



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
2020

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 2020 (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	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	3	11,628	16,732
Cost of sales		(5,656)	(1,067)
Gross profit		5,972	15,665
Other income and gains	5	6,181	107
General and administrative expenses		(9,270)	(17,903)
(Impairment loss)/reversal of impairment loss on loans receivables, net		(19,953)	1,877
Finance costs	6	(73)	(56)
Loss before tax		(17,143)	(310)
Income tax credit/(expense)	7	4,331	(1,649)
Loss for the period	8	(12,812)	(1,959)
Other comprehensive income/(expense) <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		12,119	(19,544)
Other comprehensive income/(expense) for the period		12,119	(19,544)
Total comprehensive expense for the period		(693)	(21,503)
Loss attributable to:			
Owners of the Company		(10,614)	(805)
Non-controlling interests		(2,198)	(1,154)
		(12,812)	(1,959)
Total comprehensive expense attributable to:			
Owners of the Company		(330)	(19,674)
Non-controlling interests		(363)	(1,829)
		(693)	(21,503)
Loss per share	10		
Basic and diluted (HK cents per share)		(0.64)	(0.05)

Condensed Consolidated Statement of Financial Position

	Notes	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	69,825	67,611
Right-of-use assets		1,802	2,502
Other intangible assets	12	123,532	118,721
Exploration and evaluation assets	11	21,618	20,776
Goodwill	13	86,597	83,225
Deferred tax assets		14,625	9,140
		317,999	301,975
Current assets			
Inventories		1,240	5,022
Loans receivables	14	148,790	154,515
Trade and other receivables	15	11,341	10,058
Tax recoverable		–	19
Bank balances and cash		30,975	39,125
		192,346	208,739
Current liabilities			
Trade and other payables	16	20,729	19,883
Lease liabilities		646	1,805
Amounts due to non-controlling interests of subsidiaries		8,486	8,089
Amounts due to related parties		10,285	11,503
Tax payable		8,294	8,403
		48,440	49,683
Net current assets		143,906	159,056
Total assets less current liabilities		461,905	461,031
Non-current liabilities			
Lease liabilities		852	748
Provision for restoration costs		361	347
Deferred tax liabilities		33,952	32,503
		35,165	33,598
Net assets		426,740	427,433
Capital and reserves			
Share capital – ordinary shares	17	20,838	16,138
Convertible preference shares	18	43,165	90,165
Reserves		354,699	312,729
Equity attributable to owners of the Company		418,702	419,032
Non-controlling interests		8,038	8,401
Total equity		426,740	427,433

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2020	2019
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Cash flows from operating activities		
Cash used in operations	(10,577)	(15,316)
PRC Enterprise Income Tax paid	(621)	(1,931)
Net cash used in operating activities	(11,198)	(17,247)
Cash flows from investing activities		
Interest received on bank deposits	25	–
Increase in restricted bank balances	(4)	–
Proceeds from disposal of property, plant and equipment	162	–
Payments for property, plant and equipment	(244)	(9)
Net cash used in investing activities	(61)	(9)
Cash flows from financing activities		
Repayment for lease liabilities	(772)	(638)
Net cash used in financing activities	(772)	(638)
NET DECREASE CASH AND CASH EQUIVALENTS	(12,031)	(17,894)
Cash and cash equivalents at the beginning of period	34,924	67,414
Effect of foreign exchange rate changes, net	3,707	(7,413)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	26,600	42,107
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	30,975	42,107
Less: restricted bank balances	(4,375)	–
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	26,600	42,107

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	Share options reserve	Shareholder's contribution	Foreign currency translation reserve	Capital redemption reserve	Other reserve	Accumulated losses	Subtotal		
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) 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

