



中國動力
China Dynamics

China Dynamics (Holdings) Limited
中國動力（控股）有限公司

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



2020/21
Interim Report

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Corporate Information

DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. Zhou Jin Kai

Independent Non-Executive Directors

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Dato' Tan Yee Boon

AUDIT COMMITTEE

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Dato' Tan Yee Boon

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR IN HONG KONG

K&L Gates
44/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

0476

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

PRINCIPAL REGISTRAR

Ocorian Management (Bermuda) Limited
(formerly name "Esteria Management
(Bermuda) Limited")
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

46th Floor, China Online Centre
333 Lockhart Road
Wanchai, Hong Kong

AUTHORISED REPRESENTATIVE

Ms. Chan Hoi Ying
Ms. Lo Lai Man, CPA

COMPANY SECRETARY

Ms. Lo Lai Man, CPA

PRINCIPAL BANKER

Bank of Communications Co., Ltd
Hang Seng Bank Limited

WEBSITE

www.chinadynamics.com

Management Discussion and Analysis

The board of directors (the “Board”) of China 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 2020.

RESULTS

During the period ended 30 September 2020, the Group recorded revenue of approximately HK\$21.5 million (30 September 2019: HK\$2.7 million) derived from the sale of motor vehicles. Gross profit of approximately HK\$7.0 million (30 September 2019: HK\$0.1 million) with the gross profit ratio at 32.5% (30 September 2019: 3.3%). The increase in revenue and gross profit on the sales of motor vehicles was the result of an increase in sales orders and better economies of scale. After our R&D development and multiple international commercial and sales efforts, the Group finally succeeded to alter the trend of a rather low sales period. Details of the Group’s current developments are set out in the section headed “Business Review” below.

The Group recorded a loss of approximately HK\$29.2 million for the period as compared to a loss of approximately HK\$38.8 million for the corresponding period. The narrowed loss was mainly due to the increase in gross profit as mentioned above and the decrease in administrative expenses to approximately HK\$38.0 million (30 September 2019: HK\$47.7 million). The Group is working on a cost optimization plan to be more efficient aiming to add more value to the final product.

The loss attributable to owners of the Company was approximately HK\$27.7 million (30 September 2019: HK\$37.4 million). Basic and diluted loss per share for the period was HK\$0.004 per share (30 September 2019: HK\$0.01 per share). Again, this shows a clear variation of trend and the sign of moving to a positive era.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 September 2020 (30 September 2019: HK\$nil).

Management Discussion and Analysis

BUSINESS REVIEW

Electric bus (“eBus”) and electric vehicles (“EVs”)

Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. (“Suitong”), a subsidiary which is principally engaged in the manufacturing of whole electric buses along with the entire electric power system and control system, the manufacturing of other buses, and the marketing and selling of vehicle components.

Given the ongoing new policies and measures promulgated periodically as well as the relevant government subsidy issues in the People’s Republic of China (the “PRC”) over the past few years, the EVs market in the PRC has become highly competitive. However, as mentioned in the last annual report, the subsidy program has become a lot less significant and it will be more favourable to Suitong in obtaining reasonable orders. As such, Suitong has been able to obtain sales order from Wulong County for its 8.5 meter buses and has been successfully completed and delivered during the period under review. Although the massive EVs market in the PRC remains highly competitive, the Group always believes in our technical capability advantage and that Suitong will keep its endeavor to seek for sales orders and will be able to reap a rewarding return from the huge PRC market potential in the years to come.

As discussed in the last annual report, Suitong has diversified its business into overseas markets rather than relying solely on the PRC market. In the current period, the Group had completed the sales orders from the Hong Kong Productivity Council on the two smart electric buses for trial run by the Airport Authority Hong Kong and the Hong Kong Anti-Cancer Society. Another two new smart electric buses orders are currently under negotiation.

Also, the Group has completed the development of a tailor-made 7 meter city bus for emerging markets in South East Asia and the first orders have been delivered and will be unveiled in early December 2020. Again, the markets in which the group has been introduced is enormous and we expect many more orders to happen in the near future. For Latin-America, the Group has developed a 12 meter “rolling platform”, which is a complete chassis with powertrain, battery pack, steering, wheels and brakes etc. This way the Group can meet the B2B business demand coming from local bus manufacturer that don’t have the technology to develop their own platform. The Group has already secured a sizable order and is still currently under negotiations to close another large order of 12 meter e-platforms for Latin-America. These orders will certainly contribute positive revenue upon completion and will improve a lot for the Group’s overall financial performance. The Group is highly confident that a faster rollout plan for overseas market is now undergoing, in addition, the Group had also obtained a trial order of its logistic vehicles to Europe and is expected to deliver within this financial year. Again, the Group is highly confident that more orders from Europe will be obtained after the trial period of this first lot of orders. Moreover, the Group appointed a new CEO on 16th of October (Mr. Miguel Valdecabres Polop) that will lead the internationalization of the Group, and since then international investors have started to pay more attention to the Group’s recent development.

Management Discussion and Analysis

The COVID-19 pandemic since January 2020 has inevitably affected the Group's production schedule as well as the placing and executing of orders from the PRC and especially from overseas. Suitong has been able to restart its production from April onwards, and the production progress is picking up well alongside with the progressive reopening of nationwide supply chain in the PRC. However, the intensified situation worldwide has made it impossible for Suitong's technical personnel to travel to the target markets for performing products commissioning. Travel ban and lockdowns remain a big challenge to the Group, as it makes many orders and cooperation more difficult to conclude since EV products has to comply with local regulations and operation needs.

For the period under review, part of the sale orders from South East Asia has been completed and recorded in the current year's profit or loss. After the successful showcase delivery to South East Asia, the Company is now in the concluding stage of sizable follow-up orders. In the current period, several sales orders from Central and South American countries are concluded and in the production progress now. It was expected to deliver in progress within year 2021.

The main building blocks of the new plant in Qijiang District of Chongqing have been completed. Installation of production equipment will be conducted on a demand basis in order to allocate more working capital for the new EVs orders. The Group is still utilising the existing production plant and will continue to install production facilities when necessary.

