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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)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2017

The board (the “**Board**”) of directors (the “**Director(s)**”) of Sino Prosper (Group) Holdings Limited (the “**Company**”) is pleased to announce and to present the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2017 (the “**Reporting Period**”) together with the comparative figures for the previous year, which have been reviewed by the audit committee (the “**Audit Committee**”) of the Company, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	4	27,563	37,892
Cost of sales		<u>(615)</u>	<u>(4,787)</u>
Gross profit		26,948	33,105
Other income and gain	6	339	4,126
General and administrative expenses		(48,891)	(41,212)
Impairment loss of exploration and evaluation assets	12	(394,899)	–
Impairment loss of goodwill	13	(338,100)	(171,806)
Loss on early redemption of convertible bonds		(530)	–
Loss on early redemption of promissory notes		–	(3,025)
Finance costs	7	<u>(14,249)</u>	<u>(15,760)</u>
Loss before tax		(769,382)	(194,572)
Income tax expense	8	<u>(1,425)</u>	<u>(3,246)</u>
Loss for the year	9	<u>(770,807)</u>	<u>(197,818)</u>
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(73,572)</u>	<u>(71,632)</u>
Other comprehensive expense for the year, net of income tax		<u>(73,572)</u>	<u>(71,632)</u>
Total comprehensive expense for the year		<u>(844,379)</u>	<u>(269,450)</u>
Loss attributable to:			
Owners of the Company		(735,488)	(194,039)
Non-controlling interests		<u>(35,319)</u>	<u>(3,779)</u>
		<u>(770,807)</u>	<u>(197,818)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(805,733)	(262,694)
Non-controlling interests		<u>(38,646)</u>	<u>(6,756)</u>
		<u>(844,379)</u>	<u>(269,450)</u>
Loss per share	11		
Basic and diluted (HK cents per share)		<u>(56.80)</u>	<u>(17.77)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment		75,622	83,572
Other intangible assets		123,777	131,912
Exploration and evaluation assets	12	21,449	443,892
Goodwill	13	121,123	473,738
Other assets		205	–
		<u>342,176</u>	<u>1,133,114</u>
Current assets			
Inventories		7,193	5,806
Loans receivables	14	210,675	134,815
Trade and other receivables	15	3,729	4,776
Financial assets at fair value through profit or loss		42	–
Bank balances and cash			
– General accounts and cash		34,549	123,182
– Trust accounts		573	–
		<u>256,761</u>	<u>268,579</u>
Current liabilities			
Trade and other payables	16	18,644	16,563
Amounts due to non-controlling interests of subsidiaries		8,006	8,953
Amounts due to related parties		9,695	5,219
Tax payable		5,559	4,707
		<u>41,904</u>	<u>35,442</u>
Net current assets		<u>214,857</u>	<u>233,137</u>
Total assets less current liabilities		<u>557,033</u>	<u>1,366,251</u>
Non-current liabilities			
Convertible bonds		80,996	89,129
Provision for restoration costs		358	382
Deferred tax liabilities		35,924	42,745
		<u>117,278</u>	<u>132,256</u>
Net assets		<u>439,755</u>	<u>1,233,995</u>
Capital and reserves			
Share capital		13,977	11,311
Reserves		411,803	1,170,063
Equity attributable to owners of the Company		425,780	1,181,374
Non-controlling interests		13,975	52,621
Total equity		<u>439,755</u>	<u>1,233,995</u>

1. GENERAL INFORMATION

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 addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit A03, 11/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in investment in energy and natural resources (including precious metals) related projects in China, provision of loan financing and investment and management consultation services and provision of advising on securities and securities dealing and brokerage services.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early adopted any new and revised standards and amendments to HKFRSs that have been issued but are not yet effective.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue from sales of silver concentrates	–	198
Revenue from sales of bronze concentrates	–	101
Revenue from sales of gold	203	2,872
Interest income from loan financing activities	15,515	18,132
Consultancy services income	9,523	16,589
Commission from securities dealing and brokerage services	17	–
Financial advisory fee income	2,305	–
	<u>27,563</u>	<u>37,892</u>

5. SEGMENT INFORMATION

Information reported to the board of directors of the Company, 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 People's Republic of China (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**").

