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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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 2017 (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 Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended	
		30 September	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	14,600	11,937
Cost of sales		<u>(402)</u>	<u>(384)</u>
Gross profit		14,198	11,553
Other income and gains	5	5,107	150
General and administrative expenses		(16,168)	(23,140)
Loss on early redemption of convertible bonds		–	(530)
Finance costs	6	<u>(7,514)</u>	<u>(7,943)</u>
Loss before tax		(4,377)	(19,910)
Income tax expense	7	<u>(1,314)</u>	<u>(396)</u>
Loss for the period	8	<u>(5,691)</u>	<u>(20,306)</u>
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>15,163</u>	<u>(38,886)</u>
Other comprehensive income/(expense) for the period, net of income tax		<u>15,163</u>	<u>(38,886)</u>
Total comprehensive income/(expense) for the period		<u>9,472</u>	<u>(59,192)</u>
Loss attributable to:			
Owners of the Company		(4,553)	(18,925)
Non-controlling interests		<u>(1,138)</u>	<u>(1,381)</u>
		<u>(5,691)</u>	<u>(20,306)</u>
Total comprehensive income/(expense) attributable to:			
Owners of the Company		9,974	(56,024)
Non-controlling interests		<u>(502)</u>	<u>(3,168)</u>
		<u>9,472</u>	<u>(59,192)</u>
Loss per share	10		
Basic and diluted (HK cents per share)		<u>(0.33)</u>	<u>(1.59)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2017 (Unaudited) <i>HK\$'000</i>	At 31 March 2017 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		78,230	75,622
Other intangible assets		128,476	123,777
Exploration and evaluation assets		22,315	21,449
Goodwill		125,414	121,123
Other assets		205	205
		354,640	342,176
Current assets			
Inventories		7,875	7,193
Loans receivables	11	225,418	210,675
Trade and other receivables	12	3,336	3,729
Financial assets at fair value through profit or loss		48	42
Bank balances and cash			
– General accounts and cash		26,508	34,549
– Trust accounts		643	573
		263,828	256,761
Current liabilities			
Trade and other payables	13	18,287	18,644
Amounts due to non-controlling interests of subsidiaries		8,329	8,006
Amounts due to related parties		11,265	9,695
Tax payable		6,564	5,559
		44,445	41,904
Net current assets		219,383	214,857
Total assets less current liabilities		574,023	557,033
Non-current liabilities			
Convertible bonds		88,510	80,996
Provision for restoration costs		372	358
Deferred tax liabilities		35,914	35,924
		124,796	117,278
Net assets		449,227	439,755
Capital and reserves			
Share capital		13,977	13,977
Reserves		421,777	411,803
Equity attributable to owners of the Company		435,754	425,780
Non-controlling interests		13,473	13,975
Total equity		449,227	439,755

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017 except for the adoption of the new and revised HKFRSs (which include individual HKFRSs and HKASs) as described in note 2 below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the Reporting Period, the Group has applied the following amendments issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2017:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealized Losses</i>

The Directors anticipate that the application of the amendments has had no material impact on the Group’s financial performance and positions for the current and prior periods.

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

3. REVENUE

An analysis of the Group’s revenue for the Reporting Period and the six months ended 30 September 2016 is as follows:

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Interest income from loan financing activities	8,719	7,502
Consultancy services income	5,589	4,435
Commission from securities dealing and brokerage services	21	–
Financial advisory fee income	271	–
	<u>14,600</u>	<u>11,937</u>

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 People’s Republic of China (“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**”).

The following tables present revenue and results for the Reporting Period and the six months ended 30 September 2016 and total assets and total liabilities as at 30 September 2017 and 31 March 2017 for the Group’s operating segments.

	Financial services <i>HK\$’000</i>	Investment in energy and natural resources (including precious metals) related projects <i>HK\$’000</i>	Money lending <i>HK\$’000</i>	Total <i>HK\$’000</i>
Six months ended 30 September 2017 (Unaudited)				
Segment revenue	<u>292</u>	<u>–</u>	<u>14,308</u>	<u>14,600</u>
Segment (loss)/profit	<u>(2,874)</u>	<u>(1,559)</u>	<u>11,340</u>	<u>6,907</u>
Interest on bank deposits, other income and gains				5,107
Finance costs				(7,514)
Central administration costs				<u>(8,877)</u>
Loss before tax				<u>(4,377)</u>
Six months ended 30 September 2016 (Unaudited)				
Segment revenue	<u>–</u>	<u>–</u>	<u>11,937</u>	<u>11,937</u>
Segment (loss)/profit	<u>–</u>	<u>(2,577)</u>	<u>8,113</u>	<u>5,536</u>
Interest on bank deposits and other income				150
Loss on early redemption of convertible bonds				(530)
Finance costs				(7,943)
Central administration costs				<u>(17,123)</u>
Loss before tax				<u>(19,910)</u>

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 2016: Nil).

