



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
2015

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 2015 (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	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	3	19,379	26,445
Cost of sales		(1,699)	–
Gross profit		17,680	26,445
Other income and gains	5	767	867
General and administrative expenses		(19,391)	(17,161)
Finance costs	6	(8,108)	(5,990)
(Loss)/profit before tax		(9,052)	4,161
Income tax expense	7	(2,687)	(2,226)
(Loss)/profit for the period	8	(11,739)	1,935
Other comprehensive (expense)/income <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(55,793)	3,943
Other comprehensive (expense)/income for the period, net of income tax		(55,793)	3,943
Total comprehensive (expense)/income for the period		(67,532)	5,878
(Loss)/profit attributable to:			
Owners of the Company		(10,182)	3,596
Non-controlling interests		(1,557)	(1,661)
		(11,739)	1,935
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(63,643)	7,306
Non-controlling interests		(3,889)	(1,428)
		(67,532)	5,878
(Loss)/earnings per share	10		
Basic (HK cents per share)		(0.97)	0.43
Diluted (HK cents per share)		(0.97)	0.42



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>11</i>	90,729	95,496
Other intangible assets	<i>12</i>	133,521	139,653
Exploration and evaluation assets	<i>11</i>	449,247	466,949
Goodwill		652,960	679,075
		<hr/> 1,326,457	<hr/> 1,381,173
Current assets			
Inventories		7,328	7,453
Loans receivables	<i>13</i>	138,299	199,416
Trade and other receivables	<i>14</i>	6,137	4,737
Bank balances and cash		127,188	74,722
		<hr/> 278,952	<hr/> 286,328
Current liabilities			
Trade and other payables	<i>15</i>	19,312	18,195
Amount due to a non-controlling interest of a subsidiary		9,056	9,418
Amounts due to related parties		4,045	4,995
Tax payable		2,493	3,390
		<hr/> 34,906	<hr/> 35,998
Net current assets		<hr/> 244,046	<hr/> 250,330
Total assets less current liabilities		<hr/> 1,570,503	<hr/> 1,631,503

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Convertible bonds	<i>16</i>	81,602	100,809
Promissory notes		6,933	6,529
Provision for restoration costs		386	401
Deferred tax liabilities		44,500	50,538
		133,421	158,277
Net assets		1,437,082	1,473,226
Capital and reserves			
Share capital	<i>17</i>	11,311	10,046
Reserves		1,370,283	1,403,803
		1,381,594	1,413,849
Equity attributable to owners of the Company		1,381,594	1,413,849
Non-controlling interests		55,488	59,377
		1,437,082	1,473,226
Total equity		1,437,082	1,473,226



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net cash generated by/(used in) operating activities	53,932	(70,316)
Net cash generated by investing activities	166	111
<hr/>		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	54,098	(70,205)
Cash and cash equivalents at the beginning of period	74,722	93,193
Effect of foreign exchange rate changes, net	(1,632)	(203)
<hr/>		
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	127,188	22,785
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ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	127,188	22,785
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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		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
	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 for the period	-	-	-	-	-	-	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

	Attributable to owners of the Company											Attributable to non-controlling interests	Total
	Share capital	Share premium	Convertible bonds equity reserve	Share options reserve	Shareholder's contribution	Foreign currency translation reserve	Capital redemption reserve	Other reserve	Accumulated losses	Subtotal			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Balance at 1 April 2015	10,046	1,666,642	42,050	65,822	12,640	141,884	1,020	249,089	(775,344)	1,413,849	59,377	1,473,226	
Loss for the period	-	-	-	-	-	-	-	-	(10,182)	(10,182)	(1,557)	(11,739)	
Other comprehensive expense for the period	-	-	-	-	-	(53,461)	-	-	-	(53,461)	(2,332)	(55,793)	
Total comprehensive expense for the period	-	-	-	-	-	(53,461)	-	-	(10,182)	(63,643)	(3,889)	(67,532)	
Release of reserve upon share options lapsed	-	-	-	(10,169)	-	-	-	-	10,169	-	-	-	
Conversion of convertible bonds	1,265	42,196	(16,550)	-	-	-	-	-	-	26,911	-	26,911	
Deferred tax relating to convertible bonds	-	-	4,477	-	-	-	-	-	-	4,477	-	4,477	
Balance at 30 September 2015	11,311	1,708,838	29,977	55,653	12,640	88,423	1,020	249,089	(775,357)	1,381,594	55,488	1,437,082	

