



**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)

**INTERIM  
REPORT  
2014**

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# INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Sino Prosper (Group) Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2014 (the “Reporting Period”) together with comparative figures for the previous period, which have been reviewed by the audit committee (the “Audit Committee”) of the Board.

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

	Notes	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	3	26,445	27,187
Cost of sales		–	(24,253)
<b>Gross profit</b>		<b>26,445</b>	<b>2,934</b>
Other income and gains	5	867	10,432
General and administrative expenses		(17,161)	(42,588)
Finance costs	6	(5,990)	–
<b>Profit/(loss) before tax</b>		<b>4,161</b>	<b>(29,222)</b>
Income tax (expense)/credit	7	(2,226)	746
<b>Profit/(loss) for the period</b>	<b>8</b>	<b>1,935</b>	<b>(28,476)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		3,943	26,681
<b>Other comprehensive income for the period, net of income tax</b>		<b>3,943</b>	<b>26,681</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>5,878</b>	<b>(1,795)</b>

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

	<i>Notes</i>	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		3,596	(26,334)
Non-controlling interests		(1,661)	(2,142)
		1,935	(28,476)
<b>Total comprehensive income/(expense) attributable to:</b>			
Owners of the Company		7,306	(2,137)
Non-controlling interests		(1,428)	342
		5,878	(1,795)
<b>Earnings/(loss) per share</b>			
	<i>10</i>		
Basic (HK cents per share)		0.43	(3.38)
Diluted (HK cents per share)		0.42	(3.38)



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	101,005	102,719
Other intangible assets	12	140,429	140,364
Exploration and evaluation assets	11	1,011,936	1,009,530
Goodwill		677,223	675,767
		1,930,593	1,928,380
<b>Current assets</b>			
Inventories		6,545	4,602
Loans receivables	13	212,521	134,347
Trade and other receivables	14	19,107	17,931
Bank balances and cash		22,785	93,193
		260,958	250,073
<b>Current liabilities</b>			
Other payables and accruals	15	19,706	19,603
Amount due to a non-controlling interest of a subsidiary		11,230	9,372
Tax payable		2,372	2,138
		33,308	31,113
<b>Net current assets</b>		227,650	218,960
<b>Total assets less current liabilities</b>		2,158,243	2,147,340
<b>Non-current liabilities</b>			
Convertible bonds	16	87,801	82,889
Promissory notes		18,507	17,429
Provision for restoration costs		401	400
Deferred tax liabilities		51,912	52,878
		158,621	153,596
<b>Net assets</b>		1,999,622	1,993,744
<b>Capital and reserves</b>			
Share capital	17	8,446	8,446
Reserves		1,885,101	1,877,795
Equity attributable to owners of the Company		1,893,547	1,886,241
Non-controlling interests		106,075	107,503
<b>Total equity</b>		1,999,622	1,993,744

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash used in operating activities	(70,316)	(9,583)
Net cash generated by/(used in) investing activities	111	(646)
Net cash generated by financing activities	–	7,504
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(70,205)</b>	<b>(2,725)</b>
Cash and cash equivalents at the beginning of period	93,193	186,499
Effect of foreign exchange rate changes, net	(203)	(2,281)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>22,785</b>	<b>181,493</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	22,785	181,493

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital (Unaudited) HK\$000	Share premium (Unaudited) HK\$000	Warrants reserve (Unaudited) HK\$000	Share options reserve (Unaudited) HK\$000	Shareholder's contribution (Unaudited) HK\$000	Foreign currency translation reserve (Unaudited) HK\$000	Capital redemption reserve (Unaudited) HK\$000	Other reserve (Unaudited) HK\$000	Accumulated losses (Unaudited) HK\$000	Subtotal (Unaudited) HK\$000		
											(Unaudited) HK\$000	(Unaudited) HK\$000
Balance at 1 April 2013	77,579	1,619,430	1,420	82,021	12,640	113,336	1,020	249,089	(291,277)	1,865,258	122,944	1,988,202
Loss for the period	-	-	-	-	-	-	-	-	(26,334)	(26,334)	(2,142)	(28,476)
Other comprehensive income for the period	-	-	-	-	-	24,197	-	-	-	24,197	2,484	26,681
Total comprehensive income/ (expense) for the period	-	-	-	-	-	24,197	-	-	(26,334)	(2,137)	342	(1,795)
Recognition of equity-settled share-based payments	-	-	-	9,142	-	-	-	-	-	9,142	-	9,142
Issue of ordinary shares under share option scheme	3,780	9,458	-	(5,734)	-	-	-	-	-	7,504	-	7,504
Release of reserve upon share options canceled	-	-	-	(7,823)	-	-	-	-	7,823	-	-	-
Balance at 30 September 2013	81,359	1,628,888	1,420	77,606	12,640	137,533	1,020	249,089	(309,788)	1,879,767	123,286	2,003,053