	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) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000		
Balance at 1 April 2020	16,138	90,165	1,785,646	17,131	5,001	12,640	(5,239)	1,020	249,089	(1,752,559)	419,032	8,401	427,433
Loss for the period	-	-	-	-	-	-	-	-	-	(10,614)	(10,614)	(2,198)	(12,812)
Other comprehensive income for the period	-	-	-	-	-	-	10,284	-	-	-	10,284	1,835	12,119
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	10,284	-	-	(10,614)	(330)	(363)	(683)
Release of reserve upon share options lapsed	-	-	-	-	(2,027)	-	-	-	-	2,027	-	-	-
Conversion of convertible preference shares to ordinary shares	4,700	(47,000)	51,230	(8,930)	-	-	-	-	-	-	-	-	-
Balance at 30 September 2020	20,838	43,165	1,836,876	8,201	2,974	12,640	5,045	1,020	249,089	(1,761,146)	418,702	8,038	426,740

Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

Sino Prosper (Group) Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries are principally engaged in investment holding, investment in energy and natural resources (including precious metals) related projects; provision of loan financing and investment and management consultation services in the People’s Republic of China (“PRC”); and import, distribution and sales of food and beverage products.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgments in the process of applying the Group’s accounting policies.

Notes to the Condensed Consolidated Interim Financial Statements

2. BASIS OF PREPARATION (continued)

In the current interim period, 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 2020 for the preparation of the Group's unaudited condensed consolidated interim financial statements:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

The Group has adopted these new standards, amendments of standards and annual improvements and the adoption of these new standards, amendments of standards and annual improvements do not have significant impacts on the Group's unaudited condensed consolidated interim financial statements.

3. REVENUE

An analysis of the Group's revenue for the Reporting Period and the six months ended 30 September 2019 is as follows:

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<i>Revenue from contracts with customers:</i>		
Investment and management consultation services income	4,141	10,617
Mining consultancy services income	–	551
Sales of fluorite	–	481
Sales of coke powder	–	468
Sales of gold concentrates	1,693	–
Sales of food and beverage	1,341	–
<i>Revenue from other source:</i>		
Interest income from loan financing activities	4,453	4,615
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	11,628	16,732
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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 2020 (Unaudited)

Segment	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Food and beverage HK\$'000	Total HK\$'000
Type of goods and services				
Investment and management consultation services income	-	4,141	-	4,141
Sales of gold concentrates	1,693	-	-	1,693
Sales of food and beverage	-	-	1,341	1,341
Total	1,693	4,141	1,341	7,175
Geographic markets				
PRC	1,693	4,141	1,341	7,175
Hong Kong	-	-	-	-
Total	1,693	4,141	1,341	7,175
Timing of revenue recognition				
A point in time	1,693	-	1,341	3,034
Over time	-	4,141	-	4,141
Total	1,693	4,141	1,341	7,175

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 2019 (Unaudited)

Segment	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
Type of goods and services			
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
Total	1,500	10,617	12,117
Geographic markets			
PRC	1,500	10,617	12,117
Hong Kong	–	–	–
Total	1,500	10,617	12,117
Timing of revenue recognition			
A point in time	949	–	949
Over time	551	10,617	11,168
Total	1,500	10,617	12,117

Notes to the Condensed Consolidated Interim Financial Statements

3. REVENUE (continued)

(ii) Performance obligations for contracts with customers

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 asset that the customers controls as the asset 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.

Sales of gold concentrates, fluorite, coke powder and food and beverage

Revenue from sales of gold concentrates, fluorite, coke powder and food and beverage are recognized at a point in time when control of the goods has transferred to the customers, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been delivered to the customer's specific location.

- (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) food and beverage segment represents import, distribution and sales of food and beverage products ("Food and beverage").

Notes to the Condensed Consolidated Interim Financial Statements

4. SEGMENT INFORMATION (continued)

Certain comparative amounts have been reclassified and restated to conform with current period's presentation as the Group changed the structure of its internal organization in a manner that causes the composition of its reportable segments to change by removing the financial services segment during the year ended 31 March 2020. Accordingly, segment information of financial services segment for the six months ended 30 September 2019 for comparative purposes has not been presented.

