



**Sino Prosper (Group) Holdings Limited**  
**中盈(集團)控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 766)

**Interim Report**  
**2019**



## Interim Results

The board (the “Board”) of directors (the “Directors”) of Sino Prosper (Group) Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2019 (the “Reporting Period”) together with comparative figures for the previous corresponding period, which have been reviewed by the audit committee (the “Audit Committee”) of the Company, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 September	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	3	16,732	15,001
Cost of sales		(1,067)	–
<b>Gross profit</b>		<b>15,665</b>	<b>15,001</b>
Other income and gains	5	107	32
General and administrative expenses		(17,903)	(24,466)
Reversal of impairment on/(impairment loss on) loans receivables, net		1,877	(34,518)
Impairment loss on goodwill		–	(15,566)
Impairment loss on other intangible assets		–	(417)
Loss on early redemption of convertible bonds		–	(7,364)
Finance costs	6	(56)	(767)
<b>Loss before tax</b>		<b>(310)</b>	<b>(68,065)</b>
Income tax (expense)/credit	7	(1,649)	7,006
<b>Loss for the period</b>	<b>8</b>	<b>(1,959)</b>	<b>(61,059)</b>
<b>Other comprehensive expense</b> <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(19,544)	(35,813)
<b>Other comprehensive expense for the period</b>		<b>(19,544)</b>	<b>(35,813)</b>
<b>Total comprehensive expense for the period</b>		<b>(21,503)</b>	<b>(96,872)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(805)	(59,865)
Non-controlling interests		(1,154)	(1,194)
		(1,959)	(61,059)
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		(19,674)	(94,381)
Non-controlling interests		(1,829)	(2,491)
		(21,503)	(96,872)
<b>Loss per share</b>			
Basic and diluted (HK cents per share)	10	(0.05)	(3.87)

# Condensed Consolidated Statement of Financial Position

	Notes	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	68,919	73,815
Right-of-use assets		2,486	–
Other intangible assets	12	119,624	127,118
Exploration and evaluation assets	11	20,934	22,246
Goodwill	13	83,858	89,111
Deferred tax assets		3,111	3,805
		<b>298,932</b>	<b>316,095</b>
<b>Current assets</b>			
Inventories		4,212	4,787
Loans receivables	14	180,682	160,422
Other assets		55	155
Prepayments, deposits and other receivables	15	2,680	2,066
Tax recoverable		135	–
Bank balances and cash		42,107	67,414
		<b>229,871</b>	<b>234,844</b>
<b>Current liabilities</b>			
Trade and other payables	16	20,000	18,802
Amounts due to non-controlling interests of subsidiaries		7,561	8,014
Amounts due to related parties		11,501	12,222
Lease liabilities		1,490	–
Tax payable		7,883	9,085
		<b>48,435</b>	<b>48,123</b>
<b>Net current assets</b>		<b>181,436</b>	<b>186,721</b>
<b>Total assets less current liabilities</b>		<b>480,368</b>	<b>502,816</b>
<b>Non-current liabilities</b>			
Provision for restoration costs		349	371
Deferred tax liabilities		32,207	34,072
Lease liabilities		942	–
		<b>33,498</b>	<b>34,443</b>
<b>Net assets</b>		<b>446,870</b>	<b>468,373</b>
<b>Capital and reserves</b>			
Share capital – ordinary shares	18	16,138	16,138
Convertible preference shares	19	90,165	90,165
Reserves		332,566	352,240
Equity attributable to owners of the Company		438,869	458,543
Non-controlling interests		8,001	9,830
<b>Total equity</b>		<b>446,870</b>	<b>468,373</b>

# Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(15,316)	10,189
PRC Enterprise Income Tax paid	(1,931)	(1,563)
<b>Net cash (used in)/generated by operating activities</b>	<b>(17,247)</b>	<b>8,626</b>
<b>Cash flows from investing activities</b>		
Interest received on bank deposits	–	30
Redemption of financial assets at fair value through profit or loss	–	51
Payments for property, plant and equipment	(9)	(8)
<b>Net cash (used in)/generated by investing activities</b>	<b>(9)</b>	<b>73</b>
<b>Cash flows from financing activities</b>		
Payments for lease liabilities	(638)	–
<b>Net cash used in financing activities</b>	<b>(638)</b>	<b>–</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,894)</b>	<b>8,699</b>
Cash and cash equivalents at the beginning of period	67,414	32,303
Effect of foreign exchange rate changes, net	(7,413)	(8,911)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>42,107</b>	<b>32,091</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	42,107	32,091

# Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company												Attributable to non-controlling interests	Total
	Share capital	Convertible preference shares	Share premium	Convertible preference share premium	Convertible bonds equity reserve	Share options reserve	Shareholder's contribution	Foreign currency translation reserve	Capital redemption reserve	Other reserve	Accumulated losses	Subtotal		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 31 March 1 2018	15,438	-	1,778,016	-	19,542	5,261	12,640	41,764	1,020	249,089	(1,666,744)	456,026	13,156	469,182
Impact on initial application of HKFRS 9	-	-	-	-	-	-	-	-	-	-	(6,992)	(6,992)	-	(6,992)
Balance at 1 April 2018	15,438	-	1,778,016	-	19,542	5,261	12,640	41,764	1,020	249,089	(1,673,736)	449,034	13,156	462,190
Loss for the period	-	-	-	-	-	-	-	-	-	-	(59,865)	(59,865)	(1,194)	(61,059)
Other comprehensive expense for the period	-	-	-	-	-	-	-	(34,516)	-	-	-	(34,516)	(1,297)	(35,813)
Total comprehensive expense for the period	-	-	-	-	-	-	-	(34,516)	-	-	(59,865)	(94,381)	(2,491)	(96,872)
Early redemption of convertible bonds by issuance of convertible preference shares	-	97,165	-	18,461	(20,757)	-	-	-	-	-	2,296	97,165	-	97,165
Deferred tax relating to convertible bonds	-	-	-	-	1,215	-	-	-	-	-	-	1,215	-	1,215
Release of reserve upon share options lapsed	-	-	-	-	-	(120)	-	-	-	-	120	-	-	-
Conversion of convertible preference shares to ordinary shares	700	(7,000)	7,630	(1,330)	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	16,138	90,165	1,785,646	17,131	-	5,141	12,640	7,248	1,020	249,089	(1,731,185)	453,033	10,665	463,698

	Attributable to owners of the Company												Attributable to non-controlling interests	Total
	Share capital	Convertible preference shares	Share premium	Convertible preference share premium	Share options reserve	Shareholder's contribution	Foreign currency translation reserve	Capital redemption reserve	Other reserve	Accumulated losses	Subtotal			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Balance at 1 April 2019	16,138	90,165	1,785,646	17,131	5,001	12,640	16,231	1,020	249,089	(1,734,518)	458,543	9,830	468,373	
Loss for the period	-	-	-	-	-	-	-	-	-	(805)	(805)	(1,154)	(1,959)	
Other comprehensive expense for the period	-	-	-	-	-	-	(18,869)	-	-	-	(18,869)	(675)	(19,544)	
Total comprehensive expense for the period	-	-	-	-	-	-	(18,869)	-	-	(805)	(19,674)	(1,829)	(21,503)	
Balance at 30 September 2019	16,138	90,165	1,785,646	17,131	5,001	12,640	(2,638)	1,020	249,089	(1,735,323)	438,869	8,001	446,870	

# Notes to the Condensed Consolidated Interim Financial Statements

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2019 except for the adoption of the new and amendments to HKFRSs as described in note 2 below.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s unaudited condensed consolidated interim financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

### HKFRS 16 Leases

#### *The Group as a lessee*

#### **Applicable from 1 April 2019**

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the condensed consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

# Notes to the Condensed Consolidated Interim Financial Statements

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

### HKFRS 16 Leases (continued)

#### *Measurement and recognition of leases as a lessee (continued)*

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in the profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

#### *Transition and summary of effects of HKFRS 16*

HKFRS 16 “Leases” replaces HKAS 17 “Leases” along with three Interpretations (HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC)-Int 15 “Operating Leases-Incentives” and HK(SIC)-Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognized in equity as an adjustment to the opening balance of “Accumulated losses” for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.



## Notes to the Condensed Consolidated Interim Financial Statements

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

#### HKFRS 16 Leases (continued)

##### *Transition and summary of effects of HKFRS 16 (continued)*

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The following is a reconciliation of operating lease commitments as at 31 March 2019 to the lease liabilities recognized as at 1 April 2019:

	HK\$'000
Operating lease commitments disclosed as at 31 March 2019	
Recognition exemptions:	672
Short-term leases	(345)
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Operating leases liabilities before discounting	327
Discounted using incremental borrowing rate as at 1 April 2019	(9)
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Total lease liabilities recognized under HKFRS 16 as at 1 April 2019	318
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Classified as:	
Current	163
Non-current	155
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	318
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The following table summarizes the impact of transition to HKFRS 16 on the Group's condensed consolidated statement of financial position as at 1 April 2019:

	HK\$'000
Increase in right-of-use assets	318
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Increase in lease liabilities	318
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## Notes to the Condensed Consolidated Interim Financial Statements

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

#### HKFRS 16 Leases (continued)

#### *Transition and summary of effects of HKFRS 16 (continued)*

The following adjustments were made to the amounts recognized in the Group's condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'000
<b>Non-current assets</b>			
Right-of-use assets	–	318	318
<b>Current liabilities</b>			
Lease liabilities	–	163	163
<b>Non-current liabilities</b>			
Lease liabilities	–	155	155

For the purpose of reporting cash flows for the six months ended 30 September 2019, movements have been computed based on opening statement of financial position as at 1 April 2019 as disclosed above.

### 3. REVENUE

An analysis of the Group's revenue for the Reporting Period and the six months ended 30 September 2018 is as follows:

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest income from loan financing activities	4,615	6,809
Investment and management consultation services income	10,617	8,186
Mining consultancy services income	551	–
Sales of fluorite	481	–
Sales of coke powder	468	–
Commission from securities dealing and brokerage services	–	6
	<b>16,732</b>	<b>15,001</b>