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											Attributable to non- controlling interests	Total	
	Share capital	Share premium	Warrants reserve	Convertible bonds equity reserve	Share options reserve	Shareholder's contribution	Foreign currency translation reserve	Capital redemption reserve	Other reserve	Accumulated losses	Subtotal			
	HK\$000	HK\$000	HK\$000	HK\$'000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000			HK\$000
Balance at 1 April 2014	8,446	1,634,929	1,420	42,050	77,014	12,640	132,796	1,020	249,089	(273,163)	1,886,241	107,503	1,993,744	
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	3,596	3,596	(1,661)	1,935	
Other comprehensive income	-	-	-	-	-	-	3,710	-	-	-	3,710	233	3,943	
Total comprehensive income/ (expense) for the period	-	-	-	-	-	-	3,710	-	-	3,596	7,306	(1,428)	5,878	
Balance at 30 September 2014	8,446	1,634,929	1,420	42,050	77,014	12,640	136,506	1,020	249,089	(269,567)	1,893,547	106,075	1,999,622	

# 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”). This unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2014, 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 2014 except for the adoption of the new and revised HKFRSs, amendments and interpretations as described in note 2 below.

## 2. Adoption of New and Revised Hong Kong Financial Reporting Standards

During the Reporting Period, the Group has applied the following amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2014:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) – Int 21	<i>Levies</i>

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

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



# NOTES TO THE 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 2013 is as follows:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue from sales of gold concentrates	–	5,423
Revenue from sales of gold	–	20,344
Interest income from loan financing activities	8,062	1,420
Consultancy services income	18,383	–
	26,445	27,187

## 4. Segment Information

Information reported to the Board, being the chief operating decision maker (“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; and
- (b) the money lending segment represents provision of loan financing and investment and management consultation services (“Money lending”).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. Segment Information (continued)

The following tables present revenue and results for the Reporting Period and the six months ended 30 September 2013 and total assets and total liabilities as at 30 September 2014 and 31 March 2014 for the Group's business segments.

	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2014 (Unaudited)</b>			
Segment revenue	–	26,445	26,445
Segment (loss)/profit	(3,016)	20,893	17,877
Interests on bank deposits, other income and gains			867
Finance costs			(5,990)
Central administration costs			(8,593)
Profit before tax			4,161
<b>Six months ended 30 September 2013 (Unaudited)</b>			
Segment revenue	25,767	1,420	27,187
Segment (loss)/profit	(6,806)	1,399	(5,407)
Interests on bank deposits, other income and gains			10,432
Central administration costs			(34,247)
Loss before tax			(29,222)

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 2013: nil).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. Segment Information (continued)

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

	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
As at 30 September 2014 (Unaudited)			
Segment assets	1,357,297	810,544	2,167,841
Corporate and unallocated assets			23,710
Consolidated assets			2,191,551
Segment liabilities	54,285	2,497	56,782
Corporate and unallocated liabilities			135,147
Consolidated liabilities			191,929
As at 31 March 2014 (Audited)			
Segment assets	1,354,131	747,739	2,101,870
Corporate and unallocated assets			76,583
Consolidated assets			2,178,453
Segment liabilities	48,556	3,747	52,303
Corporate and unallocated liabilities			132,406
Consolidated liabilities			184,709

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. Segment Information *(continued)*

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 convertible bonds, promissory notes and other unallocated head office and corporate liabilities.

### 5. Other Income and Gains

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest income on bank deposits	420	2,094
Net foreign exchange gains	369	4,688
Sundry income	78	3,650
	867	10,432

### 6. Finance Costs

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Effective interest on convertible bonds	4,912	–
Effective interest on promissory notes	1,078	–
	5,990	–

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 7. Income Tax Expense/(Credit)

Income tax recognized in profit or loss

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	97	–
The People's Republic of China ("PRC") Enterprise Income Tax	2,266	271
Deferred tax	(137)	(1,017)
Total income tax expense/(credit) recognized in profit or loss	2,226	(746)

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2013: 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 2013. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notwithstanding the above, certain PRC subsidiaries have obtained written approvals from the local government authorities, the PRC subsidiaries were subject to PRC Enterprise Income Tax at the effective rate of 2.5% on revenue for the Reporting Period.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. Profit/(Loss) for the Period

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Profit/(loss) for the period has been arrived at after charging:		
Directors' emoluments ( <i>Note (iii)</i> )	4,760	6,369
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits ( <i>Note (i)</i> )	5,022	6,199
– Contributions to retirement benefits schemes ( <i>Note (i)</i> )	241	422
– Equity-settled share-based payments ( <i>Note (iii)</i> )	–	1,163
<b>Total staff costs</b>	<b>10,023</b>	<b>14,153</b>
Auditors' remuneration	690	590
Amortization of other intangible assets included in general and administrative expenses	237	4,069
Cost of inventories recognized as expense	–	24,253
Depreciation of property, plant and equipment ( <i>Note (ii)</i> )	1,548	2,376
Loss on disposal of property, plant and equipment	458	101
Expenses in relation to share options granted to consultants ( <i>Note (iii)</i> )	–	7,979
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	687	1,603
– Equipment	14	18

