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)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

Due to the impact of the Novel Coronavirus Disease 2019 ("**COVID-19**") outbreak, the audit process for the annual results of Sino Prosper (Group) Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ended 31 March 2020 has been delayed and not been fully completed as of the date of this announcement, while in order to keep the shareholders of the Company (the "**Shareholders**") and potential investors informed of the business operation and financial position of the Group, the board (the "**Board**") of directors (the "**Directors**") of the Company decides to publish the unaudited annual results announcement of the Group for the year ended 31 March 2020 together with the audited comparative figures for the corresponding period for the previous year. The Company will issue further announcement(s) in relation to the audited results for the year ended 31 March 2020 as agreed by the Company's auditor following the completion of the auditing process, which is expected to be on or before 31 July 2020.

The Board announces the unaudited consolidated results of the Group for the financial year ended 31 March 2020 (the "**Reporting Period**") together with the comparative audited figures for the previous financial 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 2020

	Notes	2020 *HK$'000* (unaudited)	2019 *HK$'000* (audited)
Revenue	*4*	**34,062**	34,971
Cost of sales		**(2,570)**	(1,036)
Gross profit		**31,492**	33,935
Other income and gains	*6*	**825**	298
General and administrative expenses		**(31,252)**	(31,722)
Net impairment loss on loans receivables		**(22,832)**	(39,042)
Impairment loss on goodwill		**–**	(15,566)
Impairment loss on other intangible asset		**–**	(917)
Loss on sale of receivables		**–**	(1,461)
Loss on early redemption of convertible bonds		**–**	(7,364)
Finance cost	*7*	**(137)**	(767)
Loss before tax		**(21,904)**	(62,606)
Income tax credit/(expense)	*8*	**2,230**	(3,082)
Loss for the year	*9*	**(19,674)**	(65,688)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(21,873)**	(26,514)
Other comprehensive expense for the year, net of income tax		**(21,873)**	(26,514)
Total comprehensive expense for the year		**(41,547)**	(92,202)
Loss attributable to:			
Owners of the Company		**(17,364)**	(63,338)
Non-controlling interests		**(2,310)**	(2,350)
		(19,674)	(65,688)
Total comprehensive expense attributable to:			
Owners of the Company		**(38,791)**	(88,871)
Non-controlling interests		**(2,756)**	(3,331)
		(41,547)	(92,202)
Loss per share	*11*		
Basic and diluted *(HK cents per share)*		**(1.08)**	(4.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2020

	Notes	2020 HK$'000 (unaudited)	2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**67,611**	73,815
Right-of-use assets		**2,502**	–
Other intangible assets		**118,721**	127,118
Exploration and evaluation assets		**20,776**	22,246
Goodwill		**83,225**	89,111
Deferred tax assets		**9,140**	3,805
		301,975	316,095
Current assets			
Inventories		**5,023**	4,787
Loans receivables	*12*	**154,515**	160,422
Other assets		**–**	155
Trade and other receivables	*13*	**10,058**	2,066
Tax recoverable		**19**	–
Bank balances and cash		**39,125**	67,414
		208,740	234,844
Current liabilities			
Trade and other payables	*14*	**19,883**	18,802
Lease liabilities		**1,805**	–
Amounts due to non-controlling interests of subsidiaries		**8,308**	8,014
Amounts due to related parties		**11,503**	12,222
Tax payable		**8,403**	9,085
		49,902	48,123
Net current assets		**158,838**	186,721
Total assets less current liabilities		**460,813**	502,816
Non-current liabilities			
Lease liabilities		**748**	–
Provision for restoration costs		**347**	371
Deferred tax liabilities		**32,503**	34,072
		33,598	34,443
Net assets		**427,215**	468,373
Capital and reserves			
Share capital		**16,138**	16,138
Convertible preference shares		**90,165**	90,165
Reserves		**313,449**	352,240
Equity attributable to owners of the Company		**419,752**	458,543
Non-controlling interests		**7,463**	9,830
Total equity		**427,215**	468,373

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 of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 802, 8/F., Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) investment in energy and natural resources (including precious metals) related projects; (ii) provision of loan financing and investment and management consultation services in the PRC; and (iii) import, distribution and sales of food and beverage products.