## Notes to the Condensed Consolidated Interim Financial Statements

### 3. REVENUE (continued)

#### (i) Disaggregation of revenue from contracts with customers

*For the six months ended 30 September 2019*

Segments	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Types of goods and services</b>			
Interest income from loan financing activities	–	4,615	4,615
Investment and management consultation services income	–	10,617	10,617
Mining consultancy services income	551	–	551
Sales of fluorite	481	–	481
Sales of coke powder	468	–	468
<b>Total</b>	<b>1,500</b>	<b>15,232</b>	<b>16,732</b>
<b>Geographic markets</b>			
People's Republic of China ("PRC")	1,500	15,232	16,732
Hong Kong	–	–	–
<b>Total</b>	<b>1,500</b>	<b>15,232</b>	<b>16,732</b>
<b>Timing of revenue recognition</b>			
A point in time	949	–	949
Over time	551	15,232	15,783
<b>Total</b>	<b>1,500</b>	<b>15,232</b>	<b>16,732</b>

## Notes to the Condensed Consolidated Interim Financial Statements

### 3. REVENUE (continued)

#### (i) Disaggregation of revenue from contracts with customers (continued)

For the six months ended 30 September 2018

Segments	Financial services HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Types of goods and services</b>			
Commission from securities dealing and brokerage services	6	–	6
Interest income from loan financing activities	–	6,809	6,809
Investment and management consultation services income	–	8,186	8,186
<b>Total</b>	<b>6</b>	<b>14,995</b>	<b>15,001</b>
<b>Geographic markets</b>			
PRC	–	14,995	14,995
Hong Kong	6	–	6
<b>Total</b>	<b>6</b>	<b>14,995</b>	<b>15,001</b>
<b>Timing of revenue recognition</b>			
A point in time	–	–	–
Over time	6	14,995	15,001
<b>Total</b>	<b>6</b>	<b>14,995</b>	<b>15,001</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## 3. REVENUE (continued)

### (ii) Performance obligations for contracts with customers

#### *Interest income*

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### *Investment and management consultation services income*

Revenue from investment and management consultation services income is recognized over time on a time apportionment basis over the contract period when customer simultaneously receives the consultancy services from the Group of which the Group has an enforceable right to payment from the customer.

#### *Mining consultancy services income*

The Group provides mining consultancy services. Services income that recognized over time when the Group creates or enhances an assets that the customers controls as the assets is created or enhanced. Other than above, consultancy services income is recognized at a point in time when the consultancy service is completed and/or when the consultancy result is issued and delivered to the customer.

- (iii) All of the transaction prices allocated to the remaining performance obligation are expected to be recognized within one year.

## 4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) investment in energy and natural resources (including precious metals) related projects;
- (b) the money lending segment represents provision of loan financing and investment and management consultation services in the PRC ("Money lending"); and
- (c) financial services segment comprises provision of advising on securities and securities dealing and brokerage services in Hong Kong ("Financial services").

# Notes to the Condensed Consolidated Interim Financial Statements

## 4. SEGMENT INFORMATION (continued)

The following tables present revenue and results for the Reporting Period and the six months ended 30 September 2018 and total assets and total liabilities as at 30 September 2019 and 31 March 2019 for the Group's operating segments.

	Financial services HK\$'000	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2019 (Unaudited)</b>				
Segment revenue	–	1,500	15,232	16,732
Segment (loss)/profit	(189)	(2,206)	14,088	11,693
Interests on bank deposits, other income and gains				107
Finance costs				(56)
Central administration costs				(12,054)
Loss before tax				(310)
<b>Six months ended 30 September 2018 (Unaudited)</b>				
Segment revenue	6	–	14,995	15,001
Segment loss	(1,564)	(1,783)	(39,414)	(42,761)
Interests on bank deposits, other income and gains				32
Loss on early redemption of convertible bonds				(7,364)
Finance costs				(767)
Central administration costs				(17,205)
Loss before tax				(68,065)

# Notes to the Condensed Consolidated Interim Financial Statements

## 4. SEGMENT INFORMATION (continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the Reporting Period (six months ended 30 September 2018: Nil).

Segment (loss)/profit represents the (loss)/profit incurred by each segment without allocation of interest on bank deposits, other income and gains, loss on early redemption of convertible bonds, finance costs and central administration costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Impairment loss on loans receivables of approximately HK\$34,518,000 and impairment loss on goodwill of approximately HK\$15,566,000 recognized in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018 are allocated to the Money lending segment.

	Financial services HK\$'000	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
As at 30 September 2019 (Unaudited)				
Segment assets	410	299,494	218,321	518,225
Corporate and unallocated assets				10,578
Consolidated assets				528,803
Segment liabilities	69	47,193	6,270	53,532
Corporate and unallocated liabilities				28,401
Consolidated liabilities				81,933
As at 31 March 2019 (Audited)				
Segment assets	6,076	317,066	207,248	530,390
Corporate and unallocated assets				20,549
Consolidated assets				550,939
Segment liabilities	285	50,369	7,204	57,858
Corporate and unallocated liabilities				24,708
Consolidated liabilities				82,566

# Notes to the Condensed Consolidated Interim Financial Statements

## 4. SEGMENT INFORMATION (continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than other unallocated head office and corporate assets. Other intangible assets, exploration and evaluation assets, goodwill and other assets are allocated to operating segments; and
- all liabilities are allocated to operating segments other than other unallocated head office and corporate liabilities.