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 2015, 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 2015 except for the adoption of the new and revised HKFRSs (which include individual HKFRSs and HKASs) 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 issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2015:

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2010 – 2012 Cycle</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2011 – 2013 Cycle</i>

The Directors anticipate that the application of the amendments 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 2014 is as follows:

	Six months ended 30 September	
	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue from sales of silver concentrates	124	–
Revenue from sales of bronze concentrates	61	–
Revenue from sales of gold	1,186	–
Interest income from loan financing activities	7,754	8,062
Consultancy services income	10,254	18,383
	<hr/>	<hr/>
	19,379	26,445

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; 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 2014 and total assets and total liabilities as at 30 September 2015 and 31 March 2015 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
Six months ended 30 September 2015 (Unaudited)			
Segment revenue	1,371	18,008	19,379
Segment (loss)/profit	(1,945)	14,525	12,580
Interests on bank deposits, other income and gains			767
Finance costs			(8,108)
Central administration costs			(14,291)
Loss before tax			(9,052)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Segment Information (continued)

	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
Six months ended 30 September 2014 (Unaudited)			
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

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 2014: Nil).

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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Segment Information (continued)

	Investment in energy and natural resources (including precious metals) related projects HK\$'000	Money lending HK\$'000	Total HK\$'000
As at 30 September 2015 (Unaudited)			
Segment assets	774,711	796,477	1,571,188
Corporate and unallocated assets			<u>34,221</u>
Consolidated assets			<u>1,605,409</u>
Segment liabilities	48,253	1,577	49,830
Corporate and unallocated liabilities			<u>118,497</u>
Consolidated liabilities			<u>168,327</u>
As at 31 March 2015 (Audited)			
Segment assets	807,320	832,504	1,639,824
Corporate and unallocated assets			<u>27,677</u>
Consolidated assets			<u>1,667,501</u>
Segment liabilities	53,396	2,578	55,974
Corporate and unallocated liabilities			<u>138,301</u>
Consolidated liabilities			<u>194,275</u>

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	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest income on bank deposits	444	420
Net foreign exchange gains	–	369
Sundry income	323	78
	<hr/>	<hr/>
	767	867
	<hr/>	<hr/>

6. Finance Costs

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Effective interest on convertible bonds	7,704	4,912
Effective interest on promissory notes	404	1,078
	<hr/>	<hr/>
	8,108	5,990
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Income Tax Expense

Income tax recognized in profit or loss

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	–	97
The People's Republic of China ("PRC") Enterprise Income Tax	2,183	2,266
Deferred tax	504	(137)
Total income tax expense recognized in profit or loss	2,687	2,226

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2014: 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 2014. 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 ranging from 2.5% to 3% on revenue for the Reporting Period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. (Loss)/Profit for the Period

	Six months ended 30 September	
	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
(Loss)/profit for the period has been arrived at after charging:		
Directors' emoluments	3,598	4,760
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits (<i>Note (i)</i>)	3,886	5,022
– Contributions to retirement benefits schemes (<i>Note (i)</i>)	155	241
Total staff costs	7,639	10,023
Auditors' remuneration	705	690
Amortization of other intangible assets included in general and administrative expenses	780	237
Cost of inventories recognized as expense	1,699	–
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	1,108	1,548
Loss on disposal of property, plant and equipment	–	458
Impairment loss on trade receivables	431	–
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	685	687
– Equipment	9	14

Notes:

- (i) Amount excluded expenses capitalized in construction in progress of approximately HK\$15,000 for the six months ended 30 September 2014. Salaries and other benefits of approximately HK\$627,000 were capitalized in inventories for the Reporting Period (six months ended 30 September 2014: HK\$978,000).
- (ii) Depreciation of property, plant and equipment of approximately HK\$679,000 was capitalized in inventories for the Reporting Period (six months ended 30 September 2014: HK\$310,000).