Mining and production of mineral products

The Company's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited (the "Guangxi Weiri"), owns a glauberite mine located in Guangxi Zhuang Autonomous Region, the PRC (the "Glauberite Mine"). The product of the Glauberite Mine is thenardite which is an important raw material used in chemical and light industrial manufacturing. As mentioned in previous annual reports, the land acquisitions for the factory as well as for road access have been progressing at a much slower pace than expected. An accumulated expenditure of approximately RMB18.5 million was incurred for the construction of an access road to the factory site. No significant exploration, development or production activity was conducted for the Glauberite Mine during the period ended 30 September 2020. The mineral resources have not changed since its acquisition on 28 February 2014. Details of the resources are stated in the "Mineral Resources and Ore Reserves" section below.

Guangxi Weiri has completed the purchase of land use rights covering 63,118 square meters of land for RMB7.6 million. 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 been issued as processing of land management by the local government is continuing. Procedure for approximately 41,500 square meters of land for road access have also been completed but no payment has been made to the government since the land use rights of the second parcel of land as stated above is still pending approval. Guangxi Weiri is working closely with the local government to resolve the land issue, and hopes to obtain access to the land even without receiving relevant land use rights. The Group has regularly communicated and will closely monitor the progress with the local government in respect of the progress of issuance of land use rights.

Management Discussion and Analysis

However, Guangxi Weiri will weigh the relevant risks involved before any construction work is carried out. Guangxi Weiri is considering all options, including the possibility of negotiating with the local government for taking over a nearby abandoned thenardite processing plant so as to resolve the long-term land issues. Although that plant is not within the Guangxi Weiri mine site, after careful assessment, it shall be feasible both from the resources geotechnical and government administrative perspectives. Guangxi Weiri will carefully assess this possibility and will reduce risks, if any, by strictly controlling the relevant capital expenditure that may be involved.

The Group has closely monitored the Glauberite Mine development and has periodically assessed its resources, financial viability, and general condition. The management has conducted regular financial analysis, taking into account its resources, technical parameters and market situation so as to assess the mining asset's overall situation. The Group will also engage a qualified independent valuer to assess its fair value annually. Given the Glauberite Mine's distinct advantage in terms of its immense resources, strategic location and market potential, the Group remains highly confident that it is a unique and valuable asset.

Mineral resources and ore reserves

As at 30 September 2020, the Company, through its wholly-owned subsidiary in the PRC, owns a glauberite mine in Guangxi. The following table sets out the mineral information of the mine as at 30 September 2020:

Wireframe	Classification	Tonnes ('000)	Na ₂ SO ₄ (%)	Na ₂ SO ₄ ('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

Management Discussion and Analysis

Metals and minerals trading

The metals and minerals trading industry has remained weak, hence the Group did not conclude any trading contract on metal ores during the period 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

The Group has generally financed its operations by internal resources. However, due to the rapid expansion of the business mentioned above, the Group may seek external financial resources in the future in order to finance its operations. As at 30 September 2020, the net asset value of the Group amounted to approximately HK\$2,687.6 million (31 March 2020: HK\$2,607.7 million). The gearing ratio of the Group was nil given no bank borrowings as at 30 September 2020 (31 March 2020: nil) and the equity attributable to owners of the Company was approximately HK\$2,717.0 million (31 March 2020: HK\$2,634.2 million).

As at 30 September 2020, the Group's other payables and accruals amounted to HK\$124.9 million, increased by 3% as compared to HK\$121.2 million as at 31 March 2020. The increase was mainly attributable to the appreciation of exchange rate between Renminbi and Hong Kong Dollar. The other payables and accruals mainly represented (i) the government grant in relation to the acquisition of land use right of approximately HK\$62.2 million (31 March 2020: HK\$59.7 million), which will be recognised as a reduction of construction cost in property, plant and equipment after the completion of the construction of the manufacturing plant in Chongqing and the fulfilment of the conditions of the government grant; and (ii) the construction cost incurred for the manufacturing plant in Chongqing of approximately HK\$41.8 million (31 March 2020: HK\$40.8 million), of which the construction of main building blocks was completed in the previous year ended 31 March 2020.

As at 30 September 2020, the Company has (i) outstanding convertible notes in the principal amount of HK\$883.1 million (31 March 2020: HK\$883.1 million) which could be converted into 1,177,413,600 shares (31 March 2020: 1,177,413,600 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 Hong Kong Code on Takeovers and Mergers and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively); (ii) outstanding share options entitling participants to subscribe for a total of 337,100,000 shares (31 March 2020: 367,100,000 shares) of the Company, for which 337,100,000 shares (31 March 2020: 357,300,000 shares) are vested; and (iii) outstanding share award entitling participants to obtain for a total of 97,000,000 shares (31 March 2020: 97,000,000 shares) of the Company, which are under vesting conditions and are still not vested at 30 September 2020.

Management Discussion and Analysis

The operating cash flows of the Group are mainly denominated in HK 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 2020, the Group had unpledged cash and bank balances of approximately HK\$42.9 million (31 March 2020: HK\$71.7 million), of which 41.5% (31 March 2020: 56.6%) was denominated in HK dollars, 23.8% (31 March 2020: 25.2%) was denominated in Euro, 32.5% (31 March 2020: 16.8%) was denominated in Renminbi and 0.6% (31 March 2020: 0.7%) was denominated in US dollars.

During the reporting period, the exchange rate of the Renminbi appreciated by approximately 4% 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 period. 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 Euro is also considered to be minimal as it is not an ordinary business of the Group. 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

Since the year 2020, the impact of COVID-19 spreading across the world and together with the Sino-American trade squabble have induced further instability to the global economy. Under these unfavourable circumstances, the Group still manages to get new sales orders from various countries. Hopefully the business environment will return to normal in the second half of the financial year and meanwhile the Group will do all to support its customers and stakeholders through this difficult time.

The Group believes that the new energy sectors are definitely a focus of global interest and a major trend in improving air pollution and enhancing economic sustainability. With the Group's diversification of business into overseas export markets, it is confident that the eBus and EVs business will grow at a fast pace contributing to overall revenue and elevating the Group's business to the next level. The Group is well positioned and confident in developing the market, and is also capable of expanding and capturing opportunities as they arise.

