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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 2018

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 2018 (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 2018*

	<i>Notes</i>	2018 HK\$'000	2017 HK\$'000
Revenue	4	30,781	27,563
Cost of sales		<u>(807)</u>	<u>(615)</u>
Gross profit		29,974	26,948
Other income and gains	6	13,715	339
General and administrative expenses		(33,418)	(48,891)
Impairment loss of exploration and evaluation assets		–	(394,899)
Impairment loss of goodwill		(20,330)	(338,100)
Loss on early redemption of convertible bonds		(261)	(530)
Finance cost	7	<u>(14,760)</u>	<u>(14,249)</u>
Loss before tax		(25,080)	(769,382)
Income tax expense	8	<u>(2,843)</u>	<u>(1,425)</u>
Loss for the year	9	<u>(27,923)</u>	<u>(770,807)</u>
Other comprehensive income/(expense) <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>40,393</u>	<u>(73,572)</u>
Other comprehensive income/(expense) for the year, net of income tax		<u>40,393</u>	<u>(73,572)</u>
Total comprehensive income/(expense) for the year		<u>12,470</u>	<u>(844,379)</u>
Loss attributable to:			
Owners of the Company		(25,491)	(735,488)
Non-controlling interests		<u>(2,432)</u>	<u>(35,319)</u>
		<u>(27,923)</u>	<u>(770,807)</u>
Total comprehensive income/(expense) attributable to:			
Owners of the Company		13,289	(805,733)
Non-controlling interests		<u>(819)</u>	<u>(38,646)</u>
		<u>12,470</u>	<u>(844,379)</u>
Loss per share	11		
Basic and diluted (HK cents per share)		<u>(1.78)</u>	<u>(56.80)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	<i>Notes</i>	2018 HK\$'000	2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		81,566	75,622
Other intangible assets		136,764	123,777
Exploration and evaluation assets		23,764	21,449
Goodwill		112,257	121,123
Other assets		205	205
		354,556	342,176
Current assets			
Inventories		8,059	7,193
Loans receivables	<i>12</i>	244,522	210,675
Trade and other receivables	<i>13</i>	4,050	3,729
Financial assets at fair value through profit or loss		49	42
Bank balances and cash			
– General accounts and cash		32,303	34,549
– Trust accounts		825	573
		289,808	256,761
Current liabilities			
Trade and other payables	<i>14</i>	19,436	18,644
Convertible bonds		89,034	–
Amounts due to non-controlling interest of subsidiaries		8,893	8,006
Amounts due to related parties		12,712	9,695
Tax payable		7,679	5,559
		137,754	41,904
Net current assets		152,054	214,857
Total assets less current liabilities		506,610	557,033
Non-current liabilities			
Convertible bonds		–	80,996
Provision for restoration costs		397	358
Deferred tax liabilities		37,031	35,924
		37,428	117,278
Net assets		469,182	439,755
Capital and reserves			
Share capital		15,438	13,977
Reserves		440,588	411,803
Equity attributable to owners of the Company		456,026	425,780
Non-controlling interests		13,156	13,975
Total equity		469,182	439,755

Notes:

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 802, 8/F., Tower Two, Lippo Centre, No.89 Queensway, 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, 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**”)**

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue from sales of gold	120	203
Interest income from loan financing activities	17,771	15,515
Consultancy services income	12,586	9,523
Commission from securities dealing and brokerage services	33	17
Financial advisory fee income	271	2,305
	30,781	27,563

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	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Revenue from external customers	<u>304</u>	<u>2,322</u>	<u>120</u>	<u>203</u>	<u>30,357</u>	<u>25,038</u>	<u>30,781</u>	<u>27,563</u>
Segment (loss)/profit	(19,728)	(1,891)	(3,787)	(403,136)	18,589	(320,260)	(4,926)	(725,287)
Interest on bank deposits, other income and gains							13,715	339
Loss on early redemption of convertible bonds							(261)	(530)
Finance cost							(14,760)	(14,249)
Central administration costs							<u>(18,848)</u>	<u>(29,655)</u>
Loss before tax							<u>(25,080)</u>	<u>(769,382)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: 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 cost 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	9,538	26,419	345,200	313,902	273,721	240,298	628,459	580,619
Corporate and unallocated assets							<u>15,905</u>	<u>18,318</u>
Consolidated assets							<u>644,364</u>	<u>598,937</u>
Segment liabilities	1,224	1,306	54,181	50,274	5,939	3,833	61,344	55,413
Corporate and unallocated liabilities							<u>113,838</u>	<u>103,769</u>
Consolidated liabilities							<u>175,182</u>	<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.