## 5. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest income on bank deposits	48	30
Gain on financial assets at fair value through profit or loss	–	2
Sundry income	59	–
	<hr/>	<hr/>
	107	32

## 6. FINANCE COSTS

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Effective interest on convertible bonds	–	767
Interest on lease liabilities	56	–
	<hr/>	<hr/>
	56	767



## Notes to the Condensed Consolidated Interim Financial Statements

### 7. INCOME TAX EXPENSE/(CREDIT)

Income tax recognized in profit or loss

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Current tax:		
PRC Enterprise Income Tax	1,180	(7,047)
Deferred tax	469	41
<hr/>	<hr/>	<hr/>
Total income tax expense/(credit) recognized in profit or loss	1,649	(7,006)

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2018: 16.5%) on the estimated assessable profit for the Reporting Period.

Under the prevailing tax law in the PRC, PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both the Reporting Period and the six months ended 30 September 2018. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notwithstanding the above, certain PRC subsidiaries were subject to PRC Enterprise Income Tax at the effective rate ranging from 0.6% to 4.4% (six months ended 30 September 2018: ranging from 2.5% to 3.75%) on revenue for the Reporting Period.

# Notes to the Condensed Consolidated Interim Financial Statements

## 8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss for the period has been arrived at after charging:		
Directors' emoluments	33	30
Employee benefits expense (excluding directors' emoluments): <i>(Note)</i>		
– Salaries and other benefits in kind	2,690	3,810
– Contributions to retirement benefits schemes	156	208
<hr/>		
Total staff costs	2,879	4,048
<hr/>		
Amortization of other intangible assets included in general and administrative expenses	–	16
Depreciation of property, plant and equipment	588	934
Depreciation of right-of-use assets	525	–
Short-term lease rentals in respect of land and buildings	463	1,054
Net foreign exchange losses	8,280	12,498
<hr/>		

Note:

Employee benefits expense of approximately HK\$154,000 was included in cost of sales for the Reporting Period (six months ended 30 September 2018: Nil).

## 9. INTERIM DIVIDEND

The Directors resolved not to declare the payment of any interim dividend for the Reporting Period (six months ended 30 September 2018: Nil).

## Notes to the Condensed Consolidated Interim Financial Statements

### 10. LOSS PER SHARE

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

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Loss</b>		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(805)	(59,865)
<hr/>		
	Six months ended 30 September	
	2019 (Unaudited) '000	2018 (Unaudited) '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,613,820	1,548,410
<hr/>		

The computation of diluted loss per share for the Reporting Period and the six months ended 30 September 2018 did not assume the exercise or conversion of the Company's potential ordinary shares issuable under the Company's share option schemes and convertible preference shares since their assumed exercise or conversion would have an anti-dilutive effect.

## Notes to the Condensed Consolidated Interim Financial Statements

### 11. PROPERTY, PLANT AND EQUIPMENT AND EXPLORATION AND EVALUATION ASSETS

	Property, plant and equipment (Unaudited) HK\$'000	Exploration and evaluation assets (Unaudited) HK\$'000
Six months ended 30 September 2019		
Net book amount at 1 April 2019	73,815	22,246
Additions	9	–
Depreciation expense	(588)	–
Effect of foreign currency exchange differences	(4,317)	(1,312)
<u>Net book amount at 30 September 2019</u>	<u>68,919</u>	<u>20,934</u>
Six months ended 30 September 2018		
Net book amount at 1 April 2018	81,566	23,764
Additions	8	–
Depreciation expense	(934)	–
Effect of foreign currency exchange differences	(7,081)	(2,088)
<u>Net book amount at 30 September 2018</u>	<u>73,559</u>	<u>21,676</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 12. OTHER INTANGIBLE ASSETS

	Mining rights (Unaudited) HK\$'000
Six months ended 30 September 2019	
Net book amount at 1 April 2019	127,118
Effect of foreign currency exchange differences	(7,494)
<hr/>	<hr/>
Net book amount at 30 September 2019	119,624

	Mining rights (Unaudited) HK\$'000	License (Unaudited) HK\$'000	Trading rights (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 September 2018				
Net book amount at 1 April 2018	135,791	473	500	136,764
Amortization	–	(16)	–	(16)
Impairment	–	(417)	–	(417)
Effect of foreign currency exchange differences	(11,930)	(40)	–	(11,970)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount at 30 September 2018	123,861	–	500	124,361

# Notes to the Condensed Consolidated Interim Financial Statements

## 13. GOODWILL

	(Unaudited) HK\$'000
Six months ended 30 September 2019	
Net book amount at 1 April 2019	89,111
Effect of foreign currency exchange differences	(5,253)
<hr/>	<hr/>
Net book amount at 30 September 2019	83,858
Six months ended 30 September 2018	
Net book amount at 1 April 2018	112,257
Impairment loss recognized	(15,566)
Effect of foreign currency exchange differences	(9,863)
<hr/>	<hr/>
Net book amount at 30 September 2018	86,828

# Notes to the Condensed Consolidated Interim Financial Statements

## 14. LOANS RECEIVABLES

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Loans receivables from Money lending operations	193,127	175,641
Less: loss allowance for loans receivables	(12,445)	(15,219)
	<u>180,682</u>	<u>160,422</u>

The Group seeks to maintain strict control over its outstanding loans receivables so as to minimize credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability. Loans receivables are bearing interests at interest rate mutually agreed with the contracting parties, ranging from effective interest rate of 6% to 18% (31 March 2019: ranging from 6% to 18%) per annum.

