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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 2020**

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 2020 (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>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>11,628</b>	16,732
Cost of sales		<u><b>(5,656)</b></u>	<u>(1,067)</u>
Gross profit		<b>5,972</b>	15,665
Other income and gains	5	<b>6,181</b>	107
General and administrative expenses		<b>(9,270)</b>	(17,903)
(Impairment loss)/reversal of impairment loss on loans receivables, net		<b>(19,953)</b>	1,877
Finance costs	6	<u><b>(73)</b></u>	<u>(56)</u>
Loss before tax		<b>(17,143)</b>	(310)
Income tax credit/(expense)	7	<u><b>4,331</b></u>	<u>(1,649)</u>
<b>Loss for the period</b>	8	<u><b>(12,812)</b></u>	<u>(1,959)</u>
<b>Other comprehensive income/(expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u><b>12,119</b></u>	<u>(19,544)</u>
Other comprehensive income/(expense) for the period		<u><b>12,119</b></u>	<u>(19,544)</u>
<b>Total comprehensive expense for the period</b>		<u><b>(693)</b></u>	<u>(21,503)</u>
<b>Loss attributable to:</b>			
Owners of the Company		<b>(10,614)</b>	(805)
Non-controlling interests		<u><b>(2,198)</b></u>	<u>(1,154)</u>
		<u><b>(12,812)</b></u>	<u>(1,959)</u>
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		<b>(330)</b>	(19,674)
Non-controlling interests		<u><b>(363)</b></u>	<u>(1,829)</u>
		<u><b>(693)</b></u>	<u>(21,503)</u>
<b>Loss per share</b>	10		
Basic and diluted ( <i>HK cents per share</i> )		<u><b>(0.64)</b></u>	<u>(0.05)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 September 2020 (Unaudited) <i>HK\$'000</i>	At 31 March 2020 (Audited) <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		69,825	67,611
Right-of-use assets		1,802	2,502
Other intangible assets		123,532	118,721
Exploration and evaluation assets		21,618	20,776
Goodwill		86,597	83,225
Deferred tax assets		14,625	9,140
		317,999	301,975
<b>Current assets</b>			
Inventories		1,240	5,022
Loans receivables	11	148,790	154,515
Trade and other receivables	12	11,341	10,058
Tax recoverable		–	19
Bank balances and cash		30,975	39,125
		192,346	208,739
<b>Current liabilities</b>			
Trade and other payables	13	20,729	19,883
Lease liabilities		646	1,805
Amounts due to non-controlling interests of subsidiaries		8,486	8,089
Amounts due to related parties		10,285	11,503
Tax payable		8,294	8,403
		48,440	49,683
<b>Net current assets</b>		143,906	159,056
<b>Total assets less current liabilities</b>		461,905	461,031
<b>Non-current liabilities</b>			
Lease liabilities		852	748
Provision for restoration costs		361	347
Deferred tax liabilities		33,952	32,503
		35,165	33,598
<b>Net assets</b>		426,740	427,433
<b>Capital and reserves</b>			
Share capital – ordinary shares		20,838	16,138
Convertible preference shares		43,165	90,165
Reserves		354,699	312,729
		418,702	419,032
Equity attributable to owners of the Company		418,702	419,032
Non-controlling interests		8,038	8,401
		426,740	427,433
<b>Total equity</b>		426,740	427,433

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 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 Company and its subsidiaries are principally engaged in investment holding, investment in energy and natural resources (including precious metals) related projects; provision of loan financing and investment and management consultation services in the People’s Republic of China (“**PRC**”); and import, distribution and sales of food and beverage products.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is the same as the functional currency of the Company.

## 2. BASIS OF PREPARATION

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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgements in the process of applying the Group’s accounting policies.

In the current interim period, 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 2020 for the preparation of the Group’s unaudited condensed consolidated interim financial statements:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

The Group has adopted these new standards, amendments of standards and annual improvements and the adoption of these new standards, amendments of standards and annual improvements do not have significant impacts on the Group’s unaudited condensed consolidated interim financial statements.