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 2014: Nil).

10. (Loss)/Earnings Per Share

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

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
(Loss)/earnings		
(Loss)/earnings for the period attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share	(10,182)	3,596
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Number of shares		
	Six months ended 30 September	
	2015 (Unaudited) '000	2014 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,052,284	844,587
Effect of dilutive potential ordinary shares:		
Share options	–	3,522
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Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	1,052,284	848,109
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The computation of diluted loss per share for the Reporting Period did not assume the exercise of the Company's potential ordinary shares under the Company's share option schemes and convertible bonds since their exercise would have an anti-dilutive effect.

The computation of diluted earnings per share for the six months ended 30 September 2014 did not assume the exercise of the Company's potential ordinary shares under the Company's convertible bonds 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
Six months ended 30 September 2015		
Net book amount at 1 April 2015	95,496	466,949
Additions	16	262
Depreciation expense	(1,108)	–
Effect of foreign currency exchange differences	(3,675)	(17,964)
	<u>90,729</u>	<u>449,247</u>
Six months ended 30 September 2014		
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
	<u>101,005</u>	<u>1,011,936</u>

Note:

Amongst the depreciation expense of approximately HK\$1,108,000 for the Reporting Period (six months ended 30 September 2014: HK\$1,548,000), approximately HK\$679,000 (six months ended 30 September 2014: HK\$310,000) was capitalized in inventories, and approximately HK\$429,000 (six months ended 30 September 2014: HK\$1,238,000) 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 2015			
Net book amount at 1 April 2015	139,075	578	139,653
Amortization	(764)	(16)	(780)
Effect of foreign currency exchange differences	(5,330)	(22)	(5,352)
Net book amount at 30 September 2015	132,981	540	133,521
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

13. Loans Receivables

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Loans receivables from Money Lending operations	138,299	199,416

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. Loans receivables are charging on effective interest rate mutually agreed with the contracting parties, ranging from 6% to 12% per annum (at 31 March 2015: ranging from 6% to 12% per annum).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Loans Receivables (continued)

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 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
To be matured:		
Within 1 month	9,119	45,397
3 months or less but over 1 month	65,050	38,821
6 months or less but over 3 months	–	58,168
Neither past due nor impaired	74,169	142,386
Matured:		
Less than 1 month	608	1,075
Less than 3 months but over 1 month	1,131	2,150
Less than 6 months but over 3 months	6,809	3,224
Less than 1 year but over 6 months	5,706	50,581
More than 1 year	49,876	–
	<u>138,299</u>	<u>199,416</u>

Loans receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of these loans receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of the loans receivables which are past due as the loans receivables are still considered recoverable. Further details please refer to the paragraph “Legal Proceedings” in Operational Review in this interim report.

As at 30 September 2015 and 31 March 2015, no loans receivables are secured by collaterals provided by customers. The loans receivables bear interest and are repayable with fixed terms agreed with the Group’s customers.

14. Trade and Other Receivables

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Trade receivables	1,633	1,193
Impairment	(421)	–
	<u>1,212</u>	<u>1,193</u>
Prepayments	537	675
Deposits	2,073	2,454
Other receivables	2,315	415
	<u>6,137</u>	<u>4,737</u>
Total trade and other receivables	6,137	4,737

Trade receivables represent consultancy services income receivables in respect of the Money Lending operations in the PRC.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Trade and Other Receivables (continued)

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

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
0 – 30 days	243	47
31 – 60 days	251	–
61 – 90 days	49	–
91 – 180 days	–	1,146
181 – 365 days	1,090	–
	1,633	1,193
Impairment	(421)	–
	1,212	1,193
	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Neither past due nor impaired	543	47
Past due but not impaired		
– overdue by 121 – 180 days	–	1,146
– overdue more than 180 days	669	–
	1,212	1,193