The following tables present revenue and results for the Reporting Period and the six months ended 30 September 2019 and total assets and total liabilities as at 30 September 2020 and 31 March 2020 for the Group's operating segments.

	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Food and beverage HK\$'000	Total HK\$'000
Six months ended 30 September 2020 (Unaudited)				
Segment revenue	1,693	8,594	1,341	11,628
Segment loss	(3,196)	(14,109)	(1,470)	(18,775)
Interests on bank deposits, other income and gains				6,181
Finance costs				(73)
Central administration costs				(4,476)
Loss before tax				(17,143)

Notes to the Condensed Consolidated Interim Financial Statements

4. SEGMENT INFORMATION (continued)

	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000 (restated)
Six months ended 30 September 2019 (Unaudited)			
Segment revenue	1,500	15,232	16,732
Segment (loss)/profit	(2,206)	14,088	11,882
Interests on bank deposits, other income and gains			107
Finance costs			(56)
Central administration costs			(12,243)
Loss before tax			(310)

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 2019: Nil).

Segment (loss)/profit represents the (loss)/profit incurred by each segment without allocation of interest on bank deposits, other income and gains, 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.

Net impairment loss on loans receivables of approximately HK\$19,953,000 recognized in the condensed consolidated statement of profit or loss and other comprehensive income for the Reporting Period is allocated to the Money lending segment.

	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Food and beverage HK\$'000	Total HK\$'000
As at 30 September 2020 (Unaudited)				
Segment assets	302,056	192,158	3,300	497,514
Corporate and unallocated assets				12,831
Consolidated assets				510,345
Segment liabilities	50,878	9,169	1,533	61,580
Corporate and unallocated liabilities				22,025
Consolidated liabilities				83,605
As at 31 March 2020 (Audited)				
Segment assets	303,190	179,351	2,820	485,361
Corporate and unallocated assets				25,353
Consolidated assets				510,714
Segment liabilities	47,550	9,441	1,759	58,750
Corporate and unallocated liabilities				24,531
Consolidated liabilities				83,281

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 and goodwill are allocated to operating segments; and
- all liabilities are allocated to operating segments other than unallocated head office and corporate liabilities.

5. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest income on bank deposits	25	48
Net foreign exchange gain	5,694	–
Gain on disposal of property, plant and equipment	101	–
Sundry income	361	59
	<hr/>	<hr/>
	6,181	107

6. FINANCE COSTS

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on lease liabilities	73	56
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Notes to the Condensed Consolidated Interim Financial Statements

7. INCOME TAX (CREDIT)/EXPENSE

Income tax recognized in profit or loss

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current tax:		
PRC Enterprise Income Tax	406	1,180
Deferred tax	(4,737)	469
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Total income tax (credit)/expense recognized in profit or loss	(4,331)	1,649
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Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2019: 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 2019. 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 3% to 3.75% (six months ended 30 September 2019: ranging from 0.6% to 4.4%) on revenue for the Reporting Period.

Notes to the Condensed Consolidated Interim Financial Statements

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging:		
Directors' emoluments	282	33
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits in kind	2,696	2,690
– Contributions to retirement benefits schemes	131	156
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Total staff costs	3,109	2,879
Depreciation of property, plant and equipment	535	588
Depreciation of right-of-use assets	626	525
Loss on disposal of property, plant and equipment	6	–
Lease payment relating to short-term lease in respect of land and buildings	303	463
Net foreign exchange losses	–	8,280
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9. INTERIM DIVIDEND

The Directors resolved not to declare the payment of any interim dividend for the Reporting Period (six months ended 30 September 2019: 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	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(10,614)	(805)
	Six months ended 30 September	
	2020 (Unaudited) '000	2019 (Unaudited) '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,657,481	1,613,820