The product of the Glauberite Mine is thenardite, which is a type of important raw material used in the chemical and light industrial manufacturing industries. The Group expects that there will be increasing thenardite demand from the PRC market as the result of ongoing urbanisation and in ASEAN due to its economic growth. Furthermore, industry consolidation and the efforts of the Industry Alliance will facilitate a greater market rationalization. The Group therefore 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

There was no charge on the Group's assets and the Group did not have any significant contingent liabilities as at 30 September 2020 and 31 March 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed 133 (31 March 2020: 140) full time managerial and skilled staff principally in Hong Kong and the PRC.

The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonus and other individual performance bonus 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 labour legislation. In Hong Kong, the Group provides staff benefits including the mandatory provident fund scheme and medical scheme. In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme"), which was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the "Adoption Date"), constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the Adoption Date. Pursuant to the Share Option Scheme, the Board is empowered, at its discretion, to invite any participant, including but not limited to any executive directors, non-executive directors and employees of the Company or any of its subsidiaries or associates, to take up options to subscribe for shares in the Company.

During the reporting period, no options were granted and no ordinary shares were issued in relation to the share options exercised by participants under the Share Option Scheme of the Company. Details of the Share Option Scheme are set out in note 23 to the condensed consolidated interim financial statements.

SHARE AWARD PLAN

The Company adopted the share award plan (the "Share Award Plan") on 8 May 2019, under which any eligible participants, including but not limited to any directors and employees of the Group, are eligible for participating in the Share Award Plan. The Share Award Plan will remain in force for 10 years from the adoption date. The Share Award Plan is a discretionary scheme of the Company and does not constitute a share option scheme under Chapter 17 of the Listing Rules.

Management Discussion and Analysis

Pursuant to the Share Award Plan, shares will be subscribed or acquired by the independent trustee from the market, at the cost of the Company and be held in trust for the selected participants ("Selected Participants") until they vest. Vested shares will be transferred at no cost to the Selected Participants. The maximum number of shares to be awarded under the Share Award Plan shall not exceed 10% of the total number of issued shares as at 8 May 2019, representing 688,604,680 shares. As at 30 September 2020, 97,000,000 award shares were granted to the Selected Participants under the Share Award Plan and are not vested. During the reporting period, no share awards had been granted under the Share Award Plan.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 30 September 2020 were as follows:

Name of Director	Date of grant	Exercise Price (HK\$)	Number of share options		
			At 1 April 2020	Granted/ (lapsed)	At 30 September 2020
Mr. Cheung Ngan	10 March 2016	0.30	3,700,000	–	3,700,000
Ms. Chan Hoi Ying	10 March 2016	0.30	3,700,000	–	3,700,000
Mr. Zhou Jin Kai	10 March 2016	0.30	3,700,000	–	3,700,000
Mr. Chan Francis Ping Kuen	10 March 2016	0.30	3,700,000	–	3,700,000
Mr. Hu Guang	10 March 2016	0.30	3,700,000	–	3,700,000

No share option was exercised by the directors during the six months ended 30 September 2020.

Save as disclosed above, at no time during the period 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

At 30 September 2020, 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 Long position	Short position	Approximate percentage of shareholding in the Company or associated company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	724,324,959 (Note 1)	–	10.57%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Ms. Chan Hoi Ying	Beneficial owner	3,700,000 (Note 3)	–	0.07%
Mr. Zhou Jin Kai	Beneficial owner	342,980,000 (Note 4)	–	5.00%
Mr. Chan Francis Ping Kuen	Beneficial owner	3,700,000 (Note 3)	–	0.05%
Mr. Hu Guang	Beneficial owner	3,700,000 (Note 3)	–	0.05%

Management Discussion and Analysis

Note:

- 1) The 724,324,959 shares include:
 - a. the number of shares of 498,038,559 held by Mr. Cheung Ngan;
 - b. the underlying shares of 3,700,000 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.
- 4) The 342,980,000 shares include:
 - a. the underlying shares of 3,700,000 from the share option granted, details of which are set out in the section headed "Directors' Rights to Acquire Shares" above; and
 - b. the number of shares of 339,280,000.

Save as disclosed above, as at 30 September 2020, 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 period under review.

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

As at 30 September 2020, 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	724,324,959 (Note 1)	–	10.57%
Faith Profit Holding Limited	Beneficial owner	222,586,400 (Note 1)	–	3.25%
Entrust Limited	Beneficial owner	982,727,510 (Note 2)	–	14.34%
Mr. Chan Tok Yu	Interest of controlled corporation	982,727,510 (Note 2)	–	14.34%
Ms. Siu Kwan	Interest of controlled corporation	982,727,510 (Note 2)	–	14.34%
Mr. Zhou Jin Kai	Beneficial owner	342,980,000	–	5.00%
Ms. Yao Sze Ling	Interest of controlled corporation	654,000,000 (Note 3)	–	11.09%
	Beneficial owner	117,050,000	–	
Mr. Chong Chin	Interest of controlled corporation	654,000,000 (Note 3)	–	9.50%

Management Discussion and Analysis

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	
Yicko Finance Limited	Beneficial owner	654,000,000 (Note 3)	–	9.50%
Yale International Holdings Limited	Interest of controlled corporation	654,000,000 (Note 3)	–	9.50%
HK Guoxin Investment Group Limited	Beneficial owner	740,000,000 (Note 4)	–	10.75%
Mr. Li Feng Mao	Interest of controlled corporation	740,000,000 (Note 4)	–	10.75%

Note:

- 1) The 724,324,959 shares include:
 - a. the number of shares of 498,038,559 held by Mr. Cheung Ngan;
 - b. the underlying shares of 3,700,000 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) The 982,727,510 shares include:
 - a. the number of shares of 469,313,910 and underlying shares of 513,413,600 from conversion of convertible notes with principal amount of HK\$385,060,200 held by Entrust Limited; and
 - b. 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 is aged under 18 and his 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.