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Trade and Other Receivables (continued)

The movements in provision for impairment of trade receivables are as follows:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Balance at beginning of the period/year	–	–
Impairment loss recognized on trade receivables	431	–
Foreign exchange translation	(10)	–
	<hr/> 421	<hr/> –

The above provision for impairment of trade receivables represent provision for individually impaired trade receivables of approximately HK\$421,000 for the Reporting Period. The individually impaired trade receivables mainly relate to customer that was in financial difficulties. It was assessed that only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

15. Trade and Other Payables

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Trade payables	188	179
Accrued expenses and other payables	9,007	8,017
Deposit received for construction in mining sites	1	1
Payables for acquisition of property, plant and equipment and exploration of mines	760	790
PRC business tax and other levies payable	9,356	9,208
	<hr/> 19,312	<hr/> 18,195

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. Trade and Other Payables (continued)

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

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
91 – 180 days	36	179
181 – 365 days	152	–
	188	179

16. Convertible Bonds

Imputed interest expenses of approximately HK\$7,704,000 (six months ended 30 September 2014: HK\$4,912,000) have been recognized in the unaudited consolidated statement of profit or loss and other comprehensive income in respect of the convertible bonds for the Reporting Period.

At 30 September 2015, the carrying amount of the liability component of the convertible bonds at amortized cost was approximately HK\$81,602,000 (31 March 2015: HK\$100,809,000).

17. Share Capital

	Number of shares	Share capital HK\$'000
Authorized:		
At 31 March 2015 and 30 September 2015, ordinary shares of HK\$0.01 each	40,000,000,000	400,000
Issued and fully paid:		
At 31 March 2015, ordinary shares of HK\$0.01 each	1,004,587,497	10,046
Conversion of convertible bonds (<i>Note</i>)	126,500,000	1,265
At 30 September 2015, ordinary shares of HK\$0.01 each	1,131,087,497	11,311

Note:

During the Reporting Period, 126,500,000 ordinary shares of HK\$0.01 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds issued in connection with the acquisition of Treasure Join Limited at a conversion price of HK\$0.37 per share.

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 2015	
	Carrying amount	Fair value
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Financial liabilities		
Convertible bonds	81,602	84,457
Promissory notes	6,933	7,289
	<hr/>	<hr/>

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	At
	30 September	31 March
	2015	2015
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within one year	1,443	937
In the second to fifth years inclusive	1,295	669
	<hr/>	<hr/>
	2,738	1,606
	<hr/>	<hr/>

20. 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 2015:

Compensation of key management personnel

	Six months ended 30 September	
	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Short-term employee benefits	3,585	4,740
Post-employment benefits	13	20
	<hr/>	<hr/>
	3,598	4,760
	<hr/>	<hr/>

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

Current Operations

Aohan Qi Mine, Inner Mongolia

Aohan Qi Mine is undergoing a period of small-scale operation and routine maintenance, due to the sluggish domestic economy, low gold price, rising production cost and capital shortage. On 6 May 2015, the Company completed the renewal of its *Mining Right Permit*, with validity extended to 6 May 2018.

Zhongyi Weiye Heilongjiang Mines (“Zhongyi Weiye”), Heilongjiang Province, PRC

With the international gold price remaining at low levels while the mining cost rising constantly, the management of the Group decided to focus mainly on the maintenance of mining right during the Reporting period. The exploration rights of the two mines expired on 16 April 2015 and are undergoing renewal process.

Legal Proceedings

As disclosed in the announcement of the Company dated 19 December 2014, the Group has initiated legal proceedings at Jilin City Intermediate People’s Court (吉林省中級人民法院) (the “Court”) in the PRC against certain state-owned enterprises due to the defaults in payment by such enterprises. In June 2014, the Group, through its micro-financing operation in Jilin, the PRC, granted eight micro-finance loans (the “Loans”) of RMB5 million each to eight state-owned enterprises (the “Customers”). The Loans matured in September 2014 but the Customers failed to make repayments to the Group on time.

