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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 2019**

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

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

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

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

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

### HKFRS 16 Leases

#### *The Group as a lessee*

#### *Applicable from 1 April 2019*

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	
Recognition exemptions:	672
Short-term leases	(345)
	<hr/>
Operating leases liabilities before discounting	327
Discounted using incremental borrowing rate as at 1 April 2019	(9)
	<hr/>
Total lease liabilities recognized under HKFRS 16 as at 1 April 2019	<u>318</u>
Classified as:	
Current	163
Non-current	155
	<hr/>
	<u>318</u>

The following table summarizes the impact of transition to HKFRS 16 on the Group's condensed consolidated statement of financial position as at 1 April 2019:

*HK\$'000*

Increase in right-of-use assets	318
Increase in lease liabilities	318

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

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

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

### 3. REVENUE

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

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

(i) Disaggregation of revenue from contracts with customers

*For the six months ended 30 September 2019*

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



For the six months ended 30 September 2018

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

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

*Interest income*

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

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

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

#### *Mining consultancy services income*

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

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

## **4. SEGMENT INFORMATION**

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

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

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

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

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

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

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

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

## 5. OTHER INCOME AND GAINS

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

## 6. FINANCE COSTS

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

## 7. INCOME TAX EXPENSE/(CREDIT)

### Income tax recognized in profit or loss

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

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

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

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

## 8. LOSS FOR THE PERIOD

Six months ended	
30 September	
2019	2018
(Unaudited)	(Unaudited)
<i>HK\$'000</i>	<i>HK\$'000</i>

Loss for the period has been arrived at after charging:

Directors' emoluments	33	30
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits in kind	2,690	3,810
– Contributions to retirement benefits schemes	<u>156</u>	<u>208</u>
Total staff costs	<u>2,879</u>	<u>4,048</u>
Amortization of other intangible assets included in general and administrative expenses	–	16
Depreciation of property, plant and equipment	588	934
Depreciation of right-of-use assets	525	–
Short-term lease rentals in respect of land and buildings	463	1,054
Net foreign exchange losses	<u>8,280</u>	<u>12,498</u>

## 9. INTERIM DIVIDEND

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

## 10. LOSS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Loss</b>		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(805)</u>	<u>(59,865)</u>

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,613,820</u>	<u>1,548,410</u>

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

## 11. LOANS RECEIVABLES

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

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



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

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

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

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

## 13. TRADE AND OTHER PAYABLES

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

*Note:*

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

	At 30 September 2019 (Unaudited) <i>HK\$'000</i>	At 31 March 2019 (Audited) <i>HK\$'000</i>
Over 180 days	<b><u>163</u></b>	<b><u>173</u></b>

## MANAGEMENT DISCUSSION & ANALYSIS

### OPERATIONAL REVIEW

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

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

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

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

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

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

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

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

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

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

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

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

### **Money lending business**

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

### **Legal Proceedings**

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

### **Future Plans**

#### ***“Coco Coff” Beverage***

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

## ***5G Smart Lampposts Digitalization***

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

### **Outlook**

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

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

### **FINANCIAL REVIEW**

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

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

### **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCE**

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

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

## **TREASURY POLICIES**

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

## **CONTINGENT LIABILITIES**

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

## **CAPITAL COMMITMENTS**

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

## **CHARGE OVER THE GROUP'S ASSETS**

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

## **INTERIM DIVIDEND**

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

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **FOREIGN EXCHANGE EXPOSURE**

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

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

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

## MATERIAL ACQUISITIONS OR DISPOSALS

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

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

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

## EMPLOYEES AND REMUNERATION POLICIES

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

## CORPORATE GOVERNANCE & PRACTICES

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

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

### Code Provision A.2.1

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

### Code Provision A.5.1

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

#### **Code Provision D.1.4**

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

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

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

#### **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](http://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, 28 November 2019

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