Increase in contract liabilities		**3,581**	1,316
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**9,978**	(3,957)
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**15**	–
Interest received	6	**294**	345
NET CASH GENERATED FROM INVESTING ACTIVITIES		**309**	345

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September 2023 (unaudited) HK$'000	2022 (unaudited) HK$'000
FINANCING ACTIVITIES			
Interest paid on lease liabilities		**(96)**	(272)
Interest paid on bank borrowing		**(141)**	(162)
Interest paid on other borrowing		**(307)**	–
Other finance costs paid		**–**	(56)
Repayment of principal portion of lease liabilities		**(2,782)**	(2,244)
Proceeds from loans from shareholders		**470**	4,170
Repayment of bank borrowing		**(328)**	(347)
Repayment of other borrowing		**(4,064)**	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(7,248)**	1,089
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,039**	(2,523)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,429**	4,669
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(99)**	(250)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**4,369**	1,896
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**4,369**	1,896

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 new energy business and mining.

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 2023, 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 2023.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has not early applied any amended HKFRSs that is not yet effective for the current reporting period. None of these amended 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 2023 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 of electric vehicles;
- Mining; and
- Metal and minerals trading.

5. SEGMENT REPORTING (Continued)

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

(a) Reportable segments

	Development of electric vehicles For the six months ended 30 September		Mining For the six months ended 30 September		Metal and minerals trading For the six months ended 30 September		Total For the six months ended 30 September	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(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	**35,567**	781	**–**	–	**–**	–	**35,567**	781
Reportable segment loss	**(4,950)**	(15,681)	**(454)**	(584)	**(57)**	(207)	**(5,461)**	(16,472)
Interest income	**293**	345	**–**	–	**–**	–	**293**	345
Unallocated interest income							**1**	–
Total interest income							**294**	345
Depreciation	**(3,169)**	(4,841)	**(107)**	(257)	**–**	–	**(3,276)**	(5,098)
Unallocated depreciation							**(1,222)**	(1,356)
Total depreciation							**(4,498)**	(6,454)
Amortisation	**(930)**	(983)	**–**	–	**–**	–	**(930)**	(983)

5. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

Reconciliation of segment revenue and profit or loss

	For the six months ended 30 September	
	2023 (unaudited) HK$'000	2022 (unaudited) HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**35,567**	781
Loss before income tax		
Reportable segment loss	**(5,461)**	(16,472)
Unallocated other income	**240**	602
Change in fair value of financial assets at FVTPL	**(97,536)**	(9,901)
Unallocated other corporate expenses	**(973)**	(14,807)
Finance costs	**(544)**	(490)
Consolidated loss before income tax	**(104,274)**	(41,068)

	Development of electric vehicles		Mining		Metal and minerals trading		Total	
	As at		As at		As at		As at	
	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000	**30 September 2023 (unaudited) HK$'000**	31 March 2023 (audited) HK$'000	**30 September 2023 (unaudited) HK$'000**	31 March 2023 (audited) HK$'000	**30 September 2023 (unaudited) HK$'000**	31 March 2023 (audited) HK$'000
Reportable segment assets	**162,331**	171,927	**1,329,930**	1,416,066	**62**	64	**1,492,323**	1,588,057
Additions to non-current assets	–	19,501	–	447	–	–	–	19,948
Reportable segment liabilities	**(90,143)**	(72,766)	**(3,050)**	(5,377)	**(209)**	(204)	**(93,402)**	(78,347)

5. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

Reconciliation of segment assets and liabilities

	As at	
	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Assets		
Reportable segment assets	**1,492,323**	1,588,057
Unallocated corporate assets (note)	**31,445**	121,813
Consolidated total assets	**1,523,768**	1,709,870
Liabilities		
Reportable segment liabilities	**93,402**	78,347
Unallocated corporate liabilities	**10,125**	13,207
Consolidated total liabilities	**103,527**	91,554

Note: Unallocated corporate assets as at 30 September 2023 mainly represent cash and bank balances of HK$694,000 (31 March 2023: HK$73,000) and financial assets at FVTPL of HK$24,899,000 (31 March 2023: HK$85,400,000) held by the Company.