A maturity profile of the loans receivables as at the end of the Reporting Period, based on the maturity date is as follows:

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
To be matured:		
Within 1 month	13,205	–
3 months or less but over 1 month	25,310	–
6 months or less but over 3 months	101,791	113,430
9 months or less but over 6 months	52,821	62,211
	<u>193,127</u>	<u>175,641</u>
Matured	–	–
	<u>193,127</u>	<u>175,641</u>
Less: loss allowance for loans receivables	(12,445)	(15,219)
	<u>180,682</u>	<u>160,422</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 14. LOANS RECEIVABLES (continued)

As at 30 September 2019, loans receivables with an aggregate carrying amount of approximately HK\$143,927,000 (31 March 2019: HK\$144,419,000) were guaranteed by corporate guarantees provided by guarantors. The loans receivables bear interest and are repayable with fixed terms agreed with the Group's customers.

Movement in the loss allowance for loans receivables for the period are as follows:

	12-month expected credit loss ("ECL") HK\$'000
At 31 March 2019 and 1 April 2019	15,219
Provision during the period	2,292
Reversal during the period	(4,169)
Effect of foreign currency exchange differences	(897)
	<hr/>
At 30 September 2019	12,445

The basis of determining the inputs and assumptions and the estimation techniques used for the ECL in the condensed consolidated interim financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.



## Notes to the Condensed Consolidated Interim Financial Statements

### 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Prepayments	1,365	866
Deposits	997	1,025
Other receivables	30,940	32,726
Less: loss allowance for other receivables	(30,622)	(32,551)
	<u>2,680</u>	<u>2,066</u>

Movement in the loss allowance for other receivables during the period are as follows:

	Lifetime ECL– credit-impaired HK\$'000
At 31 March 2019 and 1 April 2019	32,551
Effect of foreign currency exchange differences	(1,929)
	<u>30,622</u>
At 30 September 2019	<u>30,622</u>

The basis of determining the inputs and assumptions and the estimation techniques used for the ECL in the condensed consolidated interim financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

# Notes to the Condensed Consolidated Interim Financial Statements

## 16. TRADE AND OTHER PAYABLES

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Trade payables ( <i>Note</i> )	163	173
Accrued expenses and other payables	8,599	7,429
Payables for acquisition of property, plant and equipment and exploration of mines	623	662
PRC business tax and other levies payable	10,615	10,538
	<u>20,000</u>	<u>18,802</u>

Note:

The following is an analysis of trade payables by age, presented based on the invoice dates:

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Over 180 days	163	173

## 17. CONVERTIBLE BONDS

In February 2018, the Company served the redemption notice to Mr. Leung Ngai Man (“**Mr. Leung**”), being the chairman, an executive director and substantial shareholder of the Company as the holder of the convertible bonds due 11 October 2018 issued by the Company in the outstanding principal amount of HK\$97,165,000 in relation to the early redemption of the whole of the outstanding principal amount of the convertible bonds in consideration of the issuance of 971,650,000 non-redeemable and convertible preference shares (the “**Convertible Preference Share(s)**”) to Mr. Leung at the issue price of HK\$0.10 per Convertible Preference Share. Further details of the Convertible Preference Shares are included in Note 19.

# Notes to the Condensed Consolidated Interim Financial Statements

## 18. SHARE CAPITAL – ORDINARY SHARES

	Number of shares	Share capital HK\$'000
<b>Issued and fully paid:</b>		
At 1 April 2018, ordinary shares of HK\$0.01 each	1,543,820,199	15,438
Conversion of convertible preference shares to ordinary shares ( <i>Note 19</i> )	70,000,000	700
<hr/>		
At 31 March 2019, 1 April 2019 and 30 September 2019, ordinary shares of HK\$0.01 each	1,613,820,199	16,138
<hr/>		

## 19. CONVERTIBLE PREFERENCE SHARES

On 2 May 2018, the Company issued Convertible Preference Shares at issue price of HK\$0.10 per Convertible Preference Share for outstanding principal amount of HK\$97,165,000 (*Note 17*).

Subject to the passing of the relevant resolution at the extraordinary general meeting (the “EGM”), all the Convertible Preference Shares shall be issued on the issue date, credited as fully paid for the consideration.

The redemption of convertible bonds by way of issuance of Convertible Preference Shares was approved by the independent shareholders of the Company at the EGM of the Company held on 17 April 2018 and the Convertible Preference Shares have been issued and allotted on 2 May 2018 upon the redemption by the Company of the convertible bonds with outstanding principal amount of HK\$97,165,000 at the issue price of HK\$0.10 per Convertible Preference Share. The fair value of the Convertible Preference Shares on initial recognition was amounted to approximately HK\$115,626,000 and was recognized in equity.

In September 2018, pursuant to a conversion notice and board resolutions of the Company, 70,000,000 ordinary shares of HK\$0.01 each in the capital of the Company were issued to Mr. Leung upon conversion of 70,000,000 Convertible Preference Shares issued by the Company to Mr. Leung on 2 May 2018.

The holders of Convertible Preference Shares shall not be entitled to vote at any general meeting of the Company, unless a resolution is to be proposed for winding up the Company or a resolution is to be proposed which if passed would vary the rights of privileges of the holder of the Convertible Preference Shares. One Convertible Preference Share shall be entitled to be converted into one ordinary share of the Company. The Convertible Preference Shares are non-interest bearing and non-redeemable. The Convertible Preference Shares shall confer on the holder thereof the right to receive out of the funds of the Company available for distribution before the ordinary shareholders.