The computation of diluted loss per share for the Reporting Period and the six months ended 30 September 2019 did not assume the exercise or conversion of the Company's potential ordinary shares under the Company's share option scheme 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 2020		
Net book amount at 1 April 2020	67,611	20,776
Additions	244	–
Disposals	(67)	–
Depreciation expense	(535)	–
Effect of foreign currency exchange differences	2,572	842
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Net book amount at 30 September 2020	69,825	21,618
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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)
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Net book amount at 30 September 2019	68,919	20,934
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Notes to the Condensed Consolidated Interim Financial Statements

12. OTHER INTANGIBLE ASSETS

	Mining rights (Unaudited) HK\$'000
Six months ended 30 September 2020	
Net book amount at 1 April 2020	118,721
Effect of foreign currency exchange differences	4,811
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Net book amount at 30 September 2020	123,532
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Six months ended 30 September 2019	
Net book amount at 1 April 2019	127,118
Effect of foreign currency exchange differences	(7,494)
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Net book amount at 30 September 2019	119,624
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13. GOODWILL

	(Unaudited) HK\$'000
Six months ended 30 September 2020	
Net book amount at 1 April 2020	83,225
Effect of foreign currency exchange differences	3,372
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Net book amount at 30 September 2020	86,597
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Six months ended 30 September 2019	
Net book amount at 1 April 2019	89,111
Effect of foreign currency exchange differences	(5,253)
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Net book amount at 30 September 2019	83,858
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Notes to the Condensed Consolidated Interim Financial Statements

14. LOANS RECEIVABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Loans receivables from Money lending operations	207,289	191,561
Less: loss allowances for loans receivables	(58,499)	(37,046)
	<u>148,790</u>	<u>154,515</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 2020: 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 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
To be matured:		
Within 1 month	–	28,942
3 months or less but over 1 month	82,615	–
6 months or less but over 3 months	108,525	–
9 months or less but over 6 months	–	58,320
12 months or less but over 9 months	–	104,299
Neither past due nor impaired	191,140	191,561
Matured:		
Less than 1 month	797	–
Less than 3 months but over 1 month	2,026	–
Less than 6 months but over 3 months	13,326	–
	<u>207,289</u>	<u>191,561</u>
Less: loss allowances for loans receivables	(58,499)	(37,046)
	<u>148,790</u>	<u>154,515</u>

Notes to the Condensed Consolidated Interim Financial Statements

14. LOANS RECEIVABLES (continued)

As at 30 September 2020, loans receivables with an aggregate amount of approximately HK\$163,084,000 (31 March 2020: HK\$153,773,000) were guaranteed by corporate guarantees provided by guarantors. The loans receivables bear interest and are repayable with fixed terms agreed with the customers.

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

	12-month expected credit loss ("ECL") HK\$'000	Lifetime ECL- not credit- impaired HK\$'000	Total HK\$'000
At 1 April 2019	15,219	–	15,219
Provision during the year	8,394	28,652	37,046
Reversal during the year	(14,214)	–	(14,214)
Effect of foreign currency exchange differences	(1,005)	–	(1,005)
At 31 March 2020	8,394	28,652	37,046

	12-month ECL HK\$'000	Lifetime ECL - not credit- impaired HK\$'000	Lifetime ECL - credit- impaired HK\$'000	Total HK\$'000
At 31 March 2020 and 1 April 2020	8,394	28,652	–	37,046
Provision during the period	449	16,815	4,829	22,093
Reversal during the period	(2,073)	(67)	–	(2,140)
Reclassification	(3,605)	1,489	2,116	–
Effect of foreign currency exchange differences	120	1,220	160	1,500
At 30 September 2020	3,285	48,109	7,105	58,499

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 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

Notes to the Condensed Consolidated Interim Financial Statements

15. TRADE AND OTHER RECEIVABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Trade receivables (<i>Note (a)</i>)	379	481
Less: loss allowance for trade receivables	–	–
	379	481
Prepayments	9,326	8,355
Deposits	1,329	905
Other receivables	31,929	30,708
Less: loss allowance for other receivables (<i>Note (b)</i>)	(31,622)	(30,391)
	11,341	10,058

Note:

- (a) Trade receivables comprise of receivables in respect of the Food and beverage business as at 30 September 2020 and 31 March 2020. The credit terms for trade receivables in respect of the Food and beverage business granted to customers are generally 30 to 60 days.