### 3. REVENUE

An analysis of the Group's revenue for the Reporting Period and the six months ended 30 September 2019 is as follows:

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers:</i>		
Investment and management consultation services income	4,141	10,617
Mining consultancy services income	–	551
Sales of fluorite	–	481
Sales of coke powder	–	468
Sales of gold concentrates	1,693	–
Sales of food and beverage	1,341	–
<i>Revenue from other source:</i>		
Interest income from loan financing activities	4,453	4,615
	<u>11,628</u>	<u>16,732</u>

(i) Disaggregation of revenue from contracts with customers

*For the six months ended 30 September 2020 (Unaudited)*

Segment	Investment in energy and natural resources (including precious metals) related projects <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Food and beverage <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Type of goods and services</b>				
Investment and management consultation services income	–	4,141	–	4,141
Sales of gold concentrates	1,693	–	–	1,693
Sales of food and beverage	–	–	1,341	1,341
<b>Total</b>	<b>1,693</b>	<b>4,141</b>	<b>1,341</b>	<b>7,175</b>
<b>Geographic markets</b>				
PRC	1,693	4,141	1,341	7,175
Hong Kong	–	–	–	–
<b>Total</b>	<b>1,693</b>	<b>4,141</b>	<b>1,341</b>	<b>7,175</b>
<b>Timing of revenue recognition</b>				
A point in time	1,693	–	1,341	3,034
Over time	–	4,141	–	4,141
<b>Total</b>	<b>1,693</b>	<b>4,141</b>	<b>1,341</b>	<b>7,175</b>

For the six months ended 30 September 2019 (Unaudited)

Segment	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Type of goods and services</b>			
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
Total	<u>1,500</u>	<u>10,617</u>	<u>12,117</u>
<b>Geographic markets</b>			
PRC	1,500	10,617	12,117
Hong Kong	–	–	–
Total	<u>1,500</u>	<u>10,617</u>	<u>12,117</u>
<b>Timing of revenue recognition</b>			
A point in time	949	–	949
Over time	551	10,617	11,168
Total	<u>1,500</u>	<u>10,617</u>	<u>12,117</u>

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

***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 asset that the customers controls as the asset 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.

### *Sales of gold concentrates, fluorite, coke powder and food and beverage*

Revenue from sales of gold concentrates, fluorite, coke powder and food and beverage are recognized at a point in time when control of the goods has transferred to the customers, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been delivered to the customer's specific location.

- (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 consultation services in the 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 period'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 ended 31 March 2020. Accordingly, segment information of financial services segment for the six months ended 30 September 2019 for comparative purposes has not been presented.



The following tables present revenue and results for the Reporting Period and the six months ended 30 September 2019 and total assets and total liabilities as at 30 September 2020 and 31 March 2020 for the Group's operating segments.

	<b>Investment in energy and natural resources (including precious metals) related projects HK\$'000</b>	<b>Money lending HK\$'000</b>	<b>Food and beverage HK\$'000</b>	<b>Total HK\$'000</b>
<b>Six months ended 30 September 2020 (Unaudited)</b>				
Segment revenue	<u>1,693</u>	<u>8,594</u>	<u>1,341</u>	<u>11,628</u>
Segment loss	<u>(3,196)</u>	<u>(14,109)</u>	<u>(1,470)</u>	<u>(18,775)</u>
Interests on bank deposits, other income and gains				6,181
Finance costs				(73)
Central administration costs				<u>(4,476)</u>
Loss before tax				<u>(17,143)</u>
	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000		Total HK\$'000 (restated)
<b>Six months ended 30 September 2019 (Unaudited)</b>				
Segment revenue	<u>1,500</u>	<u>15,232</u>		<u>16,732</u>
Segment (loss)/profit	<u>(2,206)</u>	<u>14,088</u>		11,882
Interests on bank deposits, other income and gains				107
Finance costs				(56)
Central administration costs				<u>(12,243)</u>
Loss before tax				<u>(310)</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 2019: Nil).

Segment (loss)/profit represents the (loss)/profit incurred by each segment without allocation of interest on bank deposits, other income and gains, 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.

Net impairment loss on loans receivables of approximately HK\$19,953,000 recognized in the condensed consolidated statement of profit or loss and other comprehensive income for the Reporting Period is allocated to the Money lending segment.

	<b>Investment in energy and natural resources (including precious metals) related projects HK\$'000</b>	<b>Money lending HK\$'000</b>	<b>Food and beverage HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 30 September 2020 (Unaudited)</b>				
Segment assets	<b>302,056</b>	<b>192,158</b>	<b>3,300</b>	<b>497,514</b>
Corporate and unallocated assets				<u><b>12,831</b></u>
Consolidated assets				<u><u><b>510,345</b></u></u>
Segment liabilities	<b>50,878</b>	<b>9,169</b>	<b>1,533</b>	<b>61,580</b>
Corporate and unallocated liabilities				<u><b>22,025</b></u>
Consolidated liabilities				<u><u><b>83,605</b></u></u>
<b>As at 31 March 2020 (Audited)</b>				
Segment assets	303,190	179,351	2,820	485,361
Corporate and unallocated assets				<u>25,353</u>
Consolidated assets				<u><u>510,714</u></u>
Segment liabilities	47,550	9,441	1,759	58,750
Corporate and unallocated liabilities				<u>24,531</u>
Consolidated liabilities				<u><u>83,281</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 and goodwill are allocated to operating segments; and
- all liabilities are allocated to operating segments other than unallocated head office and corporate liabilities.