*Notes:*

- (i) Amount excluded expenses capitalized in construction in progress of approximately HK\$15,000 for the Reporting Period (six months ended 30 September 2013: HK\$27,000). Salaries and other benefits of approximately HK\$978,000 were capitalized in inventories for the Reporting Period (six months ended 30 September 2013: HK\$1,464,000).
- (ii) No depreciation was capitalized in construction in progress for the Reporting Period (six months ended 30 September 2013: approximately HK\$655,000). Depreciation of property, plant and equipment of approximately HK\$310,000 was capitalized in inventories for the Reporting Period (six months ended 30 September 2013: HK\$1,666,000).
- (iii) During the six months ended 30 September 2013, the Company has granted 60,200,000 share options of the Company to eligible persons (including directors, employees and consultants of the Company) under the new share option scheme of the Company adopted on 20 April 2012.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9. Interim Dividend

The Directors resolved not to declare the payment of any interim dividend for the Reporting Period (six months ended 30 September 2013: nil).

### 10. Earnings/(Loss) Per Share

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Earnings/(loss)</b>		
Earnings/(loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per share	3,596	(26,334)

#### Number of shares

	Six months ended 30 September	
	2014 (Unaudited) '000	2013 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	844,587	779,104
Effect of dilutive potential ordinary shares:		
Share options	3,522	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	848,109	779,104

The computation of diluted earnings per share for the Reporting Period did not assume the exercise of the Company's potential ordinary shares granted under the Company's convertible bonds and outstanding warrants since their exercise would have an anti-dilutive effect.

The computation of diluted loss per share for the six months ended 30 September 2013 did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option schemes and outstanding warrants since their exercise would have an anti-dilutive effect.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. Capital Expenditure

	Property, plant and equipment (Unaudited) HK\$'000	Exploration and evaluation assets (Unaudited) HK\$'000
<b>Six months ended 30 September 2014</b>		
Net book amount at 1 April 2014	102,719	1,009,530
Additions	794	232
Disposals	(1,175)	–
Depreciation expense	(1,548)	–
Effect of foreign currency exchange differences	215	2,174
<b>Net book amount at 30 September 2014</b>	<b>101,005</b>	<b>1,011,936</b>
<b>Six months ended 30 September 2013</b>		
Net book amount at 1 April 2013	104,116	1,151,082
Additions	3,941	67
Disposals	(714)	–
Depreciation expense	(3,031)	–
Effect of foreign currency exchange differences	2,059	22,932
<b>Net book amount at 30 September 2013</b>	<b>106,371</b>	<b>1,174,081</b>

*Note:*

Amongst the depreciation expense of approximately HK\$1,548,000 for the six months ended 30 September 2014 (six months ended 30 September 2013: HK\$3,031,000), amounted to Nil (six months ended 30 September 2013: HK\$655,000) and approximately HK\$310,000 (six months ended 30 September 2013: HK\$1,666,000) were capitalized in construction in progress and inventories respectively, and approximately HK\$1,238,000 (six months ended 30 September 2013: HK\$710,000) was included in general and administrative expenses.

NOTES TO THE CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS

12. Other Intangible Assets

	Mining rights (Unaudited) HK\$'000	License (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 September 2014			
Net book amount at 1 April 2014	139,756	608	140,364
Amortization	(221)	(16)	(237)
Effect of foreign currency exchange differences	301	1	302
Net book amount at 30 September 2014	139,836	593	140,429
Six months ended 30 September 2013			
Net book amount at 1 April 2013	141,419	–	141,419
Amortization	(4,069)	–	(4,069)
Effect of foreign currency exchange differences	2,799	–	2,799
Net book amount at 30 September 2013	140,149	–	140,149

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. Loans Receivables

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Loans receivables from Money lending operations	212,521	134,347

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 Group's management, whilst overdue balances are reviewed regularly for recoverability. As at 30 September 2014, loans receivables are charging on effective interest rate mutually agreed with the contracting parties at 12% per annum (at 31 March 2014: ranging from 12% to 36% 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 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Within 1 month	–	69,965
3 months or less but over 1 month	212,521	20,135
6 months or less but over 3 months	–	44,247
1 year or less but over 6 months	–	–
	212,521	134,347



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14. Trade and Other Receivables

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Trade receivables	3,747	2,663
Prepayments	707	689
Deposits	14,498	14,339
Other receivables	155	240
<b>Total trade and other receivables</b>	<b>19,107</b>	<b>17,931</b>

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. No interest is charged on overdue trade receivables. The management of the Group closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

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

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
0 – 30 days	1,057	1,811
31 – 60 days	1,029	607
61 – 90 days	1,019	245
91 – 120 days	642	–
	<b>3,747</b>	<b>2,663</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 15. Other Payables and Accruals

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Accrued expenses and other payables	9,366	8,738
Deposit received for construction in mining sites	27	26
Payables for acquisition of property, plant and equipment and exploration of mines	1,247	1,400
PRC business tax and other levies payable	9,058	8,909
Receipt in advance	8	530
	<b>19,706</b>	<b>19,603</b>

### 16. Convertible Bonds

Imputed interest expenses of approximately HK\$4,912,000 (six months ended 30 September 2013: nil) have been recognized in the unaudited consolidated statement of profit or loss and other comprehensive income in respect of the convertible bonds for the six months ended 30 September 2014.