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	
	2023	2022	**30 September 2023**	31 March 2023
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC, including Hong Kong	**–**	–	**1,393,634**	1,489,592
Mexico	**35,567**	–	**–**	–
India	**–**	467	**–**	–
Philippines	**–**	314	**–**	–
	35,567	781	**1,393,634**	1,489,592

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	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Customer A	**–**	467
Customer B	**35,567**	314
	35,567	781

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	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Sale of electric vehicles	**35,567**	781

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	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Government grants (note)	**369**	1,486
Exchange gain, net	**–**	56
Sundry income	**879**	362
Gain on lease modification	**69**	–
Interest income	**294**	345
	1,611	2,249

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	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest on bank borrowing	**141**	162
Interest on other borrowing	**307**	–
Interest on lease liabilities	**96**	272
Other finance costs	**–**	56
	544	490

8. LOSS BEFORE INCOME TAX

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

	For the six months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Auditor's remuneration	**–**	60
Amortisation of other intangible assets	**930**	983
Cost of inventories recognised as expenses (note)	**30,497**	527
Depreciation of property, plant and equipment	**2,421**	2,898
Depreciation of right-of-use assets	**2,077**	3,556
Exchange loss/(gain), net	**2,267**	(56)
Impairment of trade receivables, net	**743**	566
(Reversal of impairment)/impairment of other receivables and prepayments, net	**(11,909)**	90
Short-term lease expense	**387**	1,315
Research and development cost (included in administrative expense)	**94**	2,237
Employee costs (including directors' remuneration)		
– Salaries and allowances	**7,994**	10,240
– Other benefits	**793**	328
– Pension contributions	**313**	513
	9,100	11,081

Note: Cost of inventories recognised as expenses for the six months ended 30 September 2023, includes HK$70,000 (six months ended 30 September 2022: HK$136,000) relating to write-down of inventories.

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	
	2023	2022
	(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)**	(65)
Income tax credit	**(61)**	(65)

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 2023 (six months ended 30 September 2022: HK$nil).

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	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss for the period attributable to owners of the Company	**(99,291)**	(38,270)
	Number	Number (Restated)
Weighted average number of ordinary shares in issue	**927,967,897**	900,967,897

Basic and diluted loss per share is HK$0.107 per share (six months ended 30 September 2022: HK$0.042 per share) based on the loss for the period attributable to owners of the Company of HK$99,291,000 (six months ended 30 September 2022: HK$38,270,000) 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 2023 is adjusted and for the six months ended 30 September 2022 is restated to reflect the impact of share consolidation of every ten issued and unissued existing shares of par value of HK$0.01 each into one consolidate share of par value of HK$0.1 each.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, no property, plant and equipment was acquired (six months ended 30 September 2022: HK$nil). Depreciation for items of property, plant and equipment was approximately HK$2,421,000 (six months ended 30 September 2022: HK$2,898,000) during the six months ended 30 September 2023. Loss on exchange realignment arising on translation of the carrying amount of the property, plant and equipment amounted to approximately HK$2,049,000 (six months ended 30 September 2022: HK$4,467,000) during the six months ended 30 September 2023.

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 2023, no expenditure was recognised as construction in progress (six months ended 30 September 2022: HK$nil). Loss on exchange realignment arising on translation of construction in progress amounted to approximately HK$1,631,000 (six months ended 30 September 2022: HK$8,200,000) during the six months ended 30 September 2023.

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.

During the six months ended 30 September 2023, the leasehold land in Guangxi with carrying amount of approximately HK$8,136,000 remained idle. On 18 September 2023, the Group has received a revocation notice regarding the revocation of the land use right of the idle land. The Group is actively communicating with the local authorities to withhold the decision of revocation. Up to date of this report, the Group has yet to receive any confirmation as to whether the land use right has been or will be revoked.

(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 five years (31 March 2023: one to five 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. Loss on exchange realignment arising on translation of the carrying amount of the mining assets amounted to approximately HK$83,852,000 (six months ended 30 September 2022: HK$169,164,000) during the six months ended 30 September 2023.

During the six months ended 30 September 2023, the mining rights was 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 2023. As such, the Company considers there is no indication of impairment on the mining assets as at 30 September 2023.