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 (the "**Listing Rules**") on the Stock Exchange 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")

New and amendments to HKFRSs that are mandatorily effective for the current year

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

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 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.

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognized lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognized in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied is 5.54% as at 1 April 2019.

	At 1 April 2019 *HK$'000* (unaudited)
Operating lease commitments disclosed as at 31 March 2019	672
Add: recognition of lease liabilities under HKFRS 16	187
Less: Practical expedient – lease with lease term ending within 12 months from the date of initial application	(344)
	515
Lease liabilities discounted at relevant incremental borrowing rates	(28)
Lease liabilities relating to operating leases recognized upon application of HKFRS 16 as at 1 April 2019	487
Analysed as	
Current	200
Non-current	287

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets *HK$'000* (unaudited)
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16	487

There is no impact of transition to HKFRS 16 in accumulated losses at 1 April 2019. The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 ***HK$'000*** (unaudited)	**Adjustments** ***HK$'000*** (unaudited)	**Carrying amounts under HKFRS 16 at 1 April 2019** ***HK$'000*** (unaudited)
Non-current assets			
Right-of-use assets	–	487	487
Current liabilities			
Lease liabilities	–	200	200
Non-current liabilities			
Lease liabilities	–	287	287

New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	*Insurance Contracts*[1]
Amendment to HKFRS 16	*Covid-19 Related Rent Concession*[5]
Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The Directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

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

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Interest income from loan financing activities	**9,119**	10,900
Investment and management consultation services income	**21,284**	17,400
Mining consultancy services income	**1,675**	6,665
Sales of fluorite	**474**	–
Sales of coke powder	**461**	–
Sales of food and beverage	**1,049**	–
Commission from securities dealing and brokerage services	**–**	6
	34,062	34,971

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

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

Segment revenue and results

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

	Investment in energy and natural resources (including precious metals) related projects		Money lending		Food and beverage		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(unaudited) (restated)
Segment revenue:								
Revenue from external customers	**2,610**	6,665	**30,403**	28,300	**1,049**	–	**34,062**	34,965
Other revenue							**–**	6
							34,062	34,971
Segment (loss)/profit	**(2,904)**	(2,598)	**2,179**	(32,144)	**(167)**	–	**(892)**	(34,742)
Interest on bank deposits, other income and gains							**825**	298
Loss on early redemption of convertible bonds							**–**	(7,364)
Finance costs							**(137)**	(767)
Central administration costs							**(21,700)**	(20,031)
Loss before tax							**(21,904)**	(62,606)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: 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

	Investment in energy and natural resources (including precious metals) related projects		Money lending		Food and beverage		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(unaudited) (restated)
Segment assets	**303,190**	317,066	**179,351**	207,248	**2,820**	–	**485,361**	524,314
Corporate and unallocated assets							**25,354**	26,625
Consolidated assets							**510,715**	550,939
Segment liabilities	**47,550**	50,369	**9,441**	7,204	**1,978**	–	**58,969**	57,573
Corporate and unallocated liabilities							**24,531**	24,993
Consolidated liabilities							**83,500**	82,566

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

	Investment in energy and natural resources (including precious metals) related projects		Money lending		Food and beverage		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(unaudited) (restated)
Amounts included in the measure of segment profit or loss:								
Depreciation	**1,230**	2,099	**147**	161	**40**	**–**	**1,417**	2,260
Unallocated depreciation							**1,355**	350
							2,772	2,610
Impairment loss on other intangible assets	**–**	–	**–**	417	**–**	–	**–**	417
Unallocated impairment							**–**	500
							–	917
Amortization of other intangible assets	**–**	–	**–**	15	**–**	–	**–**	15
Impairment loss of goodwill	**–**	–	**–**	15,566	**–**	–	**–**	15,566
Net impairment loss of loans receivables	**–**	–	**22,832**	39,042	**–**	–	**22,832**	39,042
Loss on sale of receivables	**–**	–	**–**	1,461	**–**	–	**–**	1,461
Additions to non-current assets*	**9**	–	**–**	8	**730**	–	**739**	8
Unallocated							**2,710**	–
Total additions to non-current assets							**3,449**	8

* *Additions to non-current assets (excluding goodwill) consist of additions to property, plant and equipment and right-of-use assets including assets from the acquisition of a 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#	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Hong Kong	**–**	6	**1,710**	326
PRC	**34,062**	34,965	**291,125**	311,964
	34,062	34,971	**292,835**	312,290

Geographical information of non-current assets excludes deferred tax assets.