# Notes to the Condensed Consolidated Interim Financial Statements

## 20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this interim report, the Group had the following significant transactions with related parties during the Reporting Period and the six months ended 30 September 2018:

### Compensation of key management personnel

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Short-term employee benefits	33	30

The above related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

# Management Discussion & Analysis

## OPERATIONAL REVIEW

The Group's main operating segments are investment in energy and natural resources (including precious metals) related projects, money lending business (“**Money lending business**”) and financial services business (“**Financial services business**”) as set out in note 4 to the condensed consolidated interim financial statements.

### Investment in energy and natural resources (including precious metals) related projects

#### *a. The Aohan Qi Mine*

The Group maintains the Aohan Qi Mine in Inner Mongolia which is undergoing maintenance works on its production facilities, and the Group is making relevant preparations for the mining and production of the mine in the future.

#### *b. Consultancy business in mining industry*

The current business scope of the consultancy business in mining industry included mining exploration advice, technical advice, economic and information consultancy services. The Group continues to develop new customers on its existing business base.

To the best knowledge of the Directors, the People's Republic of China (“**PRC**”) government is implementing an indirect supervision and establishing a self-disciplinary norm on the mining consulting industry. Besides, most of the small and medium-sized enterprises engaged in mining business in PRC have weak professional skills and insufficient understanding of the relevant regulatory requirements. There is an increasing demand from these enterprises seeking professional advice and technical support.

Meanwhile, the PRC government has strengthened its governance in environmental protection and implemented more strict standards and policies in relation to environmental protection. The small and medium-sized enterprises engaged in the mining business need guidance from professional experts in order to comply with the tight requirement from the PRC government. Therefore, the Directors consider that there will be an increasing demand in the professional mining consultancy services in coming future.

#### *c. Fluorite processing and sales business*

The Directors consider that the demand for fluorite, as a national strategic resource, is increasing in the PRC, the Group has developed fluorite processing and sales business since the first half of this year. From the perspective of consumption trend, as worldwide fluorine chemical technology improves constantly, fluorine chemical industry's demand for hydrofluoric acid as well as acid grade fluorite continues to increase. Currently, more than half of the world's fluorite production is used to extract hydrofluoric acid. Fluorite is a non-renewable resource. Extracting fluorine from apatite is one of the important ways to obtain fluorine element. The future development direction of global fluorite industry will lean toward elaboration-oriented, compounding-oriented, lightweight-oriented, and environmentally-friendly circular economy development and serve the application, research and development of high and new technology.

## Management Discussion & Analysis

### *c. Fluorite processing and sales business (continued)*

Fluorite is an indispensable upstream base raw material for the fluorine chemical industry chain. Fluorite and its downstream products are widely used in traditional areas such as metallurgy, chemical engineering, building materials and optics, and have been initially applied in strategically emerging industries such as new energy and new materials in recent years. The main types of fluorite products are acid fluorite fine powder, high grade fluorite lump ore, metallurgical fluorite fine powder and ordinary fluorite raw ore. Of which, acid fluorite fine powder mainly reacts with sulfuric acid to produce hydrofluoric acid, providing raw materials for the manufacture of fluorine chemical downstream products.

In addition, the Group has ordered a batch of fluorite, and relevant processing and manufacturing facilities. Business license has also been obtained. The Directors believe that the fluorite business can generate revenue and profit for the Group in the second half of the financial year.

### Money lending business

Small and medium-sized enterprises in Jilin, the PRC have a strong demand for capital due to their business development. The Group will continue to monitor the risks while increasing Money lending business, so as to improve the financial performance of the Money lending business.

### Financial services business

SP Securities Limited (“SP Securities”) was a company licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. SP Securities was also a participant and direct clearing participant of the Hong Kong Exchanges and Clearing Limited.

Owing to (i) the loss of staff in the advisory team and consequential loss of clientele; (ii) a significant drop in its business and revenue; and (iii) the continuing increase in the segmental loss of the Financial services business, the Board had ceased the business of SP Securities since November 2018. SP Securities returned all the funds and assets held or managed on clients’ behalf to clients and terminated all relevant contracts between SP Securities and its clients in accordance with the relevant provisions of such contracts. All the licenses of SP Securities were revoked in March 2019.

### Legal Proceedings

References are made to the announcements of the Company dated 19 December 2014 and 27 January 2017 and the paragraph headed “Legal Proceedings” in the Management Discussion and Analysis in the annual report of the Company for the year ended 31 March 2019, in relation to the legal proceedings initiated by the Group against certain state-owned enterprises due to the defaults in payment by such enterprises. During the financial year ended 31 March 2019, the Court issued civil judgments ruling that the Customers have entered into bankruptcy and/or liquidation procedures. Up to the date of this report, the Customers are still undergoing the aforesaid procedures.