16. FINANCIAL ASSETS AT FVTPL

	As at	
	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Financial assets at FVTPL comprise:		
– Unlisted equity investments outside Hong Kong	**24,899**	85,400

The fair value of the financial assets at FVTPL at the end of the reporting period was determined based on level 3 of fair value hierarchy.

17. INVENTORIES

	As at	
	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Raw materials	**5,746**	5,019
Work in progress	**10,520**	12,648
Finished goods	**5,996**	6,084
	22,262	23,751

18. TRADE RECEIVABLES

	As at	
	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Trade receivables at amortised cost	**40,011**	40,814
Less: Accumulated impairment losses	**(21,370)**	(21,490)
	18,641	19,324

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 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
0–30 days	**–**	–
31–90 days	**–**	–
91–180 days	**–**	–
181–365 days	**–**	–
More than 1 year	**18,641**	19,324
	18,641	19,324

The average credit period on sales of electric vehicles is 30–365 days from the invoice date, except for a customer with carrying amount of receivables amounted to HK$10,901,000 (31 March 2023: HK$11,979,000), which bear interest at 5% per annum and repayable by monthly instalments in 5 years from the date on which the related goods has been delivered and accepted by the customer.

18. TRADE RECEIVABLES (Continued)

Movement in loss allowance account in respect of trade receivables during the six months ended 30 September 2023 is as follows:

	For the six months ended 30 September 2023 (unaudited) HK$'000	For the year ended 31 March 2023 (audited) HK$'000
At beginning of the period/year	**21,490**	16,725
Impairment losses recognised	**841**	5,939
Write back for impairment	**(98)**	(115)
Exchange realignment	**(863)**	(1,059)
At end of the period/year	**21,370**	21,490

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Other receivables, net	**9,136**	37,736
Value-added tax recoverable	**7,150**	8,022
Deposits	**2,039**	2,559
Prepayments	**36,808**	37,339
	55,133	85,656
Less: Non-current portion	**(11,358)**	(12,093)
	43,775	73,563

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 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
0–30 days	**241**	–
31–90 days	**1**	1
91–180 days	**1**	1
181–365 days	**1**	1,166
More than 1 year	**8,094**	8,617
	8,338	9,785

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 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Other payables and accruals	**47,624**	29,415

As at 30 September 2023, the balance included amounts due to directors of the Company in aggregate amount of HK$3,471,000 (31 March 2023: HK$3,028,000). The amounts are interest-free, unsecured and repayable on demand.

22. BANK AND OTHER BORROWINGS

	As at	
	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Current – secured bank loan due for repayment within one year	**5,153**	686
Current – unsecured other borrowing	**–**	4,064
Non-current – secured bank loan	**–**	5,143
	5,153	9,893

During the six months ended 30 September 2023, the effective interest rates of the Group's bank loan was 5% per annum. Plant and machinery with net carrying amount of HK$33,238,000 (31 March 2023: HK$36,079,000) were pledged for the Group's banking facilities in connection with the bank loan.

The Group's bank borrowing were denominated in the functional currency of the relevant group entity and were therefore exposed to minimal foreign exchange rate risk.

23. LOANS FROM SHAREHOLDERS

The loans are unsecured, interest-free with principal amounts of HK$11,551,000 repayable within one year (31 March 2023: HK$6,938,000 and HK$4,458,000 repayable within one year and after one year respectively).

24. CONVERTIBLE NOTES

On 28 February 2014, the Company issued zero-coupon convertible notes (the "Convertible Notes") at a principal amount of HK$2,910,000,000 as part of the consideration of the acquisition of a group of companies holding mining license. The Convertible Notes have a maturity period of ten years from the date of issue and can be converted into ordinary shares of the Company at HK$0.75 per share at the option of the holders of the Convertible Notes subject to the conversion restriction set out in the terms of the Convertible Notes in relation to the compliance with the relevant requirements of the Hong Kong Code on Takeovers and Mergers and the Listing Rules. The Company shall have the right to redeem the entire or part of the principal amount of the Convertible Notes before the maturity date but not the holder of the Convertible Notes.

During the six months ended 30 September 2023, no Convertible Notes were converted into ordinary shares (six months ended 30 September 2022: nil) of the Company.