During the year ended 31 March 2017, the Group has introduced a new reportable segment, financial services as a result of the acquisition of SP Securities Limited.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Financial services		Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Revenue from external customers	2,322	–	203	3,171	25,038	34,721	27,563	37,892
Segment loss	(1,891)	–	(403,136)	(8,348)	(320,260)	(145,903)	(725,287)	(154,251)
Interest on bank deposits, other income and gain							339	4,126
Loss on early redemption of convertible bonds							(530)	–
Loss on early redemption of promissory notes							–	(3,025)
Finance costs							(14,249)	(15,760)
Central administration costs							(29,655)	(25,662)
Loss before tax							<u>(769,382)</u>	<u>(194,572)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: Nil).

Segment loss represents the loss incurred by each segment without allocation of interest on bank deposits, other income and gain, loss on early redemption of convertible bonds, loss on early redemption of promissory notes, 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.

Segment assets and liabilities

	Financial services		Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	26,419	–	313,902	758,230	240,298	618,858	580,619	1,377,088
Corporate and unallocated assets							18,318	24,605
Consolidated assets							<u>598,937</u>	<u>1,401,693</u>
Segment liabilities	1,306	–	50,274	48,825	3,833	3,327	55,413	52,152
Corporate and unallocated liabilities							103,769	115,546
Consolidated liabilities							<u>159,182</u>	<u>167,698</u>

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 convertible bonds and other unallocated head office and corporate liabilities.

Other segment information

	Financial services		Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Amounts included in the measure of segment profit or loss:</i>								
Depreciation	158	–	5,603	6,861	344	334	6,105	7,195
Unallocated depreciation							48	194
							<u>6,153</u>	<u>7,389</u>
Amortization of other intangible assets	–	–	430	826	30	32	460	858
Impairment loss of trade receivables	–	–	–	–	–	1,072	–	1,072
Impairment loss of exploration and evaluation assets	–	–	394,899	–	–	–	394,899	–
Impairment loss of goodwill	–	–	–	–	338,100	171,806	338,100	171,806
Additions to non-current assets*	1,637	–	2,532	16	162	31	4,331	47
Unallocated							13	–
Total additions to non-current assets							<u>4,344</u>	<u>47</u>

* Additions to non-current assets (excluding goodwill) consist of additions to property, plant and equipment and other intangible assets, including assets from the acquisition of subsidiary.

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong and the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	2,322	–	16,088	82
PRC	25,241	37,892	326,088	1,133,032
	<u>27,563</u>	<u>37,892</u>	<u>342,176</u>	<u>1,133,114</u>

Information about major customers

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A	9,261	10,933
Customer B	N/A ¹	4,583
	<u>9,261</u>	<u>15,516</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

For the year ended 31 March 2017, there was one (2016: two) customer with revenue which accounted for more than 10% of the total revenue related to Money lending segment.

6. OTHER INCOME AND GAIN

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest income on bank deposits	176	837
Unrealized gain on financial assets at fair value through profit or loss	2	–
Sundry income	161	3,289
	<u>339</u>	<u>4,126</u>

7. FINANCE COSTS

	2017 HK\$'000	2016 <i>HK\$'000</i>
Effective interest on convertible bonds	14,249	15,314
Effective interest on promissory notes	<u>–</u>	<u>446</u>
	<u>14,249</u>	<u>15,760</u>

No interest was capitalized during the year ended 31 March 2017 (2016: Nil).

8. INCOME TAX EXPENSE

Income tax recognized in profit or loss

	2017 HK\$'000	2016 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	3,730	4,928
Deferred tax	<u>(2,305)</u>	<u>(1,682)</u>
Total income tax expense recognized in profit or loss	<u>1,425</u>	<u>3,246</u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for both years.