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Customer A	**–**	6,665

For the year ended 31 March 2020, there was no customer (2019: one customer related to Money lending segment) with revenue which accounted for more than 10% of the total revenue of the Group.

6. OTHER INCOME AND GAINS

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Interest income on bank deposits	**97**	52
Gain on financial assets at fair value through profit or loss	**–**	2
Sundry income	**145**	244
Others	**583**	–
	825	298

7. FINANCE COST

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Effective interest on convertible bonds	**–**	767
Interest on lease liabilities	**137**	–
	137	767

8. INCOME TAX (CREDIT)/EXPENSE

Income tax recognized in profit or loss

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current tax		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**2,463**	3,788
Deferred tax	**(4,693)**	(706)
Total income tax (credit)/expense recognized in profit or loss	**(2,230)**	3,082

Hong Kong Profits Tax is calculated at 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 3% to 3.75% (2019: ranging from 0.6% to 5%) on revenue for the year ended 31 March 2020.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Directors' emoluments	**604**	599
Employee benefits expense (excluding directors' emoluments)		
– Salaries and other benefits in kind	**5,500**	7,161
– Contributions to retirement benefits schemes	**276**	435
Total staff costs	**6,380**	8,195
Auditors' remuneration	**1,670**	1,670
Amortization of other intangible assets included in general and administrative expenses	**–**	15
Depreciation of property, plant and equipment	**1,405**	2,610
Depreciation of right-of-use assets	**1,367**	–
Loss on sale of receivables	**–**	1,461
Minimum lease payments paid under operating leases in respect of land and buildings	**–**	1,986
Lease payments relating to short-term lease in respect of land and buildings	**700**	–
Net foreign exchange losses	**9,385**	8,335

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2020 (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(17,364)**	(63,338)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,613,820**	1,581,026

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

12. LOANS RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loans receivables from Money lending operations	**191,561**	175,641
Less: loss allowances for loans receivables	**(37,046)**	(15,219)
	154,515	160,422

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

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
To be matured:		
Within 1 month	**28,942**	–
6 months or less but over 3 months	**–**	113,430
9 months or less but over 6 months	**58,320**	62,211
12 months or less but over 9 months	**104,299**	–
Neither past due nor impaired	**191,561**	175,641
Less: loss allowances for loans receivables	**(37,046)**	(15,219)
	154,515	160,422

13. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**481**	–
Less: loss allowance for trade receivables	**–**	–
	481	–
Prepayments	**8,355**	866
Deposits	**905**	1,025
Other receivables	**30,708**	32,726
Less: loss allowance for other receivables	**(30,391)**	(32,551)
	10,058	2,066

Trade receivables comprise of receivables in respect of the Food and beverage business as at 31 March 2020.

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

	2020 *HK$'000* (unaudited)	2019 *HK$'000* (audited)
0 – 30 days	**179**	–
31 – 60 days	**110**	–
91 – 120 days	**151**	–
Over 180 days	**41**	–
	481	–

14. TRADE AND OTHER PAYABLES

	2020 *HK$'000* (unaudited)	2019 *HK$'000* (audited)
Trade payables	**179**	173
Accrued expenses and other payables	**8,319**	7,429
Payables for acquisition of property, plant and equipment and exploration of mines	**618**	662
PRC business tax and other levies payable	**10,767**	10,538
	19,883	18,802

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

	2020 *HK$'000* (unaudited)	2019 *HK$'000* (audited)
0 – 30 days	**8**	–
31 – 60 days	**7**	–
61 – 90 days	**2**	–
Over 180 days	**162**	173
	179	173

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 and Food and Beverage as set out in note 5 to the consolidated results of the Company.