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

	Financial services <i>HK\$'000</i>	Investment in energy and natural resources (including precious metals) related projects <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 September 2017 (Unaudited)				
Segment assets	23,288	326,379	260,041	609,708
Corporate and unallocated assets				8,760
Consolidated assets				<u>618,468</u>
Segment liabilities	1,030	53,532	4,954	59,516
Corporate and unallocated liabilities				109,725
Consolidated liabilities				<u>169,241</u>
As at 31 March 2017 (Audited)				
Segment assets	26,419	313,902	240,298	580,619
Corporate and unallocated assets				18,318
Consolidated assets				<u>598,937</u>
Segment liabilities	1,306	50,274	3,833	55,413
Corporate and unallocated liabilities				103,769
Consolidated liabilities				<u>159,182</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.

5. OTHER INCOME AND GAINS

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposits	16	97
Unrealized gain on financial assets at fair value through profit or loss	6	–
Net foreign exchange gain	5,019	–
Sundry income	66	53
	<u>5,107</u>	<u>150</u>

6. FINANCE COSTS

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Effective interest on convertible bonds	<u>7,514</u>	<u>7,943</u>

7. INCOME TAX EXPENSE

Income tax recognized in profit or loss

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
PRC Enterprise Income Tax	2,190	1,704
Deferred tax	<u>(876)</u>	<u>(1,308)</u>
Total income tax expense recognized in profit or loss	<u>1,314</u>	<u>396</u>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2016: 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 2016. 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% (six months ended 30 September 2016: ranging from 2.5% to 3.75%) on revenue for the Reporting Period.

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss for the period has been arrived at after charging:		
Directors' emoluments	3,711	8,698
Employee benefits expense (excluding directors' emoluments) (<i>Note (i)</i>)		
– Salaries and other benefits in kind	4,675	3,847
– Contributions to retirement benefits schemes	202	131
	<u>8,588</u>	<u>12,676</u>
Total staff costs		
Auditors' remuneration	835	730
Amortization of other intangible assets included in general and administrative expenses	275	656
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	1,046	1,075
Loss on disposal of property, plant and equipment	11	–
Minimum lease payments paid under operating leases in respect of land and buildings	926	679
Net foreign exchange loss	–	4,515
	<u>–</u>	<u>4,515</u>

Notes:

- (i) Amount excluded expenses capitalized in construction in progress of approximately HK\$791,000 for the six months ended 30 September 2016. Employee benefits expense of approximately HK\$170,000 were capitalized in inventories for the Reporting Period (six months ended 30 September 2016: HK\$190,000).
- (ii) Depreciation of property, plant and equipment of approximately HK\$182,000 was capitalized in inventories for the Reporting Period (six months ended 30 September 2016: HK\$706,000).

9. INTERIM DIVIDEND

The Directors resolved not to declare the payment of any interim dividend for the Reporting Period (six months ended 30 September 2016: Nil).

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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Loss</u>		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(4,553)</u>	<u>(18,925)</u>

Number of shares

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,397,720</u>	<u>1,192,739</u>

The computation of diluted loss per share for the Reporting Period and the six months ended 30 September 2016 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.