At 30 September 2014, the carrying amount of the liability component of the convertible bonds at amortized cost was approximately HK\$87,801,000 (31 March 2014: HK\$82,889,000).

### 17. Share Capital

	Number of shares	Share capital HK\$'000
<b>Authorized:</b>		
Ordinary shares of HK\$0.01 each at 31 March 2014 and 30 September 2014	40,000,000,000	400,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each at 31 March 2014 and 30 September 2014	844,587,497	8,446

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 18. Fair Value Measurement

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate to their fair values:

	At 30 September 2014	
	Carrying amount (Unaudited) HK\$'000	Fair value (Unaudited) HK\$'000
<b>Financial liabilities</b>		
Convertible bonds	87,801	92,929
Promissory notes	18,507	20,680

The fair value of the financial liabilities included in Level 3 category above in the fair value hierarchy have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

### 19. Operating Lease Commitments

At the end of the Reporting Period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Within one year	870	1,105
In the second to fifth years inclusive	122	352
	992	1,457

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 20. Capital Commitments

At the end of the Reporting Period, the Group had the following significant commitments which were not provided for in the consolidated interim financial statements:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Contracted but not provided for:		
– Exploration and evaluation expenditure	950	948

### 21. Related Party Transactions

Save as disclosed elsewhere in this interim report, the Group had the following significant transactions with related parties during the six months ended 30 September 2014:

#### Compensation of key management personnel

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short-term employee benefits	4,740	6,340
Post-employment benefits	20	29
	4,760	6,369

The above related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# MANAGEMENT DISCUSSION & ANALYSIS

## OPERATIONAL REVIEW

The following sets out the major developments of the Group during the Reporting Period.

### Current Operations

#### *Micro-Financing Business and Investment and Management Consultation Services*

The Group completed the acquisition of the micro-financing business and investment and management consultation services in the PRC in 2013. As disclosed in the Company's announcement dated 29 January 2014, on 29 January 2014, Mr. Leung Ngai Man (being a substantial shareholder, an executive Director and the chairman of the Company) (the "Vendor") executed a deed of waiver in favour of Favour South Limited (being a wholly-owned subsidiary of the Company) (the "Purchaser"), pursuant to which:

- (i) the Vendor irrevocably and unconditionally waives, releases and discharges the Purchaser from the obligations to pay:
  - (a) the T3 Price (as defined in the Company's circular dated 23 September 2013 (the "2013 Circular")), notwithstanding (and assuming) the T3 Payment Conditions (as defined in the 2013 Circular) being satisfied;
  - (b) the T4 Price (as defined in the 2013 Circular), notwithstanding (and assuming) the T4 Payment Conditions (as defined in the 2013 Circular) being satisfied; and
- (ii) conditional upon a sum of HK\$170 million (being a portion of the aggregate principal amounts owing by the Purchaser to the Vendor under the T1 P-Note (as defined in the 2013 Circular) and the T2 P-Note (as defined in the 2013 Circular)) being paid (whether by a single payment or a series of payments) to the Vendor by or on behalf of the Purchaser on or before 28 February 2014 (the "Partial Early Repayment"), the Vendor irrevocably waives, releases and discharges the Purchaser from the obligations to pay the entirety of the interest (the "P-Note Interests") accrued and accruing on the T1 P-Note and the T2 P-Note.

The Partial Early Repayment was subsequently paid to the Vendor by the Group's internal resources within the prescribed time-limit.

As disclosed in the Company's announcement dated 23 June 2014, Jilin Ruixin Microfinance Co., Ltd. (吉林市瑞信小額貸款有限公司) ("Jilin Ruixin") had received a written approval dated 17 June 2014 from Jilin Province Financial Affairs Office (吉林省金融工作辦公室) for the increase in the registered capital of Jilin Ruixin from RMB100 million to RMB150 million. The Board had further obtained a PRC legal opinion advising that there is no legal obstacle for Jilin Ruixin to obtain approval for any further increase in its registered capital in the future.



## MANAGEMENT DISCUSSION & ANALYSIS

As disclosed in the Company's announcement dated 30 September 2014, Jilin Ruixin had further received a letter (the "Letter") from Jilin Economic and Technical Cooperation Bureau (吉林省經濟技術合作局) (the "JETCB") dated 29 September 2014 stating, among other things, that:

- the business of Jilin Ruixin has been operating well since its establishment, which has helped promoting the development of the micro-financing industry in Jilin City;
- the JETCB welcomes a further increase in investment by Jilin Ruixin; and
- if the registered capital of Jilin Ruixin is increased to RMB300 million, Jilin Ruixin can operate its business in the entire Jilin Province.