## 5. OTHER INCOME AND GAINS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	(Unaudited)	(Unaudited)
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Interest income on bank deposits	25	48
Net foreign exchange gain	5,694	–
Gain on disposal of property, plant and equipment	101	–
Sundry income	361	59
	<u>6,181</u>	<u>107</u>

## 6. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	(Unaudited)	(Unaudited)
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Interest on lease liabilities	73	56

## 7. INCOME TAX (CREDIT)/EXPENSE

### Income tax recognized in profit or loss

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	(Unaudited)	(Unaudited)
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	406	1,180
Deferred tax	(4,737)	469
	<u>(4,331)</u>	<u>1,649</u>
Total income tax (credit)/expense recognized in profit or loss	<u>(4,331)</u>	<u>1,649</u>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2019: 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 2019. 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% (six months ended 30 September 2019: ranging from 0.6% to 4.4%) on revenue for the Reporting Period.

## 8. LOSS FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Loss for the period has been arrived at after charging:		
Directors' emoluments	<b>282</b>	33
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits in kind	<b>2,696</b>	2,690
– Contributions to retirement benefits schemes	<b>131</b>	156
	<u>3,109</u>	<u>2,879</u>
Total staff costs		
Depreciation of property, plant and equipment	<b>535</b>	588
Depreciation of right-of-use assets	<b>626</b>	525
Loss on disposal of property, plant and equipment	<b>6</b>	–
Lease payments relating to short-term lease in respect of land and buildings	<b>303</b>	463
Net foreign exchange loss	<b>–</b>	8,280
	<u><u>–</u></u>	<u><u>8,280</u></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 2019: 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	
	2020	2019
	(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>(10,614)</u>	<u>(805)</u>

	Six months ended 30 September	
	2020	2019
	(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>1,657,481</u>	<u>1,613,820</u>

The computation of diluted loss per share for the Reporting Period and the six months ended 30 September 2019 did not assume the exercise or conversion of the Company's potential ordinary shares under the Company's share option scheme and convertible preference shares since their assumed exercise or conversion would have an anti-dilutive effect.

## 11. LOANS RECEIVABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Loans receivables from Money lending operations	207,289	191,561
Less: loss allowances for loans receivables	<u>(58,499)</u>	<u>(37,046)</u>
	<u>148,790</u>	<u>154,515</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 rates of 6% to 18% (31 March 2020: 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 30 September 2020 (Unaudited) <i>HK\$'000</i>	At 31 March 2020 (Audited) <i>HK\$'000</i>
To be matured:		
Within 1 month	–	28,942
3 months or less but over 1 month	<b>82,615</b>	–
6 months or less but over 3 months	<b>108,525</b>	–
9 months or less but over 6 months	–	58,320
12 months or less but over 9 months	–	104,299
	<hr/>	<hr/>
Neither past due nor impaired	<b>191,140</b>	191,561
Matured:		
Less than 1 month	<b>797</b>	–
Less than 3 months but over 1 month	<b>2,026</b>	–
Less than 6 months but over 3 months	<b>13,326</b>	–
	<hr/>	<hr/>
	<b>207,289</b>	191,561
<i>Less: loss allowances for loans receivables</i>	<b>(58,499)</b>	<b>(37,046)</b>
	<hr/>	<hr/>
	<b>148,790</b>	<b>154,515</b>
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As at 30 September 2020, loans receivables with an aggregate amount of approximately HK\$163,084,000 (31 March 2020: HK\$153,773,000) were guaranteed by corporate guarantees provided by guarantors. The loans receivables bear interest and are repayable with fixed terms agreed with the customers.