Management Discussion and Analysis

- 3) The underlying shares of 654,000,000 from conversion of convertible notes with principal amount of HK\$490,500,000 held by Yicko Finance Limited, which was wholly-owned by Yale International Holdings Limited. Mr. Chong Chin and Ms. Yao Sze Ling respectively held 50% interest in Yale International Holdings Limited. Accordingly, Yale International Holdings Limited, Mr. Chong Chin and Ms. Yao Sze Ling are deemed to be interested in the shares in which Yicko Finance Limited is interested by virtue of the SFO.
- 4) The number of shares of 740,000,000 held by HK Guoxin Investment Group Limited, which was wholly owned by Mr. Li Feng Mao. Accordingly, Mr. Li Feng Mao is deemed to be interested in the shares in which HK Guoxin Investment Group Limited is interested by virtue of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company cancelled 70,000 shares at an aggregate cost of approximately HK\$6,000 during the period. Other than these purchase, 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 2020.

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 2020 except the following:

Code A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period ended 30 September 2020, the roles of chairman and chief executive officer of the Company have been performed by Mr. Cheung Ngan. The Board considers that the non-segregation does not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

On 16 October 2020, Mr. Cheung Ngan resigned from the position of chief executive officer of the Company and Mr. Miguel Valldecabres Polop has been appointed as the chief executive officer on the same day. Following the change of the chief executive officer, the Company has complied with the code provision A.2.1.

Management Discussion and Analysis

Code A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. One non-executive director do not have specific terms of appointment during the current period. However, he is subject to retirement by rotation at least once every three years under the Company's Bye-Laws. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

Code A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other business engagements, one independent non-executive director could not attend the annual general meeting of the Company held on 31 August 2020.

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

There is no change in the director's information 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 period under review.

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 2020.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Notes	For the six months ended	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Continuing operations			
Revenue	6	21,454	2,675
Cost of sales		(14,480)	(2,586)
Gross profit		6,974	89
Other income	6	2,391	1,577
Selling and distribution expenses		(744)	(146)
Administrative and other expenses (Impairment)/reversal of impairment of trade receivables, net		(38,031)	(47,657)
Reversal of impairment of other receivables and prepayments		(1,104)	1,681
Change in fair value of financial assets at fair value through profit or loss		–	4,860
Finance costs	7	1,109	–
		(246)	(278)
Loss before income tax	8	(29,651)	(39,874)
Income tax credit	9	412	1,048
Loss for the period from continuing operations		(29,239)	(38,826)
Discontinued operations			
Loss for the period from discontinued operations	8	–	(2,790)
Loss for the period		(29,239)	(41,616)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss: Exchange differences arising on translation of foreign operations		105,988	(169,853)
Total comprehensive income for the period		76,749	(211,469)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Notes	For the six months ended	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Loss attributable to:			
Owners of the Company			
Loss for the period from continuing operations		(27,718)	(35,737)
Loss for the period from discontinued operations		–	(1,675)
		<hr/>	<hr/>
Loss for the period attributable to owners of the Company		(27,718)	(37,412)
		<hr/>	<hr/>
Non-controlling interests			
Loss for the period from continuing operations		(1,521)	(3,089)
Loss for the period from discontinued operations		–	(1,115)
		<hr/>	<hr/>
Loss for the period attributable to non-controlling interests		(1,521)	(4,204)
		<hr/>	<hr/>
		(29,239)	(41,616)
		<hr/>	<hr/>
Total comprehensive income attributable to:			
– Owners of the Company		79,705	(208,621)
– Non-controlling interests		(2,956)	(2,848)
		<hr/>	<hr/>
		(76,749)	(211,469)
		<hr/>	<hr/>
Loss per share from continuing and discontinued operations			
– Basic and diluted (HK\$)	11	(0.004)	(0.01)
		<hr/>	<hr/>
Loss per share from continuing operations			
– Basic and diluted (HK\$)	11	(0.004)	(0.01)
		<hr/>	<hr/>

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

		30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	12	48,049	48,381
Construction in progress	13	71,348	68,493
Right-of-use assets		84,870	80,615
Mining assets	14	2,440,204	2,342,532
Other intangible assets		14,914	16,733
Other receivables, deposits and prepayments	18	16,540	15,740
Total non-current assets		2,675,925	2,572,494
Current assets			
Inventories	16	27,599	24,555
Trade receivables	17	14,450	7,614
Contract assets		10,212	9,803
Other receivables, deposits and prepayments	18	54,572	57,216
Financial assets at fair value through profit or loss	15	13,933	12,034
Cash and bank balances		42,868	71,673
Total current assets		163,634	182,895
Total assets		2,839,559	2,755,389

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Notes	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Current liabilities			
Accounts payable	19	11,296	8,633
Other payables and accruals	20	62,757	61,562
Contract liabilities		741	4,284
Lease liabilities		2,160	4,884
Total current liabilities		76,954	79,363
Net current assets		86,680	103,532
Total assets less current liabilities		2,762,605	2,676,026
Non-current liabilities			
Deferred tax liabilities		8,446	8,514
Other payables	20	62,151	59,664
Lease liabilities		4,372	133
Total non-current liabilities		74,969	68,311
Total liabilities		151,923	147,674
NET ASSETS		2,687,636	2,607,715
Equity			
Share capital	22	68,548	68,549
Reserves		2,648,490	2,565,612
Equity attributable to owners of the Company		2,717,038	2,634,161
Non-controlling interests		(29,402)	(26,446)
TOTAL EQUITY		2,687,636	2,607,715