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

a. The Aohanqi Mine

The Group maintains the gold mine located in Aohanqi, Inner Mongolia, the PRC (the "**Aohanqi Mine**") which is undergoing a period of small-scale operation and the Group renewed the mining permit of the Aohanqi Mine on 19 April 2018, which will remain valid until 19 April 2021. The Group has also renewed the Safety Mining Permit*（安全生產許可証）for the mining in the Aohanqi Mine until 25 February 2023.

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. With the relevant experience in acquisition, exploitation and exploration in mining business and the relevant professional experts retained by the Group, the Group has commenced its mining consultancy business with the customers by utilising its internal professional experts since July 2018.

The mining consultancy services provided to customers include operation management, licence application, licence extension, exploration management, geological and technical field services, assisting in exploration auditing, business development, and other related technical services. For the year ended 31 March 2020, the Group recorded revenue of approximately HK$1.7 million from the mining consultancy services.

The COVID-19 outbreak has impacted the global business environment and the PRC since early 2020, which has resulted in material impacts on the consultancy business in mining industry as the Group cannot provide consultancy business on site due to various social distancing measures implemented by the PRC government. The Directors expect that the consultancy business in mining industry in the forthcoming financial year might still be affected to a certain extent, which will depend on the new development concerning the global severity of and actions taken to contain COVID-19.

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 financial 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.

During the financial year ended 31 March 2020, the Group has obtained relevant business licenses and ordered a batch of fluorite and relevant processing and manufacturing facilities, which generating revenue of approximately HK$0.5 million.

Money lending business

Attributable to COVID-19 outbreak in the PRC since early 2020, overall business activities in the PRC have been materially and adversely affected. In the first quarter in 2020, COVID-19 outbreak has materially and adversely impacted the PRC domestic market. With a view to contain COVID-19, the PRC government has implemented various measures from time to time, at a national and regional level. Such measures, however, give rise to undesirable side-effects including the immediate direct reduction of economic activities, loss of consumer spending and loss of employment, especially in May 2020, when COVID-19 broke out again in Jilin, the unfavourable factors thereof might have an impact on the repayment ability of customers and hence the quality of the loan receivables.

The Directors expect that COVID-19 shall continue to affect the Money lending business in the next financial year, subject to its severity. This was evidenced by the few delays in payment subsequent to the financial year ended 31 March 2020. Nonetheless, the Group will monitor the recoverability of customers under the Money lending business by implementing a stricter lending policy when granting loans to new customers and shall take appropriate actions when customers have signs of default or financial difficulty.

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

Outlook

The unprecedented COVID-19 outbreak in China has brought unpredictable and forced majeure risk factors to all walks of life. The Group will from time to time review the business development outlook of its project companies and make appropriate adjustments to ensure that the Group can cope with the economic prospects.

Meanwhile, the Company will keep pace with the trends by proactively seeking opportunities to invest in business with greater returns for Shareholders.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK$34,062,000 (year ended 31 March 2019 ("**FY2019**"): HK$34,971,000) which mainly comprised a turnover of (i) approximately HK$9,119,000 from interest income from loan financing activities (FY2019: HK$10,900,000); (ii) approximately HK$21,284,000 from investment and management consultation services income (FY2019: HK$17,400,000); (iii) approximately HK$1,675,000 from mining consultancy services income (FY2019: HK$6,665,000); (iv) approximately HK$474,000 representing the sales of fluorite (FY2019: nil); (v) approximately HK$461,000 representing the sales of coke powder (FY2019: nil); (vi) approximately HK$1,049,000 representing the sales of food and beverage (FY2019: nil). The total turnover of the Group decreased slightly by approximately 2.6% as compared to last financial year. Such decrease was mainly attributable to the decrease in mining consultancy services income of approximately HK$4,990,000 and partly offset by the increase in investment and management consultation services income of approximately HK$3,884,000 and the aggregated revenue of approximately HK$1,984,000 from sales of fluorite, coke powder and food and beverage.

As at 31 March 2020, the Group recorded total assets of approximately HK$510,715,000 (as at 31 March 2019: approximately HK$550,939,000) and recorded total liabilities of approximately HK$83,500,000 (as at 31 March 2019: approximately HK$82,566,000). The Group's net asset value as at 31 March 2020 decreased by 8.8% to approximately HK$427,215,000 as compared to approximately HK$468,373,000 as at 31 March 2019.