11. LOANS RECEIVABLES

	At	At
	30 September	31 March
	2017	2017
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Loans receivables from Money lending operations	<u>225,418</u>	<u>210,675</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% per annum (31 March 2017: 6% to 12% 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 2017 (Unaudited) <i>HK\$'000</i>	At 31 March 2017 (Audited) <i>HK\$'000</i>
To be matured:		
Within 1 month	14,663	–
3 months or less but over 1 month	139,005	–
6 months or less but over 3 months	8,211	50,174
9 months or less but over 6 months	–	104,857
Over 9 months	<u>3,402</u>	<u>–</u>
Neither past due nor impaired	165,281	155,031
Matured:		
Less than 1 month	522	822
Less than 3 months but over 1 month	1,080	1,564
Less than 6 months but over 3 months	1,585	2,439
Less than 1 year but over 6 months	3,170	4,851
Over 1 year	<u>53,780</u>	<u>45,968</u>
	<u>225,418</u>	<u>210,675</u>

Loans receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default. The Directors are of the opinion that no provision for impairment is necessary in respect of these loans receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Directors are of the opinion that no provision for impairment is necessary in respect of the loans receivables which are past due as the loans receivables are still considered recoverable. Please refer to the paragraph “Legal Proceedings” in Operational Review in this announcement for details of litigation on loans receivables.

As at 30 September 2017, loans receivables with an aggregate carrying amount of HK\$201,957,000 (31 March 2017: HK\$188,689,000) were guaranteed by corporate guarantees provided by guarantors. The loans receivables bear interest and are repayable with fixed terms agreed with the Group’s customers.

12. TRADE AND OTHER RECEIVABLES

	At 30 September 2017 (Unaudited) HK\$'000	At 31 March 2017 (Audited) HK\$'000
Trade receivables arising from Financial services (<i>Note (i)</i>)		
– Cash clients	377	–
Trade receivables (<i>Note (ii)</i>)	1,029	2,552
Less: allowance for doubtful debts	<u>(1,029)</u>	<u>(989)</u>
	377	1,563
Prepayments	735	523
Deposits	2,143	1,479
Other receivables	<u>81</u>	<u>164</u>
	<u>3,336</u>	<u>3,729</u>

Notes:

- (i) The settlement terms of trade receivables arising from the provision of securities dealing and brokerage business are two days after trade date. The trade receivables from cash clients with a carrying amount of approximately HK\$377,000 (31 March 2017: Nil) are neither past due nor impaired at the end of the Reporting Period.
- (ii) 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 credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. No interest is charged on overdue trade receivables. The management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

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

	At 30 September 2017 (Unaudited) <i>HK\$'000</i>	At 31 March 2017 (Audited) <i>HK\$'000</i>
0 – 30 days	<u><u>–</u></u>	<u><u>1,563</u></u>

Movements in the allowance for doubtful debts:

	At 30 September 2017 (Unaudited) <i>HK\$'000</i>	At 31 March 2017 (Audited) <i>HK\$'000</i>
At beginning of the period/year	989	1,072
Impairment loss recognized on trade receivables	–	–
Effect of foreign currency exchange differences	<u>40</u>	<u>(83)</u>
At end of the period/year	<u><u>1,029</u></u>	<u><u>989</u></u>

13. TRADE AND OTHER PAYABLES

	At 30 September 2017 (Unaudited) <i>HK\$'000</i>	At 31 March 2017 (Audited) <i>HK\$'000</i>
Trade payables arising from Financial services (<i>Note (i)</i>)		
– Cash clients	661	536
– Clearing house	358	34
Trade payables (<i>Note (ii)</i>)	289	217
Accrued expenses and other payables	6,203	7,181
Deposits received	136	156
Payables for acquisition of property, plant and equipment and exploration of mines	664	638
PRC business tax and other levies payable	9,976	9,882
	<u>18,287</u>	<u>18,644</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, 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:

	At 30 September 2017 (Unaudited) <i>HK\$'000</i>	At 31 March 2017 (Audited) <i>HK\$'000</i>
91 – 180 days	63	12
Over 180 days	226	205
	<u>289</u>	<u>217</u>

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

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, capital shortage and the stringent regulation on safety production of mining enterprises by the local administrative department.

Micro-Financing Business in Jilin City, PRC

In light of the increasing downward pressure of Jilin's macro economy, complicated with an acute structural imbalance, decelerated development of the real economy and no recovery signs for the production and operation across the city, the Company will adopt a more prudent lending principle to strengthen the control on loan risks.

SP 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 (i.e. holder of Type 1 & 4 licences) . SP Securities also obtained the Asset Management licence in the first quarter of 2017 (i.e. holder of Type 9 licence). 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 Customer 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.

On 22 June 2017, the Court issued a Notice for Assistance in Freezing Deposit to freeze an aggregate amount of RMB55 million in the bank account of such Customer for a one-year period until 21 June 2018.