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Attributable to owners of the Company										
	Share capital	Share premium	Share options	Share award reserve	Foreign currency transition reserve	Capital reserve	Treasury reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	68,549	3,086,766	75,593	3,381	(413,918)	687	(6)	(985,590)	2,634,161	(26,446)	2,607,715
Loss for the period	-	-	-	-	-	-	-	(27,718)	(27,718)	(1,521)	(29,239)
Other comprehensive income	-	-	-	-	107,423	-	-	-	107,423	(1,435)	105,988
Total comprehensive income	-	-	-	-	107,423	-	-	(27,718)	79,705	(2,956)	76,749
Cancellation of repurchased shares	(1)	(5)	-	-	-	-	6	-	-	-	-
Share-based payments	-	-	31	3,141	-	-	-	-	3,172	-	3,172
Forfeited share options	-	-	(4,050)	-	-	-	-	4,050	-	-	-
At 30 September 2020 (unaudited)	68,548	3,086,761	69,574	6,722	(306,495)	687	-	(1,009,258)	2,717,038	(29,402)	2,687,636
At 1 April 2019 (audited)	53,660	2,347,844	92,617	-	(230,055)	687	-	(861,722)	2,914,024	5,962	2,919,986
Loss for the period	-	-	-	-	-	-	-	(37,412)	(37,412)	(4,204)	(41,616)
Other comprehensive income	-	-	-	-	(171,209)	-	-	-	(171,209)	1,356	(169,853)
Total comprehensive income	-	-	-	-	(171,209)	-	-	(37,412)	(208,621)	(2,848)	(211,469)
Conversion of convertible notes	10,726	699,768	-	-	-	-	-	-	-	-	-
Placing of shares	6,700	64,046	-	-	-	-	-	-	70,746	-	70,746
Repurchase of shares	-	-	-	-	-	(9,052)	-	-	(9,052)	-	(9,052)
Share-based payments	-	-	1,978	-	-	-	-	-	1,978	-	1,978
Forfeited share options	-	-	(5,755)	-	-	-	-	5,755	-	-	-
At 30 September 2019 (unaudited)	71,086	3,111,658	88,840	-	(401,264)	687	(9,052)	(893,379)	2,769,075	3,114	2,772,189

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

		For the six months ended	
		30 September	
		2020	2019
		(unaudited)	(unaudited)
Notes		HK\$'000	HK\$'000
OPERATING ACTIVITIES			
	Loss before income tax from continuing operations	(29,651)	(39,874)
	Loss before income tax from discontinued operations	–	(2,790)
		(29,651)	(42,664)
	Adjustments for:		
	Interest income	(56)	(95)
	Finance costs	246	278
	Depreciation of property, plant and equipment	3,679	5,155
	Depreciation of right-of-use assets	4,027	4,888
	Amortisation of other intangible assets	2,451	5,054
	Share-based payments	3,172	1,978
	Change in fair value of financial assets at fair value through profit or loss	(1,109)	–
	Loss/(gain) on disposal of property, plant and equipment	2	(416)
	Impairment/(reversal of impairment) of trade receivables, net	1,104	(1,681)
	Reversal of impairment of other receivables and prepayments	–	(4,860)
	Exchange (gain)/loss, net	(1,638)	75

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	For the six months ended	
	30 September	
Notes	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Operating cash flows before movements in working capital	(17,773)	(32,288)
(Increase)/decrease in trade receivables	(7,665)	982
Decrease in contract assets	–	3,778
Decrease/(increase) in other receivables, deposits and prepayments	4,220	(2,531)
Increase in inventories	(2,041)	(204)
Increase/(decrease) in accounts payable	2,244	(4,065)
Decrease in other payables and accruals	(1,301)	(252)
(Decrease)/increase in contract liabilities	(3,560)	551
Net cash used in operations	(25,876)	(34,029)
Income tax paid	–	–
NET CASH USED IN OPERATING ACTIVITIES	(25,876)	(34,029)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,481)	(899)
Addition to construction in progress	–	(1,699)
Proceeds from disposal of property, plant and equipment	6	863
Proceeds from disposal of financial assets at fair value through profit or loss	–	99,000
Interest received	56	95
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(1,419)	97,360

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Notes	For the six months ended	
		30 September 2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
FINANCING ACTIVITIES			
Proceeds from placing of shares, net		–	70,746
Repurchase of shares		–	(9,052)
Interest portion of lease payments		(246)	(278)
Principal portion of lease payments		(3,629)	(4,056)
		<u>–</u>	<u>–</u>
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(3,875)	57,360
		<u>–</u>	<u>–</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(31,170)	120,691
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		71,673	21,695
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		2,365	(870)
		<u>–</u>	<u>–</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		42,868	141,516
		<u>–</u>	<u>–</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		42,868	141,516
		<u>–</u>	<u>–</u>

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, China Online 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 2020, except as stated in note 3 below following the adoption of the new and 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations ("HKFRSs") issued by the HKICPA, which are relevant to its operations and effective for its accounting period beginning on 1 April 2020. In addition, the Group has early adopted amendments to HKFRS 16.

Amendments HKFRS 3

Amendments HKAS 1 and HKAS 8

Amendments to HKFRS 16

Definition of a Business

Definition of Material

COVID-19-Related Rent Concessions

3. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)**

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

The application of the amendments in the current period had no impact on the unaudited condensed consolidated interim financial statements.

Amendments HKAS 1 and HKAS 8 – Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the unaudited condensed consolidated interim financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKFRS 16 – COVID-19-Related Rent Concessions

Effective 1 June 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

The application of the amendments in the current period had no impact on the unaudited condensed consolidated interim financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial information, 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 2020 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 four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

Continuing operations:

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

Discontinued operations:

- Ores processing and trading.

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 is used by the chief operating decision-maker for assessment of segment performance.

5. SEGMENT REPORTING (CONTINUED)

(a) Reportable segments

	Continuing operations						Discontinued operations							
	Development of electric vehicles		Mining		Metal and minerals trading		Ores processing and trading		Total		Total			
	For the six months ended 30 September (unaudited)	2019	For the six months ended 30 September (unaudited)	2019	For the six months ended 30 September (unaudited)	2019	For the six months ended 30 September (unaudited)	2019	For the six months ended 30 September (unaudited)	2020	For the six months ended 30 September (unaudited)	2019	For the six months ended 30 September (unaudited)	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000									
Revenue from external customers	21,454	2,675	-	-	-	-	-	-	21,454	2,675	-	-	21,454	2,675
Reportable segment (loss)/gain	(12,816)	(21,630)	(2,067)	(2,725)	(267)	3,993	-	-	(15,150)	(20,362)	(2,790)	-	(15,150)	(23,152)
Interest income	6	70	-	-	-	-	-	-	6	70	-	-	6	70
Unallocated interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation of property, plant and equipment	(3,152)	(4,558)	(51)	(131)	-	-	-	-	(3,203)	(4,689)	-	(1)	(3,203)	(4,690)
Unallocated depreciation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	(476)	(465)
Total depreciation of property, plant and equipment	(3,152)	(4,558)	(51)	(131)	-	-	-	-	(3,203)	(4,689)	-	(1)	(3,679)	(5,155)
Depreciation of right-of-use assets	(1,628)	(2,109)	(241)	(80)	-	-	-	-	(1,869)	(2,189)	-	-	(1,869)	(2,189)
Unallocated depreciation of right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	(2,158)	(2,699)
Total depreciation of right-of-use assets	(1,628)	(2,109)	(241)	(80)	-	-	-	-	(1,869)	(2,189)	-	-	(1,869)	(2,189)
Amortisation	(2,451)	(5,054)	-	-	-	-	-	-	(2,451)	(5,054)	-	-	(4,027)	(4,888)
													(2,451)	(5,054)