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 2020, the Group had bank balances and cash of approximately HK$39,125,000 (as at 31 March 2019: approximately HK$67,414,000). As at 31 March 2020, net current assets of the Group amounted to approximately HK$158,838,000 (as at 31 March 2019: approximately HK$186,721,000) and the current ratio was maintained at a level of approximately 4.18 (as at 31 March 2019: approximately 4.88).

TREASURY POLICIES

As at 31 March 2020, the Group had bank balances and cash of approximately HK$39,125,000 (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 31 March 2020, the Group had loans receivables of approximately HK$154,515,000 (as at 31 March 2019: HK$160,422,000).

CONTINGENT LIABILITIES

As at 31 March 2020 and 2019, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2020 and 2019, the Group had no significant capital commitments.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency exchange risks is minimal as the operating units of 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group employed 61 full-time employees in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and the prevailing market salaries. Performance related bonuses are paid on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share options scheme.

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 ACQUISITION AND INVESTMENT

Acquisition of Guangzhou Golden Trading Co., Ltd.

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.*（廣州金兑商貿有限公司）("**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.

As the Company has completed its due diligences on the Beverage Company and the result is satisfactory, the Company hence nominated Great Leading Investment Limited ("**Great Leading**"), a wholly-owned subsidiary of the Company, to enter into the Acquisition Agreement (as defined below) with the vendors of the Beverage Company.

On 19 December 2019, Great Leading and Mr. Li Yaoyi*（李耀益）, Mr. Pan Youliang*（潘友良）, and Ms. Zheng Ziumin*（鄭秀敏）(the "**Vendors**"), entered into the acquisition agreement (the "**Acquisition Agreement**"), pursuant to which Great Leading agreed to purchase, and the Vendors agreed to sell, 60% of the registered capital of the Beverage Company at a consideration of RMB1 (the "**Acquisition**").

Upon completion of the Acquisition on 20 January 2020, the Beverage Company is owned as to 60% by Great Leading and as to 40% by the Vendors. Pursuant to the Acquisition Agreement, Great Leading and the Vendors are required to fully subscribe the registered capital of the Beverage Company by cash. The terms of the Acquisition Agreement were arrived at after arm's length negotiations among the parties to the Acquisition Agreement.

Investment in 5G Smart Lampposts Digitalization

On 5 November 2019, Hong Kong Macau Technology Holdings Limited ("**HMT**"), a wholly-owned subsidiary of the Company, and Hulian Zhihui (Guangzhou) Technology Company Limited ("**HLZH**"), entered into the letter of intent that HMT may subscribe shares of HLZH, subject to the satisfaction of due diligence results of HLZH by the Company (the "**Subscription Agreement**").

As the Company has completed its due diligences on HLZH and the result is satisfactory, the Company hence has completed the Subscription Agreement on 2 December 2019.

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.

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

THE CLAIM

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

Pursuant to the Civil Ruling, the Court ordered that an amount of approximately RMB27.3 million (the "**Restricted Amount**") in the two PRC bank accounts of Jilin Ruixin be frozen for a period of one year since the date of the Civil Ruling as a form of security pending judgement on the Claim. As at 31 March 2020, the two bank accounts of Jilin Ruixin amounted to approximately RMB3.8 million. At the same time, Jilin Ruixin received a summons issued from the Court to attend the court hearing for the Claim on 1 June 2020. As such, the Group has also engaged the PRC legal advisers to investigate and advise on the Claim and provide preliminary legal opinion in relation to the Civil Ruling and the Claim.

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

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

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 director of the Group.

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

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 Listing Rules.

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

Code Provision A.2.1

Pursuant to the Code Provision A.2.1, the role of chairman and chief executive officer should be separate 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 statue 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.

FURTHER ANNOUNCEMENT(S)

Upon completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 March 2020 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before 31 July 2020.

PUBLICATION OF ANNUAL REPORTS

This unaudited annual results announcement is published on the websites of the Stock Exchange and the Company. The annual report of the Company for the year ended 31 March 2020 containing all the information as required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 29 June 2020

* *For identification purpose only*

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.