The Board considers that the indication from JETCB that Jilin Ruixin can potentially operate its business in the entire Jilin Province (instead of only within Jilin City as Jilin Ruixin is currently allowed to) represents a valuable opportunity for the future business development of Jilin Ruixin. In this connection and pursuant to the Letter, the Board intends to further increase the registered capital of Jilin Ruixin to RMB300 million. To finance such increase in the registered capital of Jilin Ruixin, the Board may consider different financing alternatives, including internal resources, debt financing, equity financing or a combination of the above. If the Board decides to conduct any fund raising activities in this connection, the Company will make further announcement(s) as and when appropriate in accordance with the requirements of the Listing Rules.

### *Aohan Qi Mine, Inner Mongolia*

Aohanqi Xinrui En Industry Co., Ltd. (敖漢旗鑫瑞恩礦業有限責任公司) ("Aohanqi"), an indirect non wholly-owned subsidiary of the Company has applied to relevant PRC government authorities for an increase of its total investment amount. However, up to the date of this interim report, the application is still pending approval by the aforesaid authorities, and the proposal by the foreign shareholder of Aohanqi of increasing the registered capital of Aohanqi to meet its working capital requirement has not been given consent yet by the Chinese shareholder of Aohanqi. The continuous decrease in gold price and rising exploration costs in mining has further increased the difficulty of routine production. The Aohan Qi Mine is currently in routine maintenance phase.

### *Zhongyi Weiye Heilongjiang Mines, Heilongjiang Province, PRC*

In view of continuous decrease in gold price and rising exploration costs, the Group's management decided to, at this stage, maintain its mining right of the Aohan Qi Mine, investigate its past exploration results and postpone its exploration works in Heilongjiang.

## Resignation of executive Director

As disclosed in the announcement of the Company dated 26 May 2014, Mr. Ng Kwok Chu, Winfield has resigned as an executive Director with effect from 26 May 2014 due to personal health reason.

## Development from the end of the Reporting Period

Save as disclosed elsewhere in this interim report, there had been no material events affecting the Group which had occurred since the end of the Reporting Period and up to the date of this interim report.

## MANAGEMENT DISCUSSION & ANALYSIS

### Outlook

With the increased market demands of the micro-financing business in Jilin City, the Group recorded a profit from its micro-financing business in Jilin City, the PRC. However, in view of the significant price decreasing in current international commodity markets, uncertain prospects going forward in China's economic situation and small and medium enterprises having a difficult environment, the Group will constantly review the business of its project companies, make appropriate adjustments to related business including further increasing or decreasing the related investment and hope to bring a better return to our shareholders.

### FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total turnover of approximately HK\$26,445,000 (six months ended 30 September 2013: approximately HK\$27,187,000) which mainly comprised a turnover of (i) nil from the sales of gold (six months ended 30 September 2013: approximately HK\$20,344,000), (ii) nil from the sales of gold concentrates (six months ended 30 September 2013: approximately HK\$5,423,000), (iii) approximately HK\$8,062,000 from interest income from loan financing activities (six months ended 30 September 2013: approximately HK\$1,420,000), and (iv) approximately HK\$18,383,000 from consultancy services income (six months ended 30 September 2013: nil). For the Reporting Period, the total turnover of the Group decreased by approximately 2.7% as compared to the last corresponding period. Such decrease was mainly attributable to the decrease in turnover from (i) the sales of gold concentrates and (ii) the sales of gold during the Reporting Period. For the Reporting Period, the Group's profit attributable to owners of the Company was approximately HK\$3,596,000 (six months ended 30 September 2013: loss attributable to owners of the Company of approximately HK\$26,334,000) as a result of the significant improvement of contribution from its money lending business in the PRC during the Reporting Period.

As at 30 September 2014, the Group recorded total assets of approximately HK\$2,191,551,000 (as at 31 March 2014: approximately HK\$2,178,453,000), and recorded total liabilities of approximately HK\$191,929,000 (as at 31 March 2014: approximately HK\$184,709,000). The Group's net asset value as at 30 September 2014 increased by 0.29% to approximately HK\$1,999,622,000 as compared to approximately HK\$1,993,744,000 as at 31 March 2014.

### LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2014, the Group had bank balances and cash of approximately HK\$22,785,000 (as at 31 March 2014: approximately HK\$93,193,000). As at 30 September 2014, the Group had outstanding amounts of HK\$183,530,000 for the convertible bonds (as at 31 March 2014: approximately HK\$183,530,000) and HK\$30,000,000 for the promissory notes (as at 31 March 2014: approximately HK\$30,000,000) respectively. Its gearing ratio calculated as a ratio of net debt to total equity was 4.18% (as at 31 March 2014: 0.36%). As at 30 September 2014, net current assets of the Group totaled approximately HK\$227,650,000 (as at 31 March 2014: approximately HK\$218,960,000) and the current ratio was maintained at a level of approximately 7.8 (as at 31 March 2014: approximately 8).