Under the prevailing tax law in the PRC, PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years. 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 2.5% to 3.75% (2016: ranging from 2.5% to 3.75%) on revenue for the year ended 31 March 2017.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Directors' emoluments	12,892	7,792
Employee benefits expense (excluding directors' emoluments) (<i>Note (i)</i>)		
– Salaries and other benefits in kind	9,391	7,081
– Contributions to retirement benefits schemes	500	452
	<hr/>	<hr/>
Total staff costs	22,783	15,325
	<hr/>	<hr/>
Auditors' remuneration	1,670	1,460
Amortization of other intangible assets included in general and administrative expenses	460	858
Cost of inventories recognized as expense	615	4,612
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	6,153	7,389
Impairment loss of trade receivables included in general and administrative expenses	–	1,072
Loss on disposal of property, plant and equipment	315	–
Minimum lease payments paid under operating leases in respect of land and buildings	1,357	1,407
Net foreign exchange losses	8,520	7,388
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Notes:

- (i) Amounts excluded expenses capitalized in construction in progress of approximately HK\$303,000 for the year ended 31 March 2017 (2016: Nil). Employee benefits expense of approximately HK\$203,000 was capitalized in inventories for the year ended 31 March 2017 (2016: HK\$687,000).
- (ii) Depreciation of property, plant and equipment of approximately HK\$1,682,000 was capitalized in inventories for the year ended 31 March 2017 (2016: HK\$2,000,000).

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2017 (2016: Nil).

11. LOSS PER SHARE

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

	2017 HK\$'000	2016 <i>HK\$'000</i>
<u>Loss</u>		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(735,488)</u>	<u>(194,039)</u>
<u>Number of shares</u>		
	2017 '000	2016 <i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,294,949</u>	<u>1,091,686</u>

The computation of diluted loss per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option schemes and convertible bonds since their exercise would have an anti-dilutive effect.

12. EXPLORATION AND EVALUATION ASSETS

HK\$'000

Cost

Balance at 1 April 2015	1,179,601
Effect of foreign currency exchange differences	<u>(58,246)</u>

Balance at 31 March 2016	1,121,355
Effect of foreign currency exchange differences	<u>(69,581)</u>

Balance at 31 March 2017	<u>1,051,774</u>
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Accumulated impairment losses

Balance at 1 April 2015	712,652
Effect of foreign currency exchange differences	<u>(35,189)</u>

Balance at 31 March 2016	677,463
Impairment loss recognized	394,899
Effect of foreign currency exchange differences	<u>(42,037)</u>

Balance at 31 March 2017	<u>1,030,325</u>
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Carrying amounts

Balance at 31 March 2017	<u>21,449</u>
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Balance at 31 March 2016	<u>443,892</u>
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The exploration and evaluation assets include costs of exploration rights, geological, geochemical and geophysical costs, drilling and exploration and evaluation expenses directly attributable to exploration activities.

13. GOODWILL

HK\$'000

Cost

Balance at 1 April 2015	679,075
Effect of foreign currency exchange differences	<u>(33,531)</u>

Balance at 31 March 2016	645,544
Amount recognized on acquisition of subsidiary occurred during the year	14,880
Effect of foreign currency exchange differences	<u>(40,056)</u>

Balance at 31 March 2017 **620,368**

Accumulated impairment losses

Balance at 1 April 2015	–
Impairment loss recognized	<u>171,806</u>

Balance at 31 March 2016	171,806
Impairment loss recognized	338,100
Effect of foreign currency exchange differences	<u>(10,661)</u>

Balance at 31 March 2017 **499,245**

Carrying amounts

Balance at 31 March 2017 **121,123**

Balance at 31 March 2016 473,738

14. LOANS RECEIVABLES

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans receivables from Money lending operations	<u><u>210,675</u></u>	<u><u>134,815</u></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 charging on effective interest rate mutually agreed with the contracting parties, ranging from 6% to 12% (2016: ranging from 6% to 20%) 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:

	2017 HK\$'000	2016 <i>HK\$'000</i>
To be matured:		
Within 1 month	–	12,021
3 months or less but over 1 month	–	–
6 months or less but over 3 months	50,174	67,317
9 months or less but over 6 months	104,857	6,011
	<hr/>	<hr/>
Neither past due nor impaired	155,031	85,349
Matured:		
Less than 1 month	822	1,000
Less than 3 months but over 1 month	1,564	1,599
Less than 6 months but over 3 months	2,439	1,585
Less than 1 year but over 6 months	4,851	2,642
Over 1 year	45,968	42,640
	<hr/>	<hr/>
	210,675	134,815
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15. TRADE AND OTHER RECEIVABLES