Other segment information

	Financial services		Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	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	153	158	2,139	5,603	282	344	2,574	6,105
Unallocated depreciation							229	48
							<u>2,803</u>	<u>6,153</u>
Amortization of other intangible assets	-	-	268	430	31	30	299	460
Impairment loss of exploration and evaluation assets	-	-	-	394,899	-	-	-	394,899
Impairment loss of goodwill	14,880	-	-	-	5,450	338,100	20,330	338,100
Additions to non-current assets*	24	1,637	282	2,532	9	162	315	4,331
Unallocated							457	13
Total additions to non-current assets							<u>772</u>	<u>4,344</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	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	304	2,322	1,309	16,088
PRC	<u>30,477</u>	<u>25,241</u>	<u>353,247</u>	<u>326,088</u>
	<u>30,781</u>	<u>27,563</u>	<u>354,556</u>	<u>342,176</u>

Information about major customer

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A	<u>9,588</u>	<u>9,261</u>

For the year ended 31 March 2018, there was one (2017: one) customer with revenue which accounted for more than 10% of the total revenue related to Money lending segment.

6. OTHER INCOME AND GAINS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest income on bank deposits	31	176
Unrealized gain on financial assets at fair value through profit or loss	7	2
Sundry income	258	161
Net foreign exchange gains	<u>13,419</u>	<u>—</u>
	<u>13,715</u>	<u>339</u>

7. FINANCE COST

	2018 HK\$'000	2017 <i>HK\$'000</i>
Effective interest on convertible bonds	<u>14,760</u>	<u>14,249</u>

No interest was capitalized during the year ended 31 March 2018 (2017: Nil).

8. INCOME TAX EXPENSE

Income tax recognized in profit or loss

	2018 HK\$'000	2017 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	4,444	3,730
Deferred tax	<u>(1,601)</u>	<u>(2,305)</u>
Total income tax expense recognized in profit or loss	<u>2,843</u>	<u>1,425</u>

Hong Kong Profits Tax is calculated at 16.5% (2017: 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% (2017: ranging from 2.5% to 3.75%) on revenue for the year ended 31 March 2018.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2018 HK\$'000	2017 <i>HK\$'000</i>
Directors' emoluments	6,377	12,892
Employee benefits expense (excluding directors' emoluments) (<i>Note (i)</i>)		
– Salaries and other benefits in kind	9,055	9,391
– Contributions to retirement benefits schemes	551	500
– Equity-settled share-based payments	1,456	–
	<hr/>	<hr/>
Total staff costs	17,439	22,783
	<hr/>	<hr/>
Auditors' remuneration	1,670	1,670
Amortization of other intangible assets included in general and administrative expenses	299	460
Cost of inventories recognized as expense	807	615
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	2,803	6,153
Expense in relation to share options granted to consultant	727	–
Loss on disposal of property, plant and equipment	14	315
Minimum lease payments paid under operating leases in respect of land and buildings	1,825	1,357
Net foreign exchange losses	–	8,520
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) Amounts excluded expenses capitalized in construction in progress of Nil for the year ended 31 March 2018 (2017: HK\$303,000). Employee benefits expense of approximately HK\$174,000 was capitalized in inventories for the year ended 31 March 2018 (2017: HK\$203,000).
- (ii) Depreciation of property, plant and equipment of approximately HK\$887,000 was capitalized in inventories for the year ended 31 March 2018 (2017: HK\$1,682,000).

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2018 (2017: 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:

	2018 HK\$'000	2017 <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>(25,491)</u>	<u>(735,488)</u>
<u>Number of shares</u>		
	2018 '000	2017 <i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,431,591</u>	<u>1,294,949</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. LOANS RECEIVABLES

	2018 HK\$'000	2017 <i>HK\$'000</i>
Loans receivables from Money lending operations	244,522	210,675

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, and the effective interest range from 6% to 12% (2017: range from 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:

	2018 HK\$'000	2017 <i>HK\$'000</i>
To be matured:		
Within 1 month	18,113	–
3 months or less but over 1 month	–	–
6 months or less but over 3 months	–	50,174
9 months or less but over 6 months	156,646	104,857
Neither past due nor impaired	174,759	155,031
Matured:		
Less than 1 month	910	822
Less than 3 months but over 1 month	1,920	1,564
Less than 6 months but over 3 months	2,894	2,439
Less than 1 year but over 6 months	5,374	4,851
Over 1 year	58,665	45,968
	244,522	210,675

13. TRADE AND OTHER RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	2,231	2,552
<i>Less: allowance for doubtful debts</i>	<u>(1,096)</u>	<u>(989)</u>
	1,135	1,563
Prepayments	609	523
Deposits	2,058	1,479
Other receivables	<u>248</u>	<u>164</u>
	<u>4,050</u>	<u>3,729</u>

Trade receivables comprise of receivables in respect of the Money lending operations and Financial services operations.