5. SEGMENT REPORTING (CONTINUED)

(a) Reportable segments (Continued)

Reconciliation of segment revenue and profit or loss

	For the six months ended	
	30 September	2019
	2020	(unaudited)
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue and consolidated revenue	21,454	2,675
Loss before income tax and discontinued operations		
Reportable segment loss	(15,150)	(23,152)
Segment loss from discontinued operations	–	2,790
Unallocated other income	1,752	47
Change in fair value of financial assets at fair value through profit or loss	1,109	–
Unallocated share-based payments	(3,139)	(708)
Unallocated other corporate expenses	(13,977)	(18,573)
Finance costs	(246)	(278)
Consolidated loss before income tax from continuing operations	(29,651)	(39,874)

5. SEGMENT REPORTING (CONTINUED)
(a) Reportable segments (Continued)

	Continuing operations						Discontinued operations					
	Development of electric vehicles		Mining		Metal and minerals trading		Ores processing and trading		Total As at		Total As at	
	30 September 2020	31 March 2020	30 September 2020	31 March 2020	30 September 2020	31 March 2020	30 September 2020	31 March 2020	30 September 2020	31 March 2020	30 September 2020	31 March 2020
Reportable segment assets	305,634	290,054	2,476,231	2,377,387	11,524	11,942	2,794,089	2,679,383	-	-	2,794,089	2,679,383
Additions to non-current assets	578	11,043	-	382	-	-	578	11,425	-	-	578	11,425
Unallocated assets											903	15
Total additions to non-current assets											1,481	11,440
Reportable segment liabilities	(147,634)	(139,678)	(2,994)	(3,225)	(79)	(79)	(150,707)	(142,982)	-	-	(150,707)	(142,982)

5. SEGMENT REPORTING (CONTINUED)

(a) Reportable segments (Continued)

Reconciliation of segment assets and liabilities

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	2,794,089	2,679,383
Unallocated corporate assets (note)	45,470	76,006
Consolidated total assets	2,839,559	2,755,389
Liabilities		
Reportable segment liabilities	150,707	142,982
Unallocated corporate liabilities	1,216	4,692
Consolidated total liabilities	151,923	147,674

Note:

Unallocated corporate assets as at 30 September 2020 mainly represent cash and bank balances of HK\$23,925,000 (31 March 2020: HK\$55,132,000) and financial assets at fair value through profit or loss of HK\$13,933,000 (31 March 2020: HK\$12,034,000) 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		Specified non-current assets	
	For the six months ended		As at	
	30 September		30 September	31 March
	2020	2019	2020	2020
(unaudited)	(unaudited)	(unaudited)	(audited)	
HK\$’000	HK\$’000	HK\$’000	HK\$’000	
PRC, including Hong Kong	16,332	2,675	2,675,160	2,571,338
Oversea	5,122	–	765	1,156
	21,454	2,675	2,675,925	2,572,494

(c) Information about major customers

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

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Customer A	8,579	–
Customer B	7,400	–
Customer C	5,122	–
Customer D	353	2,036
Customer E	–	584
	21,454	2,620

Notes to Condensed Consolidated Interim Financial Statements

6. REVENUE AND OTHER INCOME

Revenue represents the invoiced value of goods supplied to customers and is analysed as follows:

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue		
Continuing operations		
Sale of motor vehicles	21,454	2,620
Sale of batteries	–	55
	21,454	2,675
Disaggregation of timing of revenue recognition:		
Sale of motor vehicles		
– At a point in time	21,454	2,620
Sale of batteries		
– At a point in time	–	55
	21,454	2,675

6. REVENUE AND OTHER INCOME (CONTINUED)

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Other income		
Continuing operations		
Interest income	56	95
Gain on disposal of property, plant and equipment	–	416
Exchange gain, net	1,638	–
Sundry income	697	1,066
	<u>2,391</u>	<u>1,577</u>
Discontinued operations		
Sundry income	–	6
	<u>–</u>	<u>6</u>

7. FINANCE COSTS

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Interest on lease liabilities	246	278
	<u>246</u>	<u>278</u>

Notes to Condensed Consolidated Interim Financial Statements

8. LOSS BEFORE INCOME TAX

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

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Auditor's remuneration	60	60
Amortisation of other intangible assets	2,451	5,054
Cost of inventories recognised as expenses	14,480	2,586
Depreciation of property, plant and equipment	3,679	5,154
Depreciation of right-of-use assets	4,027	4,888
Exchange (gain)/loss, net	(1,638)	58
Impairment/(reversal of impairment) of trade receivables, net	1,104	(1,681)
Reversal of impairment of other receivables and prepayments	–	(4,860)
Short-term and low-value lease expense	1,702	1,516
Research and development cost	638	1,006
Loss/(gain) on disposal of property, plant and equipment	2	(416)
Employee costs (including directors' remuneration)		
– Salaries and allowances	11,246	13,404
– Share-based payments (note 2.3)	3,172	1,895
– Other benefits	831	395
– Pension contributions	654	630
	15,903	16,324

8. LOSS BEFORE INCOME TAX (CONTINUED)

(b) Discontinued operations

In December 2017, management of the Group passed a resolution to discontinue the Group's ore processing and trading segment which was carried out by the Company's subsidiary, Minera Catania Verde S.A. ("Verde") in Chile, as they consider that such businesses would not be commercially viable after the reassessment of the latest situation and the Group plans to focus its resources on development of its electric vehicle businesses. The associated assets were consequently classified as held for sale in the consolidated statement of financial position as at 31 March 2018, and the disposal was completed during the year ended 31 March 2020.