Outlook

While pursuing continued growth in its business, the Group will from time to time review the business of its project companies and make appropriate adjustments to ensure that the Group can cope with the external challenges arising from unstable economic prospects.

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.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total turnover of approximately HK\$14,600,000 (six months ended 30 September 2016: approximately HK\$11,937,000) which mainly comprised a turnover of (i) approximately HK\$8,719,000 from interest income from loan financing activities (six months ended 30 September 2016: approximately HK\$7,502,000), (ii) approximately HK\$5,589,000 from consultancy services income (six months ended 30 September 2016: approximately HK\$4,435,000); (iii) approximately HK\$271,000 representing financial advisory fee income (six months ended 30 September 2016: Nil); and (iv) approximately HK\$21,000 representing commission from securities dealing and brokerage services (six months ended 30 September 2016: Nil). The total turnover of the Group increased by approximately 22.30% as compared to the last corresponding period. Such increase was mainly attributable to the increase of interest income from loan financing activities, consultancy services income and financial advisory fee income.

As at 30 September 2017, the Group recorded total assets of approximately HK\$618,468,000 (as at 31 March 2017: approximately HK\$598,937,000), and recorded total liabilities of approximately HK\$169,241,000 (as at 31 March 2017: approximately HK\$159,182,000). The Group's net asset value as at 30 September 2017 increased by 2.2% to approximately HK\$449,227,000 as compared to approximately HK\$439,755,000 as at 31 March 2017.

LIQUIDITY AND FINANCIAL RESOURCE

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

As at 30 September 2017, the Group had bank balances and cash of approximately HK\$26,508,000 (as at 31 March 2017: approximately HK\$34,549,000). As at 30 September 2017, the Group had carrying amount of HK\$88,510,000 for convertible bonds (as at 31 March 2017: approximately HK\$80,996,000). Its gearing ratio calculated as a ratio of net debt to total equity was 13.8% (as at 31 March 2017: 10.56%). As at 30 September 2017, net current assets of the Group totaled approximately HK\$219,383,000 (as at 31 March 2017: approximately HK\$214,857,000) and the current ratio was maintained at a level of approximately 5.9 (as at 31 March 2017: approximately 6.1).

TREASURY POLICIES

As at 30 September 2017, the Group had cash and bank balances of approximately HK\$26,508,000 (as at 31 March 2017: approximately HK\$34,549,000). The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 30 September 2017, the Group had loans receivables of approximately HK\$225,418,000 (as at 31 March 2017: approximately HK\$210,675,000).

CONTINGENT LIABILITIES

As at 31 March 2017 and 30 September 2017, the Group had no significant contingent liabilities.

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 costs of sales are denominated in the operating unit's functional currency. Accordingly, the Directors consider that the Group is not exposed to significant foreign currency risk.

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

MATERIAL ACQUISITIONS OR DISPOSALS

Possible Disposal of Aohanqi Xinrui En Industry Co., Ltd.

On 1 September 2017, the Group entered into a letter of intent (the “**Letter of Intent**”) with a potential investor (the “**Potential Investor**”) in relation to the proposed disposal of part/all of the interest in Aohanqi Xinrui En Industry Co., Ltd. (the “**Target Company**”) held by the Company to the Potential Investor (the “**Possible Disposal**”). Pursuant to the Letter of Intent, the total consideration and the payment method of the Possible Disposal are subject to further negotiation between the parties after the completion of the updated reserve report of the Dongduimianguou gold mine (the “**Mine**”).

The Target Company is a company incorporated in the PRC and is principally engaged in exploration and mining of gold. The current business scope includes gold mine exploitation, selection of gold and sale of mineral products, which are permitted by the State Affairs of the PRC. The principal asset of the Target Company is the mining right permit of the Mine with validity up to 6 May 2018.

The Company indirectly holds 70% of the entire equity interest of the Target Company.

The Group and the Potential Investor will procure to enter into the formal legal binding agreement in relation to the Possible Disposal on or before 1 September 2018.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group employed 46 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 granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

CORPORATE GOVERNANCE & PRACTICES

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent Board, sound internal controls and accountability to all shareholders of the Company 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 of Hong Kong Limited (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 in this announcement, 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 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.

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.

AUDIT COMMITTEE

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

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

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim 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 <http://www.sinoprospers.com>. An interim 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, 21 November 2017

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