## 12. TRADE AND OTHER RECEIVABLES

	At 30 September 2020 (Unaudited) <i>HK\$'000</i>	At 31 March 2020 (Audited) <i>HK\$'000</i>
Trade receivables ( <i>Note</i> )	379	481
<i>Less: allowance for doubtful debts</i>	<u>—</u>	<u>—</u>
	379	481
Prepayments	9,326	8,355
Deposits	1,329	905
Other receivables	31,929	30,708
<i>Less: loss allowance for other receivables</i>	<u>(31,622)</u>	<u>(30,391)</u>
	<u><b>11,341</b></u>	<u><b>10,058</b></u>

### *Note:*

Trade receivables comprise of receivables in respect of the Food and beverage business as at 30 September 2020 and 31 March 2020. The credit terms for trade receivables in respect of the Food and beverage business granted to customers are generally 30 to 60 days.

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

	At 30 September 2020 (Unaudited) <i>HK\$'000</i>	At 31 March 2020 (Audited) <i>HK\$'000</i>
0 – 30 days	174	179
31 – 60 days	102	110
61 – 90 days	86	—
91 – 120 days	15	151
121 – 150 days	2	—
Over 180 days	<u>—</u>	<u>41</u>
	<u><b>379</b></u>	<u><b>481</b></u>

### 13. TRADE AND OTHER PAYABLES

	At 30 September 2020 (Unaudited) <i>HK\$'000</i>	At 31 March 2020 (Audited) <i>HK\$'000</i>
Trade payables ( <i>Note</i> )	200	179
Accrued expenses and other payables	8,933	8,319
Payables for acquisition of property, plant and equipment and exploration of mines	677	618
PRC business tax and other levies payable	<u>10,919</u>	<u>10,767</u>
	<u><b>20,729</b></u>	<u><b>19,883</b></u>

*Note:*

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

	At 30 September 2020 (Unaudited) <i>HK\$'000</i>	At 31 March 2020 (Audited) <i>HK\$'000</i>
0 – 30 days	26	8
31 – 60 days	–	7
61 – 90 days	–	2
121 – 150 days	6	–
Over 180 days	<u>168</u>	<u>162</u>
	<u><b>200</b></u>	<u><b>179</b></u>



## MANAGEMENT DISCUSSION & ANALYSIS

### OPERATIONAL REVIEW

The Group's main operating segments are investment in energy and natural resources (including precious metals) related projects, provision of loan financing and investment and management consultation services in the People's Republic of China ("PRC") ("**Money lending**") and import, distribution and sales of food and beverage products ("**Food and beverage**") as set out in note 4 to this announcement.

#### **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. During the six months ended 30 September 2020, the Group had sold gold concentrates amounting to approximately HK\$1.7 million.

##### *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. Due to the COVID-19 pandemic, many provinces in the PRC implemented lock-down measures. As such, many employees of the Company were unable to return to the Company for work or visit customers' mines.

The mining consultancy business 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. The Company will continue to provide relevant services to our customers after the pandemic.

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

The Directors consider that fluorite, as a national mineral strategic resource, is an indispensable upstream base raw material for the fluorine chemical industry chain, thus 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.

On 14 August 2020, Dalian Guanghong Mining Co., Ltd. ("**Dalian Guanghong**"), an indirectly wholly-owned subsidiary of the Company, entered into an ore purchase and sale contract with Guangzhou Central Asia Minerals Trading Co., Ltd. ("**Guangzhou Central Asia**"), pursuant to which Dalian Guanghong agreed to purchase and Guangzhou Central Asia agreed to sell, 100 tons of raw fluorite, at a total consideration of approximately RMB214,700 (equivalent to approximately HK\$238,556), which includes 13% value added tax.

Upon completion of the contract, the Company will consider purchasing more raw fluorite lump ore from Guangzhou Central Asia.

## Money lending business

On top of the outbreak of the pandemic in the PRC, Jilin City of the PRC was hit by a second wave of the pandemic in the second quarter of 2020, creating an extremely severe business environment for small-to-medium enterprises in the region and tremendously affecting the credit business (including Money lending business) in Jilin City. The China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) announced in October of this year that the banking industry had disposed of a total of RMB1.73 trillion of non-performing loans in the first three quarters of 2020, representing an increase of RMB341.4 billion compared with the same period last year. The Company's Money lending business was also affected.

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

Like most other companies in the world, the Group's principal businesses have been affected by the COVID-19 outbreak since early 2020. Governments in the Asia-Pacific region have implemented mandatory social distancing, closure of public and private facilities, and other health-related measures since December 2019, and the US, Europe and other regions followed suit. The Group must navigate and adapt to the business and operating environment under the COVID-19 pandemic.