	2017 HK\$'000	2016 <i>HK\$'000</i>
Trade receivables	2,552	1,553
Less: allowance for doubtful debts	(989)	(1,072)
	<hr/>	<hr/>
	1,563	481
Prepayments	523	457
Deposits	1,479	2,012
Other receivables	164	1,826
	<hr/>	<hr/>
	3,729	4,776
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables comprise of consultancy service income receivables in respect of the Money lending operations and financial advisory fee income receivable in respect of the Financial services operations.

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

	2017 HK\$'000	2016 <i>HK\$'000</i>
0 – 30 days	1,563	240
31 – 60 days	<u>–</u>	<u>241</u>
	<u>1,563</u>	<u>481</u>

Movement in the allowance for doubtful debts

	2017 HK\$'000	2016 <i>HK\$'000</i>
At beginning of reporting period	1,072	–
Impairment loss recognized on trade receivables	–	1,072
Effect of foreign currency exchange differences	<u>(83)</u>	<u>–</u>
At end of reporting period	<u>989</u>	<u>1,072</u>

16. TRADE AND OTHER PAYABLES

	2017 HK\$'000	2016 <i>HK\$'000</i>
Trade payables arising from Financial services (<i>Note (i)</i>)		
– Cash clients	536	–
– Clearing house	34	–
Trade payables (<i>Note (ii)</i>)	217	108
Accrued expenses and other payables	7,181	6,257
Deposits received	156	1
Payables for acquisition of property, plant and equipment and exploration of mines	638	699
PRC business tax and other levies payable	<u>9,882</u>	<u>9,498</u>
	<u>18,644</u>	<u>16,563</u>

Notes:

- (i) The settlement terms of trade payables arising from the provision of securities dealing and brokerage business are two days after trade date.

Trade payables to cash clients are repayable on demand. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value.

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

	2017	2016
	HK\$'000	HK\$'000
91 – 180 days	12	6
Over 180 days	205	102
	<u>217</u>	<u>108</u>
	<u>217</u>	<u>108</u>

17. ACQUISITION OF SUBSIDIARY AND BUSINESS COMBINATION

SP Securities Limited (formerly known as China Silver Securities Limited)

On 26 August 2016, SP Financial Group Holdings Limited (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with China Silver Financial Group Limited (the “**Vendor**”) pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of SP Securities Limited, a company incorporated in Hong Kong with limited liability and licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance, in an aggregated consideration of HK\$23,000,000. The acquisition was completed on 22 December 2016.

Assets acquired and liabilities recognized at the date of acquisition are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	883
Other intangible assets	500
Other assets	205
Prepayments and deposits	705
Financial assets at fair value through profit or loss	40
Bank balance and cash	
– General accounts and cash	6,548
– Trust accounts	1,495
Trade and other payables	<u>(2,256)</u>
Total identifiable net assets	8,120
Goodwill	<u>14,880</u>
Consideration transferred	<u><u>23,000</u></u>

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

The following sets out the major developments of the Group during the Reporting Period.

Current Operations

Aohan Qi Mine, Inner Mongolia

Aohan Qi Mine is undergoing a period of small-scale operation and routine maintenance, due to the sluggish domestic economy, rising production cost and capital shortage.

Zhongyi Weiye Heilongjiang Mines (“Zhongyi Weiye”), Heilongjiang Province, the People’s Republic of China (the “PRC”)

The exploration rights of the two mines, namely Paoshouying Mine and Dumuhe Mine, expired on 16 April 2015 and the renewal has not yet been approved by the Ministry of Land and Resources of the PRC (the “MLR”). The Group has recognized impairment loss of approximately HK\$394,899,000, please refer to the section headed “Reason for impairment losses” for more details.

Micro-Financing Business in Jilin City, PRC

In light of the continuously increasing downward pressure of Jilin’s macro economy, the prominent structural contradiction, the slowing real economy growth of the city, and the declining production and operation, the Company will adopt a more prudent lending principle to strengthen the control on loan risks.