## Management Discussion & Analysis

### Future Plans

#### *“Coco Coff” Beverage*

On 25 September 2019, Sino Prosper (States Gold) Investment Limited (“**States Gold**”), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (“**MOU**”) with Guangzhou Golden Trading Co., Ltd.\* (廣州金兌商貿有限公司) (“**Beverage Company**”), for the proposed subscription of the controlling interest of the Beverage Company subject to the satisfaction of the due diligence results of the Company. The Beverage Company is mainly engaged in the import and distribution of food and beverage. The Beverage Company has obtained from Royal Plus Co. Ltd., a company in Thailand, the exclusive distributorship in the PRC for Coco Coff, a coconut coffee beverage it produces, for a term of 20 years. The Beverage Company has registered the trademark “Coco Coff”\* (泰酷啡) for that product in the PRC. “Coco Coff” is currently the only saleable bottled coconut coffee beverage in the PRC market.

#### *5G Smart Lampposts Digitalization*

On 5 November 2019, Hong Kong Macau Technology Holdings Limited (“**HMT**”), a wholly-owned subsidiary of the Company, and Hulian Zhihui (Guangzhou) Technology Company Limited (“**HLZH**”), entered into the letter of intent that HMT may subscribe shares of the HLZH, subject to the satisfaction of due diligence results of the Company. HMT will conduct due diligence procedures before entering into a formal agreement. If the Directors are satisfied with the due diligence result, HMT will enter into a formal agreement to subscribe the shares of HLZH. The percentage of shares to be subscribed in HLZH is in negotiation and subject to the due diligence result. HLZH is an integrated service operator that provides planning and infrastructure solutions in “5G smart lampposts”. HLZH entered into a tripartite strategic cooperation agreement with 騰訊雲計算機(北京)有限公司 and 中國鐵塔股份有限公司廣州市分公司 in July 2019, in order to jointly promote the collaboration of “5G smart lampposts digitalization” project in the PRC. The seven domains of focus of the project include network service, security, big data and cloud computing, financial payment innovation, information construction, artificial intelligence application and brand building. “5G smart lampposts”, act as the connecting fulcrum of smart cities, are a key part in building the necessary infrastructure. The three parties, each exert their own advantages, work together to create a “smart lampposts” application in the PRC’s “5G” era.

### Outlook

Due to the influence of Sino-U.S. trade war relations, the business of the Group’s customers may also be affected to varying degrees and there may be uncertain factors in the commodity price market. The Group will review the business development of its project companies from time to time.

Meanwhile, the Company will keep pace with the trends by proactively seeking opportunities to invest in business with greater returns for shareholders of the Company (the “**Shareholders**”).

### FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total turnover of approximately HK\$16,732,000 (six months ended 30 September 2018: approximately HK\$15,001,000) which mainly comprised a turnover of (i) approximately HK\$4,615,000 from interest income from loan financing activities (six months ended 30 September 2018: approximately HK\$6,809,000); (ii) approximately HK\$10,617,000 from investment and management consultation services income (six months ended 30 September 2018: approximately HK\$8,186,000); (iii) approximately HK\$551,000 from mining consultancy services income (six months ended 30 September 2018: nil); and (iv) no commission from securities dealing and brokerage services (six months ended 30 September 2018: HK\$6,000). The total turnover of the Group increased by approximately 11.54% as compared to the last corresponding period.

As at 30 September 2019, the Group recorded total assets of approximately HK\$528,803,000 (as at 31 March 2019: approximately HK\$550,939,000) and recorded total liabilities of approximately HK\$81,933,000 (as at 31 March 2019: approximately HK\$82,566,000). The Group's net asset value as at 30 September 2019 decreased by 4.59% to approximately HK\$446,870,000 as compared to approximately HK\$468,373,000 as at 31 March 2019.

### CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCE

The Group generally finances its operations with internally generated cash flows and capital fund raising activities.

As at 30 September 2019, the Group had bank balances and cash of approximately HK\$42,107,000 (as at 31 March 2019: approximately HK\$67,414,000). As at 30 September 2019, net current assets of the Group amounted to approximately HK\$181,436,000 (as at 31 March 2019: approximately HK\$186,721,000) and the current ratio was maintained at a level of approximately 4.75 (as at 31 March 2019: approximately 4.88).

### TREASURY POLICIES

As at 30 September 2019, the Group had bank balances and cash of approximately HK\$42,107,000 (as at 31 March 2019: approximately HK\$67,414,000). The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 30 September 2019, the Group had loans receivables of approximately HK\$180,682,000 (as at 31 March 2019: approximately HK\$160,422,000).

### CONTINGENT LIABILITIES

As at 30 September 2019, the Group had no significant contingent liabilities (31 March 2019: Nil).

### CAPITAL COMMITMENTS

As at 30 September 2019, the Group had no significant capital commitments (31 March 2019: Nil).

### CHARGE OVER THE GROUP'S ASSETS

As at 30 September 2019, there was no charge over the assets of the Group (31 March 2019: Nil).



## **Management Discussion & Analysis**

### **INTERIM DIVIDEND**

The Directors resolved not to declare any interim dividend for the Reporting Period (last corresponding period: Nil).

### **EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events occurring after the end of the Reporting Period and up to the date of this report.

### **FOREIGN EXCHANGE EXPOSURE**

The Group's exposure to currency exchange risks is minimal as the operating units of the Group usually hold most of their financial assets/liabilities in their own functional currencies.