## MANAGEMENT DISCUSSION & ANALYSIS

On 11 April 2012, an aggregate of 152,000,000 unlisted warrants of the Company were successfully placed by the Company to not less than six placees who are third parties independent of and not connected with the Company and its connected persons, at the placing price of HK\$0.01 per warrant and the subscription price of HK\$0.72 per warrant share. The subscription period for the warrants is from the date of issue of the warrants to 31 December 2014 (both dates inclusive). As at 30 September 2014, 152,000,000 unlisted warrants remain outstanding or are not yet exercised.

### TREASURY POLICIES

As at 30 September 2014, the Group had cash and bank balances of approximately HK\$22,785,000 (as at 31 March 2014: approximately HK\$93,193,000), most of which were denominated in Renminbi and placed as short-term deposits. The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 30 September 2014, the Group had loans receivables of approximately HK\$212,521,000 (as at 31 March 2014: approximately HK\$134,347,000). It also planned to invest more capital to the micro-financing business and financial management consultation services business of its PRC subsidiaries.

### CONTINGENT LIABILITIES

As at 31 March 2014 and 30 September 2014, the Group had no significant contingent liabilities.

### CAPITAL COMMITMENTS

As at 30 September 2014, the Group had the following significant commitments which were not provided for in the condensed consolidated interim financial statements:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Contracted but not provided for:		
– Exploration and evaluation expenditure	950	948

### FOREIGN EXCHANGE EXPOSURE

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

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

## MANAGEMENT DISCUSSION & ANALYSIS

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 30 September 2014, the Group employed 96 full-time employees in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and the prevailing market salaries. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

### CORPORATE GOVERNANCE & PRACTICES

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of Directors (the "Board"), sound internal controls and accountability to all shareholders of the Company as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. The Company has adopted the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

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

#### 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 the 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 respective website of the Stock Exchange and the Company.

#### Code Provision A.6.7

Pursuant to the Code Provision A.6.7, the three independent non-executive Directors should attend general meetings. However, Mr. Zhang Qingkui, an independent non-executive Director was absent from the annual general meeting of the Company held on 12 September 2014 due to his other business commitment. To ensure compliance in the future, the Company will arrange to furnish all Directors with appropriate information on all general meetings, and arrange the schedule to the extent possible that all Directors can attend the general meeting.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (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 six months ended 30 September 2014.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:–

### Interests and Short Positions in Shares and Underlying Shares

Name of Director	Capacity	Long position/ short position	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of issued share capital (Note 1)
Leung Ngai Man (Executive Director)	Beneficial owner	Long position	244,508,300	496,827,026 (Notes 2, 3 and 4)	741,335,326	87.77%
Sung Kin Man (Executive Director)	Beneficial owner	Long position	Nil	7,000,000 (Note 5)	7,000,000	0.83%
Zhang Qingkui (Independent Non-Executive Director)	Beneficial owner	Long position	Nil	7,700,000 (Note 6)	7,700,000	0.91%
Wu Wei Hua (PRC Finance Director)	Beneficial owner	Long position	Nil	8,800,000 (Note 7)	8,800,000	1.04%



## MANAGEMENT DISCUSSION & ANALYSIS

### Notes:

1. This percentage is calculated on the basis of 844,587,497 Shares in issue as at 30 September 2014 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any options, convertible bonds and unlisted warrants which remained outstanding as at 30 September 2014.
2. These underlying shares comprise (i) 800,000 Shares to be issued upon exercise of certain share options (as explained in Note 3 below) granted to Mr. Leung under the Company's old share option scheme (the "2002 Scheme"); (ii) 171,702,702 Shares to be issued upon exercise of conversion rights attaching to the outstanding balance of T1 CB (as defined in Note 4 below) issued by the Company on 11 October 2013; and (iii) 324,324,324 Shares to be issued upon exercise of conversion rights attaching to the T2 CB (as defined in Note 4 below) issued by the Company on 22 November 2013.
3. On 3 January 2005, share options carrying rights to subscribe for 8,000,000 Shares were granted to Mr. Leung by the Company under the 2002 Scheme. Pursuant to an ordinary resolution passed on 24 February 2012, a share consolidation was approved with effect from 27 February 2012 in which every 10 of the then existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company were consolidated into 1 consolidated share having a par value of HK\$0.1 per share (the "Share Consolidation"). Every 10 of the then options were consolidated into 1 consolidated option and the exercise prices were adjusted accordingly.
4. On 11 October 2013, tranche 1 convertible bonds (the "T1 CB") in the principal amount of HK\$75,000,000 at the conversion price of HK\$0.37 per Share were issued to Mr. Leung pursuant to completion of the acquisition agreement in relation to the micro-finance business in the PRC. On 22 November 2013, tranche 2 convertible bonds (the "T2 CB") in the principal amount of HK\$120,000,000 at the conversion price of HK\$0.37 per Share were issued to Mr. Leung pursuant to satisfaction of the T2 Payment Condition. As at 30 September 2014, the T1 CB together with the T2 CB in the aggregate amount of HK\$183,530,000 remains outstanding. Such interests constituted a long position of the Director in a physically settled equity derivatives for the purpose of the SFO.
5. Share options carrying rights to subscribe for 10,000,000 and 60,000,000 Shares were granted to Mr. Sung Kin Man on 4 May 2010 and 27 January 2012 respectively pursuant to the 2002 Scheme, which have been adjusted to 7,000,000 Shares by the Share Consolidation as stated in Note 3 above.
6. Share options carrying rights to subscribe for 7,700,000 Shares were granted to Mr. Zhang Qingkui on 26 April 2012 pursuant to a new share option scheme adopted by the Company on 20 April 2012 (the "2012 Scheme").
7. Share options carrying rights to subscribe for 3,000,000 Shares, 8,000,000 Shares and 60,000,000 Shares were granted to Ms. Wu Wei Hua on 8 May 2006, 4 May 2010 and 27 January 2012 respectively pursuant to the 2002 Scheme, which have been adjusted to 7,100,000 Shares by the Share Consolidation as stated in Note 3 above. Subsequently, share options carrying rights to subscribe for 1,700,000 Shares were granted to Ms. Wu Wei Hua on 24 September 2012 pursuant to the 2012 Scheme.