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	377	1,563
31 – 60 days	375	–
150 – 180 days	<u>383</u>	<u>–</u>
	<u>1,135</u>	<u>1,563</u>

Movement in the allowance for doubtful debts

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At beginning of reporting period	989	1,072
Effect of foreign currency exchange differences	<u>107</u>	<u>(83)</u>
At end of reporting period	<u>1,096</u>	<u>989</u>

14. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables arising from Financial services (<i>Note (i)</i>)		
– Cash clients	836	536
– Clearing house	365	34
Trade payables (<i>Note (ii)</i>)	220	217
Accrued expenses and other payables	7,123	7,181
Deposit received	45	156
Payables for acquisition of property, plant and equipment and exploration of mines	707	638
PRC business tax and other levies payable	<u>10,140</u>	<u>9,882</u>
	<u>19,436</u>	<u>18,644</u>

Notes:

- (i) The settlement terms of trade payable 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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
91 – 180 days	–	12
Over 180 days	<u>220</u>	<u>205</u>
	<u>220</u>	<u>217</u>

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

Aohan Qi Mine, Inner Mongolia

Aohan Qi Mine is undergoing a period of small-scale operation and the mine's tunnels and dressing plant are under routine maintenance, due to the rising production cost. The Company renewed the mining permit of Aohan Qi gold mine on 19 April 2018, which will remain valid until 19 April 2021.

Micro-Financing Business in Jilin City, PRC

In light of Jilin city's stagnant macro-economic conditions, weak real economy and sluggish production activities, the Company will continue to adopt a prudent lending principle to stringently control loan risks.

The micro financing industry was booming in the PRC prior to year 2014 but slowed down in recent years in Jilin Province, the PRC. During the Reporting Period, demand for micro-financing remained stable, resulting in similar interest rate and consultancy fee rate to that of last year. However, due to the slight increase in operating expenses for consultancy business adopted in the valuation of the Money lending business, the impairment on goodwill in relation to the money lending business was approximately HK\$5.5 million for the year ended 31 March 2018 (2017: HK\$338.1 million).

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.

During the Reporting Period, the management has made an impairment loss of approximately HK\$14,880,000 (31 March 2017: Nil) on the goodwill associated with the Financial services business of SP Securities. During the Reporting Period, mainly due to the loss of staff in advisory team and the loss of customer, revenue of SP Securities declined by approximately 86.91% to approximately HK\$304,000. As a result, the recoverable amount of the cash-generating unit related to the Financial services business is determined to be less than its carrying amount.

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 above-mentioned 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 above-mentioned amounts in the bank account of the Customer. In January 2016, the Customer repaid RMB12 million to the Group. 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.

In 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 Customers until 21 June 2018. In June 2018, the Court issued another Notice for Assistance in Freezing Deposit to freeze an aggregate amount of RMB58 million in the bank account of such customer until 19 June 2019.

In June 2017, the Group received a sum of approximately RMB2.4 million through the Court.

Outlook

While keeping its existing business intact, the Group will from time to time review the business outlook 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 technology as part of its efforts to bring greater return for shareholders.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded total turnover of approximately HK\$30,781,000 (year ended 31 March 2017 (“FY2017”): HK\$27,563,000) which mainly comprises a turnover of (i) approximately HK\$17,771,000 from interest income from loan financing activities (FY2017: HK\$15,515,000); (ii) approximately HK\$12,586,000 from consultancy services income (FY2017: HK\$9,523,000); and (iii) approximately HK\$271,000 representing financial advisory fee income (FY2017: HK\$2,305,000). The Group’s total turnover increased by approximately 11.68% as compared to last financial year. Such increase was mainly attributable to the increase of interest income from loan financing activities and consultancy services income.

As at 31 March 2018, the Group’s total assets was approximately HK\$644,364,000 (as at 31 March 2017: approximately HK\$598,937,000), and the total liabilities was approximately HK\$175,182,000 (as at 31 March 2017: approximately HK\$159,182,000). The Group’s net assets value as at 31 March 2018 increased by approximately 6.69% to approximately HK\$469,182,000 as compared to approximately HK\$439,755,000 as at 31 March 2017.