SP Securities Limited (formerly known as China Silver Securities Limited) (“SP Securities”)

SP Securities is a licensed corporation under the regulation of Securities and Futures Commission for carrying on “Dealing in Securities” and “Advising on Securities” regulated activities. SP Securities also obtained the Asset Management licence in the first quarter of 2017 (i.e. holder of Type 1, 4 & 9 licences) and mainly offers wealth management services to high net worth clients and professional investors, including estate planning, entrepreneurial investments, real estate, tax and insurance advice. SP Securities is the Exchange Participant and Direct Clearing Participant with the Hong Kong Exchanges and Clearing Limited.

Legal Proceedings

Reference are made to the announcements of the Company dated 19 December 2014 and 27 January 2017, in relation to the legal proceedings initiated by the Group against certain state-owned enterprises due to the defaults in payment by such enterprises.

In June 2014, the Group, through its micro-financing operation in Jilin, the PRC, granted eight micro-finance loans (the “Loans”) of RMB5 million each to eight state-owned enterprises (the “Customers”). The Loans matured in September 2014 but the Customers failed to make repayments to the Group on time. The Group has initiated legal proceedings at Jilin City Intermediate People’s Court (吉林市中級人民法院) (the “Court”) in the PRC against certain state-owned enterprises due to the defaults in payment by such enterprises.

The Group received notices from the Court dated 17 December 2014 and 18 December 2014 respectively which accepted the Group's legal actions for further processing in respect of the Customers and their respective guarantors. On 21 April 2015, the Court issued a civil judgement in relation to the legal proceedings proposed by the Group against certain state-owned enterprises due to their defaults in payment. It was judged that the abovementioned state-owned enterprises shall pay the outstanding principal and interest due to Jilin Ruixin Microfinance Co., Ltd ("**Ruixin Microfinance**"), a wholly-owned subsidiary of the Company, together with overdue interest accrued up to the date of payment, within 10 days of the effective date of the judgement. The civil judgement ruled that respective guarantors of the Customers bear joint liability for the Customers' debts owed to Ruixin Microfinance.

During the litigation process, on 29 December 2014, the Court issued another civil judgement and ruled that an aggregate amount of RMB5 million in the bank account of one of the Customers shall be frozen for a six-month period. As the Customers failed to perform the obligations specified under the civil judgement dated 29 December 2014, Ruixin Microfinance made a petition to the Court on 29 June 2015 and that the Court further ruled that an aggregate amount of RMB20 million in the bank account of such Customer shall be frozen for a one-year period until 29 June 2016. As both parties reached a settlement agreement, the Court issued an enforcement ruling on 25 January 2016 to unfreeze the abovementioned amounts in the bank account of the customer. Subsequently, such Customer failed to perform its obligations specified under the civil judgement again and the Court issued another civil judgement on 30 June 2016 and ruled that an aggregate amount of RMB40 million in the bank account to be frozen for a one-year period until 29 June 2017. The Customer then initiated the objection of jurisdiction against the Court to request the cancellation of the freezing of assets in its bank account according to the judgement dated 30 June 2016, which was then dismissed by the Court on 23 December 2016, while the judgement dated 30 June 2016 remained effective.

Outlook

In addition to constantly reviewing its existing businesses, the Company will make appropriate adjustments according to market changes (including further increase or decrease relevant investments). Meanwhile, the Company will keep pace with the trends by proactively seeking opportunities to invest in the innovative financial technology as part of its efforts to bring greater return for shareholders, taking into account the state's plan on developing the Greater Bay Area and responding to the government's initiatives to encourage the expansion and development of innovative financial technology.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded total turnover of approximately HK\$27,563,000 (year ended 31 March 2016 ("**FY2016**"): HK\$37,892,000) which mainly comprises a turnover of (i) approximately HK\$203,000 from the sales of gold (FY2016: HK\$2,872,000); (ii) Nil from the sales of silver concentrates (FY2016: HK\$198,000); (iii) Nil from the sales of bronze concentrates (FY2016: HK\$101,000); (iv) approximately HK\$15,515,000 representing interest income from loan financing activities (FY2016: HK\$18,132,000); (v) approximately HK\$9,523,000 representing consultancy services income (FY2016: HK\$16,589,000); and (vi) approximately HK\$2,305,000 financial advisory fee income (FY2016: Nil). The Group's total turnover decreased by approximately 27.3% as compared to last financial year. Such decrease was mainly attributable to the decrease in the consultancy service income as a result of the decline in the micro-financing business of the Group during the Reporting Period.