The Group received notices from the Court dated 17 December 2014 and 18 December 2014 respectively which accepted the Group’s legal actions for further processing in respect of the Customers and their respective guarantors. On 21 April 2015, Jilin City Intermediate People’s Court (the “Court”) made the first instant verdict in relation to the legal proceedings proposed by the Group against certain state-owned enterprises due to their defaults in payment. It was judged that the abovementioned state-owned enterprises shall pay the outstanding principal and interest due to Jilin Ruixin Microfinance Co., Ltd. (吉林省瑞信小額貸款有限公司) (“Ruixin Microfinance”), together with overdue interest accrued up to the date of payment, within 10 days of the effective date of the judgment. The judgment ruled that respective guarantors of the Customers bear joint liability for the Customers’ debts owed to Ruixin Microfinance. The Court confirmed that the abovementioned civil judgment has become effective on 8 June 2015. As the Customers and their respective guarantors failed to perform the obligations specified under the Civil Judgment by the deadline 18 June 2015, on 19 June 2015, Ruixin Microfinance made a petition to the Court that the Court enforce the property of the Customers and their guarantors, including further seize the enforced property, evaluate and auction the lands and real estates of the persons subject to enforcement, and withdraw funds from the frozen accounts, and request the debtors to pay the due debts to Ruixin Microfinance until the full settlement of the abovementioned debts. On 10 November 2015, the Court legally withdrew RMB2.28 million of one of the Customers and transferred such money to Ruixin Microfinance. Meanwhile, the Court has initiated evaluation and auction procedures, and is currently evaluating the seized assets of the Customers and their guarantors which will be auctioned according to relevant laws after the evaluation.

MANAGEMENT DISCUSSION & ANALYSIS

Outlook

In view of the uncertain economic prospects in China, and operational difficulties faced by the small and medium-sized enterprises, the subsidiaries of the Group will adopt prudent policies on the relevant micro-financing operation. Meanwhile, the Group will proactively explore new investment opportunities in accordance with the Chinese new “13th Five-Year Plan”, to bring greater returns for shareholders of the Company.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total turnover of approximately HK\$19,379,000 (six months ended 30 September 2014: approximately HK\$26,445,000) which mainly comprised a turnover of (i) approximately HK\$1,186,000 from the sales of gold (six months ended 30 September 2014: nil), (ii) approximately HK\$185,000 from the sales of silver & bronze concentrates (six months ended 30 September 2014: nil), (iii) approximately HK\$7,754,000 from interest income from loan financing activities (six months ended 30 September 2014: approximately HK\$8,062,000), and (iv) approximately HK\$10,254,000 from consultancy services income (six months ended 30 September 2014: approximately HK\$18,383,000). For the Reporting Period, the total turnover of the Group decreased by approximately 26.7% as compared to the last corresponding period. Such decrease was mainly attributable to the decrease in turnover from the consultancy service income during the Reporting Period. For the Reporting Period, the Group's loss attributable to owners of the Company was approximately HK\$10,182,000 (six months ended 30 September 2014: profit attributable to owners of the Company of approximately HK\$3,596,000) as a result of the decrease in contribution from its consulting services business in the PRC during the Reporting Period.

As at 30 September 2015, the Group recorded total assets of approximately HK\$1,605,409,000 (as at 31 March 2015: approximately HK\$1,667,501,000), and recorded total liabilities of approximately HK\$168,327,000 (as at 31 March 2015: approximately HK\$194,275,000). The Group's net asset value as at 30 September 2015 decreased by 2.45% to approximately HK\$1,437,082,000 as compared to approximately HK\$1,473,226,000 as at 31 March 2015.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2015, the Group had bank balances and cash of approximately HK\$127,188,000 (as at 31 March 2015: approximately HK\$74,722,000). As at 30 September 2015, the Group had outstanding amounts of HK\$81,602,000 for the convertible bonds (as at 31 March 2015: approximately HK\$100,809,000) and HK\$6,933,000 for the promissory notes (as at 31 March 2015: approximately HK\$6,529,000) respectively. Its gearing ratio calculated as a ratio of net debt to total equity was Nil (as at 31 March 2015: 2.21%). As at 30 September 2015, net current assets of the Group totaled approximately HK\$244,046,000 (as at 31 March 2015: approximately HK\$250,330,000) and the current ratio was maintained at a level of approximately 8 (as at 31 March 2015: approximately 8).