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

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
0 – 30 days	174	179
31 – 60 days	102	110
61 – 90 days	86	–
91 – 120 days	15	151
121 – 150 days	2	–
Over 180 days	–	41
	379	481

Notes to the Condensed Consolidated Interim Financial Statements

15. TRADE AND OTHER RECEIVABLES (continued)

(b) The movement in the loss allowance for other receivables are as follows:

	Lifetime ECL- credit-impaired HK\$'000
At 1 April 2019	32,551
Effect of foreign currency exchange differences	(2,160)
<hr/>	
At 31 March 2020 and 1 April 2020	30,391
Effect of foreign currency exchange differences	1,231
<hr/>	
At 30 September 2020	31,622

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 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

Notes to the Condensed Consolidated Interim Financial Statements

16. TRADE AND OTHER PAYABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Trade payables (<i>Note</i>)	200	179
Accrued expenses and other payables	8,933	8,319
Payables for acquisition of property, plant and equipment and exploration of mines	677	618
PRC business tax and other levies payable	10,919	10,767
	<u>20,729</u>	<u>19,883</u>

Note:

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

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
0 – 30 days	26	8
31 – 60 days	–	7
61 – 90 days	–	2
121 – 150 days	6	–
Over 180 days	168	162
	<u>200</u>	<u>179</u>

Notes to the Condensed Consolidated Interim Financial Statements

17. SHARE CAPITAL – ORDINARY SHARES

	Number of shares	Share capital HK\$'000
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 1 April 2020, ordinary shares of HK\$0.01 each	1,613,820,199	16,138
Conversion of convertible preference shares to ordinary shares (<i>Note 18</i>)	470,000,000	4,700
	<hr/>	<hr/>
At 30 September 2020, ordinary shares of HK\$0.01 each	2,083,820,199	20,838
	<hr/>	<hr/>

18. CONVERTIBLE PREFERENCE SHARES

	Number of shares	Share capital HK\$'000
Issued and fully paid:		
Convertible preference shares of HK\$0.10 each At 1 April 2019, 31 March 2020 and 1 April 2020	901,650,000	90,165
Conversion of convertible preference shares to ordinary shares	(470,000,000)	(47,000)
	<hr/>	<hr/>
At 30 September 2020, convertible preference shares of HK\$0.10 each	431,650,000	43,165
	<hr/>	<hr/>

On 2 May 2018, the Company issued convertible preference shares (“Convertible Preference Shares”) at issue price of HK\$0.10 per Convertible Preference Share in exchange for convertible bonds of the Company of outstanding principal amount of HK\$97,165,000.

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.

Notes to the Condensed Consolidated Interim Financial Statements

18. CONVERTIBLE PREFERENCE SHARES (continued)

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 aggregate number of 971,650,000 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 2020, pursuant to a conversion notice and board resolutions of the Company, 470,000,000 ordinary shares of HK\$0.01 each in the capital of the Company were issued to Mr. Leung Ngai Man (“Mr. Leung”), being the chairman, an executive director and substantial shareholder of the Company, upon conversion of 470,000,000 Convertible Preference Shares issued by the Company to Mr. Leung.

The holder 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 at any time after the date of issuance. 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 dividend available for distribution before the ordinary shareholders.

19. 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 2019:

Compensation of key management personnel

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	282	33

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, provision of loan financing and investment and management consultation services in the People's Republic of China ("PRC") ("Money lending") and import, distribution and sales of food and beverage products ("Food and beverage") as set out in note 4 to this interim report.