During the Reporting Period, the Group's loss was approximately HK\$770,807,000 (FY2016: approximately HK\$197,818,000). The increase in the Group's net loss was mainly due to (i) the impairment loss of the Group's exploration and evaluation assets of approximately HK\$395 million; and (ii) the impairment loss of goodwill with respect to the Group's loan financing activities of approximately HK\$338 million.

As at 31 March 2017, the Group's total assets was approximately HK\$598,937,000 (as at 31 March 2016: approximately HK\$1,401,693,000), and the total liabilities was approximately HK\$159,182,000 (as at 31 March 2016: approximately HK\$167,698,000). The Group's net asset value as at 31 March 2017 decreased by 64.4% to approximately HK\$439,755,000 as compared to approximately HK\$1,233,995,000 as at 31 March 2016.

Reason for impairment losses

The Group has recognized impairment losses of approximately HK\$732,999,000, comprised of (i) impairment loss of approximately HK\$394,899,000 in respect of the exploration and evaluation assets of Paoshouying Mine and Dumuhe Mine; and (ii) the impairment loss of approximately HK\$338,100,000 in respect of the goodwill associated with the loan financing activities.

Heilongjiang mines exploration

Zhongyi Weiye holds exploration permits of Paoshouying Mine and Dumuhe Mine which expired in April 2015. During the year ended 31 March 2016, Zhongyi Weiye has submitted applications to the MLR for the renewals of such permits under applicable PRC national policies. According to applicable rules and regulations of the PRC, if the renewals of permits are approved and granted by relevant authorities, the exploration permits of Paoshouying Mine and Dumuhe Mine could be extended for a term of two years. However, up to the date of this announcement, the relevant authorities have not yet given consent to Zhongyi Weiye for the renewals of the exploration permits. Taken into account of the legal opinion obtained from the PRC legal counsel regarding the probability and likelihood of the Group's entitlement to renew its exploration permits of Paoshouying Mine and Dumuhe Mine, the Directors are of the opinion that the exploration and evaluation assets relating to Paoshouying Mine and Dumuhe Mine are to be fully impaired.

Loan financing activities

The micro financing industry was booming in the PRC before year 2014. Nevertheless, the micro-financing industry slowed down in recent years in Jilin Province, the PRC. Demand for micro-financing in the Reporting Period continued to decline when compared to previous years, which in turn lead to decline in interest rate and consultancy fee rate. The decline in value in use of the loan financing activities' cash-generating unit was mainly attributable by the decline in interest rate and consultancy fee rate, from 10% to 8% and 17% to 9% respectively during the year. The interest rate and consultancy fee rate adopted in the value in use calculation have been made based on the actual rate charged to customers by the loan financing business in the PRC. Such decline in rates were due to the declining demand for financing in Jilin Province, the PRC.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2017, the Group had bank balances and cash of approximately HK\$34,549,000 (as at 31 March 2016: approximately HK\$123,182,000). As at 31 March 2017, the Group had carrying amounts of HK\$80,996,000 for convertible bonds (as at 31 March 2016: approximately HK\$89,129,000). Its gearing ratio calculated as a ratio of net debt (representing borrowings less bank balances and cash) to total equity was 10.56% (as at 31 March 2016: zero). As at 31 March 2017, net current assets of the Group totaled approximately HK\$214,857,000 (as at 31 March 2016: approximately HK\$233,137,000) and the current ratio was maintained at a level of approximately 6.1 (as at 31 March 2016: approximately 7.6).