Save as disclosed above, as at 30 September 2014, none of the Directors or the chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares" and "Share-based Payment Transactions" of this interim report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in and debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AS AT 30 SEPTEMBER 2014

Save as disclosed above, as at 30 September 2014, no person, had interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

### SHARE-BASED PAYMENT TRANSACTIONS

The 2002 Scheme was adopted pursuant to a resolution passed on 25 April 2002 for the primary purpose of providing incentives to eligible participants. As the 2002 Scheme would have been expired on 15 May 2012, the 2002 Scheme was terminated and the 2012 Scheme was adopted by the Company on 20 April 2012. Similar to the 2002 Scheme, the primary purpose of the 2012 Scheme is to provide incentives to eligible participants.

### 2002 Scheme

Under the 2002 Scheme, the Directors of the Company may at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for shares:

- (i) any employee or proposed employee (whether full time or part time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“Invested Entity”) in which the Group holds an equity interest, any of such subsidiaries or any Invested Entity;
- (ii) any non-executive directors or proposed non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (iii) any supplier or potential supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer or potential customer of the Group or any Invested Entity;
- (v) any person or entity that provides or will provide research, development or other technological support to the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

The total number of shares in respect of which options may be granted under the 2002 Scheme and any other share option scheme of the Company is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive Directors in excess of 0.1% of the Company's share capital and with an aggregate value in excess of HK\$5 million must be approved in advance by the Company's shareholders. Options granted must be taken up within 21 days from the date of the offer of grant of the share option. Options may be exercised at any time not later than 10 years from the date of grant of the share option. The exercise price is determined by the Directors of the Company, and shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

### 2012 Scheme

Under the 2012 Scheme, the Directors of the Company may at their discretion in accordance with the provisions of the 2012 Scheme and the Listing Rules, to make an offer for the grant of share options to any of the following classes of participants:

- (i) any employee or proposed employee (whether full time or part time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (ii) any non-executive Directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

## MANAGEMENT DISCUSSION & ANALYSIS

The eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to their contribution to the development and growth of the Group.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the 2012 Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, independent non-executive Directors or any of their respective associates in excess of 0.1% of the Company's shares in issue and with an aggregate value in excess of HK\$5 million must be approved by the Company's shareholders. Options granted must be taken up within 21 days from the date of the offer of grant of the share option. Options may be exercised at any time not later than 10 years from the offer date of that share option.

The subscription price is at the discretion by the Directors of the Company, provided that it shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for trade on one or more board lots of the shares on the offer date; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date; and (iii) the nominal value of a share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

The 2012 Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options granted. The 2012 Scheme shall be valid and effective for ten years after its adoption date.

All equity-settled share-based payments will be settled in equity. The Group has no legal and constructive obligation to repurchase or settle the options.

## MANAGEMENT DISCUSSION & ANALYSIS

The following table discloses movements of the Company's share options granted under the 2002 Scheme and the 2012 Scheme during the six months ended 30 September 2014:

### 2012 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Number of share options					Outstanding at 30/9/2014
			Outstanding at 1/4/2014	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
26 April 2012	26 April 2012 to 25 April 2015	0.450	7,700,000	-	-	-	-	7,700,000
24 September 2012	24 September 2012 to 23 September 2015	0.335	47,900,000	-	-	-	-	47,900,000
24 May 2013	24 May 2013 to 23 May 2023	0.192	7,000,000	-	-	-	-	7,000,000
8 July 2013	8 July 2013 to 7 July 2023	0.200	7,700,000	-	-	-	-	7,700,000
			70,300,000	-	-	-	-	70,300,000
Exercisable as at of								
30 September 2014								70,300,000
Weighted average exercise price			HK\$0.319	-	-	-	-	HK\$0.319

Under the 2012 Scheme, the options outstanding at 30 September 2014 had weighted average exercise price of HK\$0.319 (31 March 2014: HK\$0.319) and a weighted average remaining contractual life of 2.6 years (31 March 2014: 3.1 years).