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

a. *The Aohanqi Mine*

The Group maintains the gold mine located in Aohanqi, Inner Mongolia, the PRC (the "Aohanqi Mine") which is undergoing a period of small-scale operation. During the six months ended 30 September 2020, the Group had sold gold concentrates amounting to approximately HK\$1.7 million.

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. Due to the COVID-19 pandemic, many provinces in the PRC implemented lock-down measures. As such, many employees of the Company were unable to return to the Company for work or visit customers' mines.

The mining consultancy business services provided to customers include operation management, licence application, licence extension, exploration management, geological and technical field services, assisting in exploration auditing, business development, and other related technical services. The Company will continue to provide relevant services to our customers after the pandemic.

c. *Fluorite processing and sales business*

The Directors consider that fluorite, as a national mineral strategic resource, is an indispensable upstream base raw material for the fluorine chemical industry chain, thus 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.

On 14 August 2020, Dalian Guanghong Mining Co., Ltd. ("Dalian Guanghong"), an indirectly wholly-owned subsidiary of the Company, entered into an ore purchase and sale contract with Guangzhou Central Asia Minerals Trading Co., Ltd. ("Guangzhou Central Asia"), pursuant to which Dalian Guanghong agreed to purchase and Guangzhou Central Asia agreed to sell, 100 tons of raw fluorite, at a total consideration of approximately RMB214,700 (equivalent to approximately HK\$238,556), which includes 13% value added tax.

Upon completion of the contract, the Company will consider purchasing more raw fluorite lump ore from Guangzhou Central Asia.

Management Discussion & Analysis

Money lending business

On top of the outbreak of the pandemic in the PRC, Jilin City of the PRC was hit by a second wave of the pandemic in the second quarter of 2020, creating an extremely severe business environment for small-to-medium enterprises in the region and tremendously affecting the credit business (including Money lending business) in Jilin City. The China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) announced in October of this year that the banking industry had disposed of a total of RMB1.73 trillion of non-performing loans in the first three quarters of 2020, representing an increase of RMB341.4 billion compared with the same period last year. The Company's Money lending business was also affected.

After the litigation with the state-owned enterprises in 2014, the Group changed its strategy to avoid releasing large amount of loans to a single ultimate owner and to ensure the diversity of the loan portfolio. The Group would also request borrowers to be guaranteed by a professional guarantee company in order to protect the Group's interest in general.

Outlook

Like most other companies in the world, the Group's principal businesses have been affected by the COVID-19 outbreak since early 2020. Governments in the Asia-Pacific region have implemented mandatory social distancing, closure of public and private facilities, and other health-related measures since December 2019, and the US, Europe and other regions followed suit. The Group must navigate and adapt to the business and operating environment under the COVID-19 pandemic.

To ensure the safety and well-being of our employees, the Group has adopted a number of measures to fully meet the needs of each office, such as a series of working-from-home policies. The Group also provided its employees with facial masks and disinfectant, and requested its employees to maintain high hygienic vigilance. Uncertainties about COVID-19 and the macro economy exposed the Group to various challenges during the Reporting Period. However, effective control of the pandemic in the PRC will put the economy back on track in Mainland China, and we are cautiously optimistic about the long-term prospects of the Group.

Management Discussion & Analysis

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK\$11,628,000 (six months ended 30 September 2019: approximately HK\$16,732,000) which mainly comprised a turnover of (i) approximately HK\$4,453,000 from interest income from loan financing activities (six months ended 30 September 2019: approximately HK\$4,615,000); (ii) approximately HK\$4,141,000 from investment and management consultation services income (six months ended 30 September 2019: approximately HK\$10,617,000); (iii) no revenue from mining consultancy services income (six months ended 30 September 2019: approximately HK\$551,000); (iv) no revenue generated from the sales of fluorite (six months ended 30 September 2019: HK\$481,000); (v) no revenue generated from the sales of coke powder (six months ended 30 September 2019: HK\$468,000); (vi) approximately HK\$1,341,000 representing the sales of Food and beverage (six months ended 30 September 2019: nil); and (vii) approximately HK\$1,693,000 representing the sales of gold concentrates (six months ended 30 September 2019: nil). The total turnover of the Group decreased by approximately 30.50% as compared to the last corresponding period.