MANAGEMENT DISCUSSION & ANALYSIS

TREASURY POLICIES

As at 30 September 2015, the Group had cash and bank balances of approximately HK\$127,188,000 (as at 31 March 2015: approximately HK\$74,722,000), 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 2015, the Group had loans receivables of approximately HK\$138,299,000 (as at 31 March 2015: approximately HK\$199,416,000). 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 2015 and 30 September 2015, the Group had no significant contingent liabilities.

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.

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 2015, the Group employed 78 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, 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.

MANAGEMENT DISCUSSION & ANALYSIS

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.2.1

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

Code Provision A.5.1

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

Code Provision D.1.4

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 2015.

MANAGEMENT DISCUSSION & ANALYSIS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2015, 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 in the Shares and Underlying Shares

Name	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 ("Mr. Leung") (Executive Director)	Beneficial owner	Long position	328,333,300	369,527,026 (Notes 2 and 3)	697,860,326	61.70%
Wong Li Fong (Executive Director)	Beneficial owner	Long position	15,000	-	15,000	0.00%

Notes

1. The percentage is calculated on the basis of 1,131,087,497 shares of the Company (the "Share(s)") in issue as at 30 September 2015 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any options which remained outstanding as at 30 September 2015.
2. These underlying shares comprise (i) 45,202,702 Shares to be issued upon exercise of conversion rights attaching to the outstanding balance of T1 CB (as defined in Note 3 below) issued by the Company on 11 October 2013; and (ii) 324,324,324 Shares to be issued upon exercise of conversion rights attaching to the T2 CB (as defined in Note 3 below) issued by the Company on 22 November 2013.
3. 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 2015, the T1 CB together with the T2 CB in the aggregate amount of HK\$136,725,000 remains outstanding. Such interests constituted a long position of the Director in a physically settled equity derivatives for the purpose of the SFO.

MANAGEMENT DISCUSSION & ANALYSIS

Save as disclosed above, as at 30 September 2015, 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 Option Schemes" 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 2015

Save as disclosed above, as at 30 September 2015, 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 OPTION SCHEMES

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.

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 2015:

2012 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Number of share options					Outstanding at 30/9/2015
			Outstanding at 1/4/2015	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
			<u>70,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,600,000)</u>	<u>14,700,000</u>
Exercisable as at 30 September 2015								<u>14,700,000</u>
Weighted average exercise price			<u>HK\$0.319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>HK\$0.351</u>	<u>HK\$0.196</u>

Under the 2012 Scheme, the options outstanding at 30 September 2015 had weighted average exercise price of HK\$0.196 (31 March 2015: HK\$0.319) and a weighted average remaining contractual life of 7.7 years (31 March 2015: 2.1 years).

No option has been granted under the 2012 Scheme during the six months ended 30 September 2015. (31 March 2015: nil).



MANAGEMENT DISCUSSION & ANALYSIS

2002 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Number of share options				Outstanding at 30/9/2015
			Outstanding at 1/4/2015	Exercised during the period	Cancelled during the period	Lapsed during the period	
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	3,000,000	-	-	-	3,000,000
			12,100,000	-	-	-	12,100,000
Exercisable as at 30 September 2015							12,100,000
Weighted average exercise price			HK\$6.645	-	-	-	HK\$6.645

Under the 2002 Scheme, the options outstanding at 30 September 2015 had weighted average exercise price of HK\$6.645 (31 March 2015: HK\$6.645) and a weighted average remaining contractual life of 2.03 years (31 March 2015: 2.5 years).

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.

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.



MANAGEMENT DISCUSSION & ANALYSIS

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, 19 November 2015

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