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 2018, the Group had bank balances and cash (excluding trust accounts) of approximately HK\$32,303,000 (as at 31 March 2017: approximately HK\$34,549,000). As at 31 March 2018, the Group had carrying amounts of HK\$89,034,000 for convertible bonds (as at 31 March 2017: approximately HK\$80,996,000). Its gearing ratio calculated as a ratio of net debt (representing borrowings less bank balances and cash) to total equity was 12.09% (as at 31 March 2017: 10.56%). As at 31 March 2018, net current assets of the Group amounted to approximately HK\$152,054,000 (as at 31 March 2017: approximately HK\$214,857,000) and the current ratio was maintained at a level of approximately 2.1 (as at 31 March 2017: approximately 6.1).

On 13 December 2017, the Company successfully placed 118,500,000 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\$0.105 per Share, and subsequently on 20 December 2017, the Company allotted and issued 118,500,000 Shares to Mr. Leung Ngai Man at the subscription price of HK\$0.105 per Share. The closing market price of the Share on 11 December 2017 was HK\$0.130. The net proceeds from the top-up placing were approximately HK\$12.23 million. The net price raised per share was approximately HK\$0.103. The placing represents an opportunity for the Company to raise capital while broadening its shareholder base as well as its capital base. The net proceeds from such funding raising activity were fully utilised as general working capital (including salaries and office expenses) of approximately HK\$12.23 million.

On 29 December 2017, 41,400,000 share options were granted to a consultant and two employees of the Company at the exercise price of HK\$0.109 per Share under the share option scheme adopted by the Company on 20 April 2012 (the “**Share Option Scheme**”). The closing market price of the Share on 29 December 2017 was HK\$0.107 per Share.

On 21 March 2018, 27,600,000 share options were exercised at the exercise price of HK\$0.109 per Share under the Share Option Scheme. The closing market price of the Share on 20 March 2018 was HK\$0.129.

On 2 May 2018, 971,650,000 non-redeemable and convertible preference shares (the “**Convertible Preference Shares**”) were issued and allotted upon the redemption by the Company of the convertible bonds due 11 October 2018 issued by the Company in the outstanding principal amount of HK\$97,165,000 (the “**CB**”) at the issue price of HK\$0.10 per convertible preference share. The convertible preference shares are convertible into Shares.

On 2 May 2018, the authorised share capital of the Company of HK\$400,000,000 divided into 40,000,000,000 Shares of HK\$0.01 each were reclassified into 30,283,500,000 Shares of HK\$0.01 each and 971,650,000 preference shares of HK\$0.10 each.

TREASURY POLICIES

As at 31 March 2018, the Group had bank balances and cash (excluding trust accounts) of approximately HK\$32,303,000 (as at 31 March 2017: HK\$34,549,000). The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 31 March 2018, the Group had loans receivables of approximately HK\$244,522,000 (as at 31 March 2017: HK\$210,675,000).

CONTINGENT LIABILITIES

As at 31 March 2018 and 2017, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2018 and 2017, 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 2018, the Group employed 47 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 Tuesday, 18 September 2018. 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 Wednesday, 12 September 2018 to Tuesday, 18 September 2018, 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 Tuesday, 11 September 2018.

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

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 was the mining right permit of the Mine with validity up to 6 May 2018. The new gold mine permit of the Mine has been obtained from the relevant PRC authority and such exploration permit will be with validity up to 19 April 2021.

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.

EVENTS AFTER REPORTING PERIOD

On 12 February 2018, the Company served and Mr. Leung Ngai Man, the holder of the CB accepted, the redemption notice in relation to the early redemption of the whole of the outstanding principal amount of the CB in consideration of the issuance of 971,650,000 Convertible Preference Shares to Mr. Leung at the issue price of HK\$0.10 per convertible preference share.

Holder(s) of the 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(s) of the Convertible Preference Shares. One convertible preference share shall be entitled to be converted into one ordinary share of the Company.

The redemption of CB by way of issuance of Convertible Preference Shares was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 17 April 2018 and the Convertible Preference Shares have been issued and allotted on 2 May 2018 upon the redemption by the Company of the CB with outstanding principal amount of HK\$97,165,000.

AUDIT COMMITTEE

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review of the Company's financial reporting system and supervision of the risk management and internal control systems. In regard to the financial reporting system, the Audit Committee would consider any significant items reflected in the reports and accounts, and any matters that have been raised by the Financial Controller of the Group.

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 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 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, 28 June 2018

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 Mr. Miao Yanan, Mr. Cai Wei Lun and Mr. Zhang Qingkui.