As at 30 September 2020, the Group recorded total assets of approximately HK\$510,345,000 (as at 31 March 2020: approximately HK\$510,714,000) and recorded total liabilities of approximately HK\$83,605,000 (as at 31 March 2020: approximately HK\$83,281,000). The Group's net asset value as at 30 September 2020 decreased by 0.16% to approximately HK\$426,740,000 as compared to approximately HK\$427,433,000 as at 31 March 2020.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2020, the Group had bank balances and cash of approximately HK\$30,975,000 (as at 31 March 2020: approximately HK\$39,125,000). As at 30 September 2020, net current assets of the Group amounted to approximately HK\$143,906,000 (as at 31 March 2020: approximately HK\$159,056,000) and the current ratio was maintained at a level of approximately 3.97 (as at 31 March 2020: approximately 4.20).

On 14 September 2020, 470,000,000 non-redeemable and Convertible Preference Shares were converted into 470,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company.

TREASURY POLICIES

As at 30 September 2020, the Group had bank balances and cash of approximately HK\$30,975,000 (as at 31 March 2020: approximately HK\$39,125,000). The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 30 September 2020, the Group had loans receivables of approximately HK\$148,790,000 (as at 31 March 2020: approximately HK\$154,515,000).

CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no significant contingent liabilities (31 March 2020: Nil).

Management Discussion & Analysis

CAPITAL COMMITMENTS

As at 30 September 2020, the Group had no significant capital commitments (31 March 2020: Nil).

SIGNIFICANT INVESTMENTS

As at 30 September 2020, the Group did not have any significant investment plans (31 March 2020: Nil).

CHARGE OVER THE GROUP'S ASSETS

As at 30 September 2020, there was no charge over the assets of the Group (31 March 2020: Nil).

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 interim report.

THE CLAIM

On 21 April 2020, the Group received a civil ruling (the “**Civil Ruling**”) dated 31 March 2020 issued by the Intermediate People’s Court of Jilin City, Jilin Province* (吉林省吉林市中級人民法院) (the “**Court**”) to Jilin Ruixin Microfinance Co., Ltd.* (吉林市瑞信小額貸款有限公司) (“**Jilin Ruixin**”), an indirect wholly-owned subsidiary of the Company, initiated by an independent third party (the “**Plaintiff**”) in relation to a loan agreement dispute claim (the “**Claim**”) against Jilin Ruixin. Under the Claim, the Plaintiff alleged that Jilin Ruixin, as borrower, has failed to make repayments to the Plaintiff, as lender, pursuant to certain loan agreements entered into by the Plaintiff and Jilin Ruixin. In such connection, the Plaintiff now claims Jilin Ruixin a total of approximately RMB52.8 million, including the principal and the associated interests.

Pursuant to the Civil Ruling, the Court ordered that an amount of approximately RMB27.3 million (the “**Restricted Amount**”) in the two PRC bank accounts of Jilin Ruixin be frozen for a period of one year since the date of the Civil Ruling as a form of security pending judgement on the Claim. As at 30 September 2020, the two bank accounts of Jilin Ruixin amounted to approximately RMB3.8 million. At the same time, Jilin Ruixin received a summons issued from the Court to attend the court hearing for the Claim on 1 June 2020. As such, the Group has also engaged the PRC legal advisers to investigate and advise on the Claim and provide preliminary legal opinion in relation to the Civil Ruling and the Claim.