On 9 August 2016, the Company successfully placed 196,430,000 existing ordinary shares of HK\$0.01 each of the Company (the “Share(s)”) to not less than six placees who are independent third parties, at a placing price of HK\$0.168 per Share, and subsequently on 16 August 2016, the Company allotted and issued 196,430,000 Shares to Mr. Leung Ngai Man at a subscription price of HK\$0.168 per Share. The closing market price of the Share on 3 August 2016 was HK\$0.195. The net proceeds from the top-up placing were approximately HK\$31.6 million. The placing represents an opportunity for the Company to raise capital while broadening its shareholder base as well as its capital base. The net price per share was approximately HK\$0.161. As at 31 March 2017, the net proceeds from such funding raising activity were used (i) for acquisition of SP Securities of HK\$23 million, (ii) for early redemption of convertible bonds of HK\$6 million and (iii) for general working capital (including salaries and office expenses) of approximately HK\$2.6 million.

On 30 August 2016, 70,202,702 ordinary shares were issued upon conversion of an aggregate principal amount of HK\$25,975,000 of the convertible bonds due on the 5th anniversary of 11 October 2013 at a conversion price of HK\$0.37 per share.

TREASURY POLICIES

As at 31 March 2017, the Group had bank balances and cash of approximately HK\$34,549,000 (as at 31 March 2016: HK\$123,182,000). The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 31 March 2017, the Group had loans receivables of approximately HK\$210,675,000 (as at 31 March 2016: HK\$134,815,000).

CONTINGENT LIABILITIES

As at 31 March 2017 and 2016, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2017 and 2016, the Group had no significant capital commitments.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency exchange rates is minimal as the Group usually holds 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 cost 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 management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group employed 55 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 grant of share options under the Company's share options scheme.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "AGM") is scheduled to be held on Thursday, 28 September 2017. For the purpose of determining the identity of the shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 22 September 2017 to Thursday, 28 September 2017, both days inclusive, during which period no transfer of shares will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 21 September 2017.

DIVIDEND

The Directors resolved not to recommend the payment of any dividend in respect of the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MATERIAL ACQUISITIONS OR DISPOSALS

Acquisition of SP Securities

On 26 August 2016, SP Financial Group Holdings Limited (“**SP Financial**”), an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the “**Agreement**”) with China Silver Financial Group Limited (“**China Silver Financial**”), pursuant to which SP Financial conditionally agreed to acquire and China Silver Financial conditionally agreed to sell the entire issued share capital of SP Securities at an aggregated consideration of HK\$23,000,000.

As at the date of the Agreement, SP Securities holds licenses to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”) and is also an Exchange Participant and a HKSCC Participant. SP Securities was subsequently granted the license to carry out type 9 (asset management) regulated activities under the SFO with effect from 31 March 2017. It is principally engaged in the business of securities dealings and advising on securities.

The completion of the Agreement took place on 22 December 2016 in accordance with the terms and conditions of the Agreement. Upon completion, SP Securities has become an indirect wholly-owned subsidiary of the Company and the financial results of SP Securities has been since then consolidated into the Group’s consolidated financial statement.

Please refer to the Company’s announcement dated 26 August 2016 for more details.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries or associates during the Reporting Period.

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

CORPORATE GOVERNANCE & PRACTICES

The Board is committed to maintaining high standard of corporate governance within the Group at all times and believes that good corporate governance helps the Group to safeguard the interests of the shareholders and improve its performance.

In essence, the Board supports the principles-based approach of the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and periodically reviews the corporate governance practices of the Group to meet rising expectations of the shareholders and comply with the increasingly stringent regulatory requirements. The Board is of the opinion that the Group has applied and adopted the principles and strives to implement the best practices embodied in the Code where feasible and as far as practicable. Throughout the Reporting Period, the Group complied with the code provisions of the Code, except for the deviations set out below.

Code Provision A.2.1

Pursuant to the Code Provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has not appointed a chief executive and the role and functions of chief executive have been performed by all the 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 and re-election at the next following general meeting of the Company after her appointment and thereafter 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 of the Reporting Period have confirmed that they have complied with the required standard set out in the Model Code throughout the Reporting Period.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the Reporting Period is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.sinoprospers.com. An annual report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

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

Hong Kong, 29 June 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Leung Ngai Man and Ms. Wong Li Fong, and the independent non-executive Directors of the Company are Ms. Xuan Hong, Mr. Cai Wei Lun and Mr. Zhang Qingkui.