Transactional currency exposures arise from revenue or cost of sales by operating units in currencies other than the unit's functional currency. Substantially all of the Group's revenue and cost of sales are denominated in the functional currency of the operating units generating the revenue, and substantially all of the costs of sales are denominated in the operating unit's functional currency. Accordingly, the Directors consider that the Group is not exposed to significant foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the Group's management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **MATERIAL ACQUISITIONS OR DISPOSALS**

#### **Possible Acquisition of Guangzhou Golden Trading Co., Ltd.**

As stated in the paragraph headed "Future Plans" in this report, States Gold has entered into MOU with the Beverage Company. Pursuant to the MOU, States Gold will conduct due diligence procedures before entering into a formal agreement. The percentage of shares to be subscribed by States Gold is subject to further negotiation between the parties and the satisfaction result of the due diligence of the Company. It is expected that the Beverage Company will become a subsidiary of the Company upon the completion of possible acquisition after entering into a formal agreement.

Save as disclosed above, there were no other material acquisition or disposal of subsidiaries or associates of the Company during the Reporting Period.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2019, the Group employed 42 full-time employees in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and the prevailing market salaries. Performance related bonuses are paid on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share options.

### CORPORATE GOVERNANCE & PRACTICES

The Board acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent Board, sound internal controls and accountability to all Shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. The Company has adopted the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. Save as disclosed below, the Company was in compliance with the Code during the Reporting Period.

#### Code Provision A.2.1

Pursuant to the Code Provision A.2.1, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company has not appointed a chief executive officer and the role and functions of chief executive officer have been performed by all executive Directors, including the chairman, collectively.

#### Code Provision A.5.1

Pursuant to the Code Provision A.5.1, the Company should establish a nomination committee which should be chaired by the chairman of the Board or an independent non-executive Director. However, the Company has not established a nomination committee but it has formulated a policy statement (the “Policy Statement”) regarding nomination of Directors and senior officers. The Company considers that the Policy Statement is an effective mechanism which sets out the Board’s policy on nomination of Directors and senior officers of the Company. The Policy Statement is available at the website of the Company.

#### Code Provision D.1.4

Pursuant to the Code Provision D.1.4, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letter of appointment for Ms. Wong Li Fong who was appointed as an executive Director on 2 March 2015. However, she is subject to retirement by rotation in accordance with the articles of association of the Company. In addition, the Directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-executive Directors” (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies.

## Management Discussion & Analysis

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the Company’s code of conduct for dealing in securities of the Company by the Directors. In response to the Company’s specific enquiry made, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Reporting Period.

### DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:–

#### Interests in the Shares and Underlying Shares

Name	Capacity	Long position/ short position	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of issued share capital (Note 1)
Leung Ngai Man (“Mr. Leung”) (Executive Director)	Beneficial owner	Long position	468,536,002	901,650,000 (Note 2)	1,370,186,002	84.90%
Wong Li Fong (Executive Director)	Beneficial owner	Long position	15,000	–	15,000	Negligible

#### Notes:

1. The percentage is calculated on the basis of 1,613,820,199 shares of the Company (the “Shares”) in issue as at 30 September 2019 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any options and convertible preference shares which remained outstanding as at 30 September 2019.
2. These underlying Shares are 901,650,000 Shares to be issued upon exercise in full of the conversion rights attaching to 901,650,000 convertible preference shares issued by the Company to Mr. Leung on 2 May 2018.

## Management Discussion & Analysis

Save as disclosed above, as at 30 September 2019, none of the Directors or the chief executives of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares" and "Share Option Schemes" of this interim report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in and debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

Save as disclosed above, as at 30 September 2019, no person (other than Mr. Leung, a Director whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares" above) had interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEMES

The old share option scheme was adopted by the Company pursuant to a resolution passed on 25 April 2002 (the "2002 Scheme") for the primary purpose of providing incentives to eligible participants. The 2002 Scheme was terminated and a new share option scheme was adopted by the Company on 20 April 2012 (the "2012 Scheme"). The terms of the 2012 Scheme are similar to those of the 2002 Scheme, and the 2012 Scheme will expire on 20 April 2022. The primary purpose of the 2012 Scheme is to provide incentives to eligible participants.

As at 30 September 2019, the Company had 30,100,000 share options outstanding under the two share option schemes, which represented approximately 1.87% of the Shares in issue as at 30 September 2019. No share option was granted, exercised and lapsed during the Reporting Period under the 2012 Scheme and the 2002 Scheme.

## **Management Discussion & Analysis**

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

### **CONTRACT OF SIGNIFICANCE**

Save as disclosed in this interim report, during the Reporting Period, the Group did not enter into any contract of significance with the controlling Shareholder or any of its subsidiaries, nor was there any contract of significance for the provision of services to the Group by the controlling Shareholder or any of its subsidiaries.

### **AUDIT COMMITTEE**

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting system and supervising of the risk management and internal control systems. Regarding the financial reporting system, the Audit Committee would consider any significant items reflected in the reports and accounts.

The interim results of the Group for the Reporting Period have been reviewed by the Audit Committee.

By Order of the Board  
Sino Prosper (Group) Holdings Limited  
Leung Ngai Man  
*Chairman and Executive Director*

Hong Kong, 28 November 2019

*As at the date of this interim report, Mr. Leung Ngai Man and Ms. Wong Li Fong are the executive Directors, and Mr. Miao Yanan, Mr. Cai Wei Lun and Mr. Zhang Qingkui are the independent non-executive Directors.*