Management Discussion & Analysis

After preliminary understanding and investigation by the Company on the above matter, the Company noted that no loan agreement has ever been approved by the Board and/or by the board of directors of Jilin Ruixin to be entered into between Jilin Ruixin and the Plaintiff. Save for the fact that the Plaintiff has been a past customer of the Group in its microfinancing business, the Company is not aware of any other relationship between the Group and the Plaintiff. Given that the Claim may potentially involve the unauthorised use of the company seal and/or chop of Jilin Ruixin by its senior management (the “Senior Management”), the Board has, on 8 May 2020, decided to form an independent investigation committee (the “Investigation Committee”) to investigate and handle matters relating to the Claim. The Investigation Committee comprises all independent non-executive Directors. The Company has also engaged PRC legal advisers to advise on the Claim. The Senior Management is currently suspended from all his duties in Jilin Ruixin. He is not otherwise involved in other business of the Group.

As advised by the PRC legal advisers of the Company, the Civil Ruling only restricts Jilin Ruixin from utilising the Restricted Amount and does not prohibit the deposit and withdrawal of funds other than the Restricted Amount. As such, the Civil Ruling is not expected to have any material adverse impact on the normal business operation of Jilin Ruixin. As at the date of this interim report, Jilin Ruixin is under its normal business operation and there are sufficient cash reserves for its day-to-day operation. Both the company seal and chop of Jilin Ruixin are currently under the safe custody of its financial controller. The Board is of the view that the Civil Ruling and the Claim is not expected to have any material adverse impact on the business operations, financial position and solvency of the Group.

For details, please refer to the announcement of the Company dated 15 May 2020.

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

There were no material acquisition or disposal of subsidiaries or associates during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed 61 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 scheme.

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 on the Stock Exchange (the “Listing Rules”).

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.

Management Discussion & Analysis

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.

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 2020, 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 set out in Appendix 10 to the Listing Rules 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	610,621,002	431,650,000 (Note 2)	1,042,271,002	50.02%
Wong Li Fong (Executive Director)	Beneficial owner	Long position	15,000	-	15,000	Negligible

Notes:

- The percentage is calculated on the basis of 2,083,820,199 shares of the Company (the “Shares”) in issue as at 30 September 2020 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 2020.
- These underlying Shares are 431,650,000 Shares to be issued upon exercise in full of the conversion rights attaching to 431,650,000 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 2020, 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 2020, 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 term 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.

Details of the movement in the share options granted under the 2002 Scheme and the 2012 Scheme during the six months ended 30 September 2020 are as follows:

Category of participants	Date of grant of share option	Exercise period	Exercise price (HK\$)	Outstanding as at 1 April 2020	Exercised/ cancelled during the period under review	Lapsed during the period under review	Outstanding as at 30 September 2020
2002 Scheme							
Employees and other participants	4 May 2010	4 February 2011 to 3 May 2020	3.0	1,600,000	-	(1,600,000)	-
2012 Scheme							
Employees and other participants	24 May 2013	24 May 2013 to 23 May 2023	0.192	7,000,000	-	-	7,000,000
Employees and other participants	8 July 2013	8 July 2013 to 7 July 2023	0.2	7,700,000	-	-	7,700,000
Employees and other participants	29 December 2017	29 December 2017 to 20 April 2022	0.109	13,800,000	-	-	13,800,000
Total				30,100,000	-	(1,600,000)	28,500,000

As at 30 September 2020, the Company had 28,500,000 share options outstanding under the 2012 share option scheme, which represented approximately 1.37% of the Shares in issue as at 30 September 2020. No share option was granted and exercised during the Reporting Period under the 2012 Scheme and the 2002 Scheme. 1,600,000 share options were lapsed during the Reporting Period under the 2002 Scheme. No share options remains outstanding under the 2002 Scheme as at 30 September 2020.

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.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The written terms of reference of the Audit Committee include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's 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, 27 November 2020

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.