No option has been granted under the 2012 Scheme during the six months ended 30 September 2014. The weighted average share price at the date of exercise for share options exercised during the six months ended 30 September 2014 was Nil (31 March 2014: HK\$0.266).

No option has been exercised under the 2012 Scheme during the six months ended 30 September 2014. The options outstanding at 30 September 2014 had weighted average exercise price of HK\$0.319 (31 March 2014: HK\$0.319).

# MANAGEMENT DISCUSSION & ANALYSIS

## 2002 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Number of share options				Outstanding at 30/9/2014
			Outstanding at 1/4/2014	Exercised during the period	Cancelled during the period	Lapsed during the period	
1 November 2004	1 November 2004 to 31 October 2014	4.750*	220,000*	-	-	-	220,000*
29 November 2004	29 November 2004 to 28 November 2014	4.600*	300,000*	-	-	-	300,000*
3 January 2005	3 January 2005 to 2 January 2015	4.100*	800,000*	-	-	-	800,000*
12 January 2005	12 January 2005 to 11 January 2015	4.100*	500,000*	-	-	-	500,000*
23 March 2005	23 March 2005 to 22 March 2015	3.400*	400,000*	-	-	-	400,000*
8 May 2006	8 May 2006 to 7 May 2016	14.600*	2,300,000*	-	-	-	2,300,000*
1 September 2006	1 September 2006 to 31 August 2016	7.100*	3,600,000*	-	-	-	3,600,000*
4 September 2006	4 September 2006 to 3 September 2016	7.100*	600,000*	-	-	-	600,000*
1 June 2007	1 June 2007 to 31 May 2017	4.550*	1,400,000*	-	-	-	1,400,000*
14 May 2008	14 May 2008 to 13 May 2018	1.360*	1,200,000*	-	-	-	1,200,000*
4 May 2010	4 May 2010 to 3 May 2020	3.000*	4,000,000*	-	-	-	4,000,000*
27 January 2012	27 January 2012 to 26 January 2015	0.812*	12,000,000*	-	-	-	12,000,000*
			27,320,000*	-	-	-	27,320,000*
Exercisable at the end of the year							27,320,000*
Weighted average exercise price			HK\$3.743*	-	-	-	HK\$3.743*



## MANAGEMENT DISCUSSION & ANALYSIS

\* The information has been adjusted to reflect the effect of the Share Consolidation on 27 February 2012 pursuant to which every 10 of the then existing issued and unissued shares of HK\$0.01 each in the share capital of the Company were consolidated into 1 consolidated share of HK\$0.10 each. Every 10 of the then options were consolidated into 1 consolidated option and the exercise prices were adjusted accordingly.

Under the 2002 Scheme, the options outstanding at 30 September 2014 had weighted average exercise price of HK\$3.743\* (31 March 2014: HK\$3.743\*) and a weighted average remaining contractual life of 1.7 years (31 March 2014: 2.2 years).

No option has been exercised under the 2002 Scheme during the Reporting Period. The weighted average share price at the date of exercise for share options exercised during the Reporting Period was Nil.

Options granted are fully vested at the date of grant except for 4,700,000\* options granted under the 2002 Scheme on 4 May 2010 which are exercisable in 4 tranches and were fully vested since 3 August 2012.

None of the share options were forfeited and expired under the 2012 Scheme and 2002 Scheme during the Reporting Period.

All share options have been accounted for under HKFRS 2. The fair values of share options granted to directors, employees and suppliers of service determined at the dates of grant are expensed over the vesting periods, with a corresponding adjustment to the Group's share options reserve.

### 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.

### CONTRACT OF SIGNIFICANCE

Save as disclosed in this interim report, during the Reporting Period, the Group did not enter into any contract of significance with the controlling Shareholder or any of its subsidiaries, nor was there any contract of significance for the provision of services to the Group by the controlling Shareholder or any of its subsidiaries.

### MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed elsewhere in this interim report, there were no material acquisitions or disposals of subsidiaries or associates during the Reporting Period.

### AUDIT COMMITTEE'S

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 process and internal control procedures. Regarding the financial reporting process, 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.

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

Hong Kong, 26 November 2014

*As at the date of this interim report, Mr. Leung Ngai Man and Mr. Sung Kin Man are the executive Directors, and Ms. Xuan Hong, Mr. Cai Wei Lun and Mr. Zhang Qingkui are the independent non-executive Directors.*