To ensure the safety and well-being of our employees, the Group has adopted a number of measures to fully meet the needs of each office, such as a series of working-from-home policies. The Group also provided its employees with facial masks and disinfectant, and requested its employees to maintain high hygienic vigilance. Uncertainties about COVID-19 and the macro economy exposed the Group to various challenges during the Reporting Period. However, effective control of the pandemic in the PRC will put the economy back on track in Mainland China, and we are cautiously optimistic about the long-term prospects of the Group.

## FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately HK\$11,628,000 (six months ended 30 September 2019: approximately HK\$16,732,000) which mainly comprised a turnover of (i) approximately HK\$4,453,000 from interest income from loan financing activities (six months ended 30 September 2019: approximately HK\$4,615,000); (ii) approximately HK\$4,141,000 from investment and management consultation services income (six months ended 30 September 2019: approximately HK\$10,617,000); (iii) no revenue from mining consultancy services income (six months ended 30 September 2019: approximately HK\$551,000); (iv) no revenue generated from the sales of fluorite (six months ended 30 September 2019: HK\$481,000); (v) no revenue generated from the sales of coke powder (six months ended 30 September 2019: HK\$468,000); (vi) approximately HK\$1,341,000 representing the sales of food and beverage (six months ended 30 September 2019: nil); and (vii) approximately HK\$1,693,000 representing the sales of gold concentrates (six months ended 30 September 2019: nil). The total turnover of the Group decreased by approximately 30.50% as compared to the last corresponding period.

As at 30 September 2020, the Group recorded total assets of approximately HK\$510,345,000 (as at 31 March 2020: approximately HK\$510,714,000) and recorded total liabilities of approximately HK\$83,605,000 (as at 31 March 2020: approximately HK\$83,281,000). The Group's net asset value as at 30 September 2020 decreased by 0.16% to approximately HK\$426,740,000 as compared to approximately HK\$427,433,000 as at 31 March 2020.

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

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

As at 30 September 2020, the Group had bank balances and cash of approximately HK\$30,975,000 (as at 31 March 2020: approximately HK\$39,125,000). As at 30 September 2020, net current assets of the Group amounted to approximately HK\$143,906,000 (as at 31 March 2020: approximately HK\$159,056,000) and the current ratio was maintained at a level of approximately 3.97 (as at 31 March 2020: approximately 4.20).

On 14 September 2020, 470,000,000 non-redeemable and convertible preference shares were converted into 470,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company.

### **TREASURY POLICIES**

As at 30 September 2020, the Group had bank balances and cash of approximately HK\$30,975,000 (as at 31 March 2020: approximately HK\$39,125,000). The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 30 September 2020, the Group had loans receivables of approximately HK\$148,790,000 (as at 31 March 2020: approximately HK\$154,515,000).

### **CONTINGENT LIABILITIES**

As at 30 September 2020, the Group had no significant contingent liabilities (31 March 2020: Nil).

### **CAPITAL COMMITMENTS**

As at 30 September 2020, the Group had no significant capital commitments (31 March 2020: Nil).

### **SIGNIFICANT INVESTMENTS**

As at 30 September 2020, the Group did not have any significant investment plans (31 March 2020: Nil).

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

As at 30 September 2020, there was no charge over the assets of the Group (31 March 2020: 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.

## THE CLAIM

On 21 April 2020, the Group received a civil ruling (the “**Civil Ruling**”) dated 31 March 2020 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 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, initiated by an independent third party (the “**Plaintiff**”) in relation to a loan agreement dispute claim (the “**Claim**”) against 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 30 September 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 “**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. The Company has also engaged PRC legal advisers to advise on the Claim. The Senior Management is currently suspended from all his duties in Jilin Ruixin. He is not otherwise involved in other business of the Group.

As advised by the PRC legal advisers of the Company, the Civil Ruling only restricts Jilin Ruixin from utilising the Restricted Amount and does not prohibit the deposit and withdrawal of funds other than the Restricted Amount. As such, the Civil Ruling is not expected to have any material adverse impact on the normal business operation of Jilin Ruixin. As at the date of this announcement, Jilin Ruixin is under its normal business operation and there are sufficient cash reserves for its day-to-day operation. Both the company seal and chop of Jilin Ruixin are currently under the safe custody of its financial controller. The Board is of the view that the Civil Ruling and the Claim is not expected to have any material adverse impact on the business operations, financial position and solvency of the Group.

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

## 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**

There were no material acquisition or disposal of subsidiaries or associates during the Reporting Period.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 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.

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

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. Save as disclosed 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 of the Company 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, 27 November 2020

*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.*