The financial performance and cash flows of Verde were as follows:

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue	–	–
Other income	–	6
Administrative expenses	–	(2,796)
	<hr/>	<hr/>
Loss for the period from discontinued operations	–	(2,790)
	<hr/>	<hr/>
Net cash outflow from operating activities	–	(2,082)
Net cash inflow from investing activities	–	–
Net cash inflow from financing activities	–	2,000
	<hr/>	<hr/>
Net cash outflow from discontinued operations	–	(82)
	<hr/>	<hr/>

Notes to Condensed Consolidated Interim Financial Statements

9. INCOME TAX CREDIT

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Deferred tax	(412)	(1,048)
Income tax credit	(412)	(1,048)

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 2020 (30 September 2019: HK\$nil).

11. LOSS PER SHARE

For continuing and discontinued operations

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	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	(27,718)	(37,412)
	Number	Number
Weighted average number of ordinary shares in issue	6,854,907,353	6,819,426,372

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 award plan (for 2020 only) are anti-dilutive.

For continuing operations

Basic and diluted loss per share for continuing operations is HK\$0.004 per share (30 September 2019: HK\$0.01 per share) based on the loss for the period from continuing operations of HK\$27,718,000 (30 September 2019: HK\$35,737,000) 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 award plan (for 2020 only) are anti-dilutive.

11. LOSS PER SHARE (CONTINUED)

For discontinued operations

For the period ended 30 September 2020, there was no discontinued operations.

For the period ended 30 September 2019, basic and diluted loss per share for discontinued operations is HK\$0.0002 per share based on the loss for the period from discontinued operations of HK\$1,675,000 and the weighted average number of ordinary shares in issue detailed above. The basic and diluted loss per share presented are the same as the potential ordinary shares issuable under the convertible notes and the share options are anti-dilutive.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment in an aggregate amount of approximately HK\$1,481,000 (30 September 2019: HK\$899,000). No property, plant and equipment has been transferred from inventories (30 September 2019: HK\$8,277,000). Depreciation for items of property, plant and equipment was approximately HK\$3,679,000 (30 September 2019: HK\$5,155,000) during the period. Items of plant and machinery with net book value of approximately HK\$8,000 (30 September 2019: HK\$447,000) were disposed, resulting in a loss on disposal of HK\$2,000 (30 September 2019: gain of HK\$416,000). Gain on exchange realignment arising on translation of the carrying amount of the property, plant and equipment amounted to approximately HK\$1,874,000 (30 September 2019: loss of HK\$3,734,000) during the period.

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; and
- (b) the manufacturing plant in the PRC on the preliminary construction costs incurred for the new manufacturing plant of motor vehicle in Chongqing.

During the six months ended 30 September 2020, no expenditure recognised as construction in progress (30 September 2019: HK\$1,699,000 represented the manufacturing plant in the PRC). Gain on exchange realignment arising on translation of construction in progress amounted to approximately HK\$2,855,000 (30 September 2019: loss of HK\$5,261,000) during the period.

Notes to Condensed Consolidated Interim Financial Statements

14. MINING ASSETS

Mining assets have not been amortised since acquisition as the mine has not yet commenced operation since then. The mining project is ongoing and is pending for the issuance of land use right certificate for the construction of processing factory. The mining operation will be commenced upon the completion of such development. Gain on exchange realignment arising on translation of the carrying amount of the mining assets amounted to approximately HK\$97,672,000 (30 September 2019: loss of HK\$154,468,000) during the period.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Financial assets at fair value through profit or loss comprise:		
Unlisted equity investments outside Hong Kong	13,933	12,034

The Company acquired a company incorporated in the Republic of Croatia with limited liability, Greyp Bikes d.o.o. ("Greyp"), and is principally engaged in the development, manufacturing, and sale of electric bicycles, drivetrains and battery technology systems for use in bicycles. The fair value of Greyp is determined based on level 3 of fair value hierarchy: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value is assessed under direct comparison approach with reference to similar transactions, adjusted by the change in general stock index in the corresponding location to reflect the market change including the Impact of the outbreak of coronavirus. There was no change in valuation technique for the fair value assessment during the current period.

Notes to Condensed Consolidated Interim Financial Statements

16. INVENTORIES

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Raw materials	6,565	4,786
Work in progress	15,325	14,218
Finished goods	5,709	5,551
	<u>27,599</u>	<u>24,555</u>

17. TRADE RECEIVABLES

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables at amortised cost	23,631	15,339
Less: Accumulated impairment losses	(9,181)	(7,725)
	<u>14,450</u>	<u>7,614</u>

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

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
0 – 30 days	8,315	74
31 – 90 days	410	312
91 – 180 days	–	58
181 – 365 days	1,016	1,010
More than 1 year	4,709	6,160
	<u>14,450</u>	<u>7,614</u>

17. TRADE RECEIVABLES (CONTINUED)

The average credit period on sales of motor vehicles is 30-365 days from the invoice date.

The Group applies provision matrix to measure the expected credit loss (“ECL”) prescribed by HKFRS 9. As there is no default event occurred during the period, there is no change in historical default rate and same ECL rates at 31 March 2020 were applied as at 30 September 2020. The weighted-average ECL rates ranging from 4% to 100% were applied to trade receivables. The ageing analysis of trade receivables at the end of the reporting period in net carrying amount was as follows:

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Collective assessment		
Not past due	2,748	4,081
Less than 1 month past due	432	570
1 to 3 months past due	336	87
More than 3 months but less than 12 months past due	889	607
	4,405	5,345
Individual assessment		
Not past due	7,988	388
1 to 3 months past due	410	–
More than 3 months but less than 12 months past due	688	606
More than 12 months past due	959	1,275
	10,045	2,269
	14,450	7,614

Notes to Condensed Consolidated Interim Financial Statements

17. TRADE RECEIVABLES (CONTINUED)

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

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
At beginning of the period/year	7,725	10,678
Impairment/(reversal) of impairment losses, net	1,104	(2,313)
Exchange realignment	352	(640)
At end of the period/year	9,181	7,725

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Other receivables	35,050	32,820
Deposits	5,265	6,609
Prepayments	30,797	33,527
	71,112	72,956
Less: Non-current portion	(16,540)	(15,740)
	54,572	57,216

Notes to Condensed Consolidated Interim Financial Statements

19. 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 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
0 – 30 days	1,323	612
31 – 90 days	2,454	8
91 – 180 days	497	36
181 – 365 days	1	398
More than 1 year	7,021	7,579
	11,296	8,633

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

20. OTHER PAYABLES AND ACCRUALS

	As at	
	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Other payables and accruals	124,908	121,226
Less: Non-current portion of other payables (note)	(62,151)	(59,664)
	62,757	61,562

Note:

The non-current portion represented the government grant in relation to the construction of manufacturing plant in the PRC. It will be recognised as reduction of construction cost in property, plant and equipment after the completion of the construction of manufacturing plant and the fulfilment of all the conditions attached to the government grant.