25. SHARE CAPITAL

	For the six months ended 30 September 2023		For the year ended 31 March 2023	
	(unaudited) Number of shares	**(unaudited) HK$'000**	(audited) Number of shares	(audited) HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**50,000,000,000**	**500,000**	50,000,000,000	500,000
Issued and fully paid:				
At beginning of period/year	**9,279,678,975**	**92,796**	9,009,678,975	90,096
Issue of shares from 2019 Share Award Plan	**–**	**–**	270,000,000	2,700
At end of the period/year	**9,279,678,975**	**92,796**	9,279,678,975	92,796

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 is 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.

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
Under 2013 Share Option Scheme							
11/04/2014	34,000,000	–	34,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
10/03/2016	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
	924,100,000	–	924,100,000				

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 2022 were as follows:

Date of offer of grant	At 1 April 2022	Granted/ (forfeited) during the period	At 30 September 2022	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under 2013 Share Option Scheme							
11/04/2014	49,000,000	–	49,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
10/03/2016	278,600,000	–	278,600,000	HK$0.30	HK$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
25/02/2021	278,000,000	–	278,000,000	HK$0.13	HK$0.12	25/02/2021 to 24/02/2031	N/A
07/04/2021	15,000,000	(15,000,000)	–	HK$0.142	HK$0.142	07/04/2022 to 06/04/2031	08/04/2021 to 07/04/2022
	620,600,000	(15,000,000)	605,600,000				

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share option schemes (Continued)

During the six months ended 30 September 2023, no share options (six months ended 30 September 2022: nil) were granted.

The weighted average remaining contractual life of options outstanding at the end of the period was 6.45 years (six months ended 30 September 2022: 5.5 years). The weighted average exercise price of options outstanding at the end of the period was HK$0.18 (six months ended 30 September 2022: HK$0.29).

924,100,000 share options were exercisable at the end of the period (six months ended 30 September 2022: 605,600,000). There was no exercise of share options during the six months ended 30 September 2023 and 2022.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted under the Scheme is measured based on Binomial model. The contractual life of the share options and expectations of early exercise of the share options are incorporated into the model.

Fair value of share options and assumptions:

	Offer of grant on	
	7 April 2021	20 December 2022
Fair value at measurement date	HK$0.08	HK$0.019/ HK$0.0203
Share price at the date of offer of grant	HK$0.142	HK$0.032
Exercise price	HK$0.142	HK$0.038
Expected volatility	68.53%	70.70%
Expected life	10 years	10 years
Expected dividend rate	0%	0%
Risk-free interest rate	1.61%	3.99%

No equity-settled share-based payment expenses (six months ended 30 September 2022: HK$nil) was recognised during the six months ended 30 September 2023 in relation to the share options.

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 2023, no award shares (six months ended 30 September 2022: nil) were granted to the eligible participants.

The Company has used the market approach to assess the fair value of the award shares. For the six months ended 30 September 2023, no equity-settled share-based payment expense (six months ended 30 September 2022: HK$nil) was recognised in relation to the share awards.

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 2023 which only comprised executive directors' remuneration was as follows:

	For the six months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Basic salaries, housing benefits, other allowances and benefits in kind	**2,914**	2,864
Pension contributions	**9**	12
	2,923	2,876

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 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Acquisition of property, plant and equipment	**18,768**	19,982
Capital expenditure in respect of the construction of the ores processing plant	**3,683**	3,698
Capital expenditure in respect of the mining operations	**7,524**	8,011
Capital expenditure in respect of the development of electric vehicles	**1,011**	1,076
	30,986	32,767

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 2023 and 31 March 2023 may be categorised as follows:

	As at	
	30 September 2023 (unaudited) HK$'000	31 March 2023 (audited) HK$'000
Financial assets		
Financial assets at amortised cost (including cash and bank balances)	**40,750**	67,613
Financial assets at FVTPL – unlisted investments	**24,899**	85,400
	65,649	153,013
Financial liabilities		
Financial liabilities at amortised cost	**72,666**	60,489
Lease liabilities	**1,707**	5,138
	74,373	65,627

(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 2023 (unaudited)				As at 31 March 2023 (audited)			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value – Unlisted equity investment	–	–	24,899	24,899	–	–	85,400	85,400

There were no transfers between levels during the six months ended 30 September 2023.

30. 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 2023.