Notes to Condensed Consolidated Interim Financial Statements

21. 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 period, no Convertible Notes (30 September 2019: in principal amount of HK\$804,439,800) were converted into (30 September 2019: 1,072,586,400 ordinary shares) ordinary shares of the Company.

22. SHARE CAPITAL

	As at			
	30 September 2020 (unaudited)	(unaudited)	31 March 2020 (audited)	(audited)
	Number of shares	HK\$'000	Number of shares	HK\$'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each	50,000,000,000	500,000	50,000,000,000	500,000
<i>Issued and fully paid:</i>				
At beginning of period/year	6,854,963,200	68,549	5,366,046,800	53,660
Cancellation of repurchased shares (note)	(70,000)	(1)	(253,670,000)	(2,537)
Placing of shares	-	-	670,000,000	6,700
Conversion of Convertible Notes	-	-	1,072,586,400	10,726
At end of the period/year	6,854,893,200	68,548	6,854,963,200	68,549

22. SHARE CAPITAL (CONTINUED)

Note:

During the period ended 30 September 2020, the Company cancelled 70,000 shares (31 March 2020: 253,670,000 shares) of the Company. These shares were repurchased in the open market at a consideration of HK\$6,000 (31 March 2020: HK\$27,429,000) during the year ended 31 March 2020.

23. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

A new share option scheme (the “New Scheme”) was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the “New Adoption Date”). The New Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the New Adoption Date. As a result of the adoption of the New Scheme on 30 August 2013, the old scheme option scheme (the “Old Scheme”), which was adopted by the Company on 5 January 2004, was terminated. Upon termination of the Old Scheme, no further option can be offered thereafter but any options granted prior to such termination but not yet exercised shall continue to be valid and exercisable in accordance with the Old Scheme.

Pursuant to the New Scheme, the board of directors is empowered, at its discretion, to invite any participant (defined in the New Scheme) to take up options to subscribe for shares in the Company.

23. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)**Share option scheme (Continued)**

The movements in the number of share options during the six months ended 30 September 2020 were as follows:

Date of offer of grant	At 1 April 2020	Forfeited during the period	At 30 September 2020	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under New 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	318,100,000	(30,000,000)	288,100,000	HK\$0.30	HK\$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
	<u>367,100,000</u>	<u>(30,000,000)</u>	<u>337,100,000</u>				

The movements in the number of share options during the six months ended 30 September 2019 were as follows:

Date of offer of grant	At 1 April 2019	Forfeited during the period	At 30 September 2019	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under Old Scheme 16/12/2009	40,400,000	–	40,400,000	HK\$0.46	HK\$0.45	16/12/2009 to 15/12/2019	N/A
Under New Scheme 11/04/2014	57,000,000	(8,000,000)	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	325,600,000	(7,500,000)	318,100,000	HK\$0.30	HK\$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
	<u>423,000,000</u>	<u>(15,500,000)</u>	<u>407,500,000</u>				

23. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (Continued)

No share options were granted by the Company during the six months ended 30 September 2020 and 2019.

The weighted average remaining contractual life of options outstanding at the end of the period was 5.23 years (30 September 2019: 5.64 years). The weighted average exercise price of options outstanding at the end of the period was HK\$0.41 (30 September 2019: HK\$0.42).

Of the total number of options outstanding at the end of the period, 337,100,000 (30 September 2019: 334,080,000) were exercisable at the end of the period.

There was no exercise of share options during the six months ended 30 September 2020 and 2019.

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 Old Scheme is measured based on Black-Scholes model and the New Scheme is measured based on Binomial method. The contractual life of the share options and expectations of early exercise of the share options are incorporated into the model.

The equity-settled share-based payment expenses of approximately HK\$31,000 (30 September 2019: HK\$1,978,000) was recognised during the period.

Share award plan

On 8 May 2019, the 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 25 October 2019, award shares were granted to the eligible participants.

The Company has used the Binomial model to assess the fair value of the award shares. For the period ended 30 September 2020, the Group recognised total expense of HK\$3,141,000 (30 September 2019: HK\$nil) in relation to such award shares.

Notes to Condensed Consolidated Interim Financial Statements

24. RELATED PARTY TRANSACTIONS

- (a) The Group had no significant transactions with related parties during the six months ended 30 September 2020 and 2019.
- (b) The remuneration of key management during the period which only comprised executive directors' remuneration was as follows:

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	2,118	2,118
Share-based payments	–	47
Pension contributions	18	18
	2,136	2,183

25. 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	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Acquisition of property, plant and equipment	20,343	19,591
Capital expenditure in respect of the construction of the ores processing plant	3,674	3,664
Capital expenditure in respect of the mining operations	8,519	8,178
Capital expenditure in respect of the development of electric vehicles	16,422	15,904
	48,958	47,337

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 September 2020 and 31 March 2020 may be categorised as follows:

	As at	
	30 September	31 March
	2020	2020
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Financial assets		
Financial assets at amortised cost (including cash and bank balances)	107,845	128,519
Financial assets at fair value through profit or loss – unlisted investments	13,933	12,034
	121,778	140,553
Financial liabilities		
Financial liabilities at amortised cost	80,585	75,212

(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, trade payables, other payables and accruals.

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 consolidated financial statements approximate their corresponding fair value.

26. 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 2020 (unaudited)				As at 31 March 2020 (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 investments	–	–	13,933	13,933	–	–	12,034	12,034

There were no transfers between levels during the period.

27. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 30 November 2020.