



# **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** **2016**

# 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 2016 (the “Reporting Period”) together with comparative figures for the previous corresponding period, which have been reviewed by the audit committee (the “Audit Committee”) of the Board.

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

	Notes	Six months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	3	11,937	19,379
Cost of sales		(384)	(1,699)
Gross profit		11,553	17,680
Other income	5	150	767
General and administrative expenses		(23,140)	(19,391)
Loss on early redemption of convertible bonds		(530)	–
Finance costs	6	(7,943)	(8,108)
Loss before tax		(19,910)	(9,052)
Income tax expense	7	(396)	(2,687)
Loss for the period	8	(20,306)	(11,739)
<b>Other comprehensive expense</b> <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(38,886)	(55,793)
Other comprehensive expense for the period, net of income tax		(38,886)	(55,793)
<b>Total comprehensive expense for the period</b>		<b>(59,192)</b>	<b>(67,532)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(18,925)	(10,182)
Non-controlling interests		(1,381)	(1,557)
		(20,306)	(11,739)
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		(56,024)	(63,643)
Non-controlling interests		(3,168)	(3,889)
		(59,192)	(67,532)
<b>Loss per share</b>	10		
Basic and diluted (HK cents per share)		(1.59)	(0.97)

## Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	81,598	83,572
Other intangible assets	<i>12</i>	126,934	131,912
Exploration and evaluation assets	<i>11</i>	429,328	443,892
Goodwill		458,195	473,738
		<b>1,096,055</b>	<b>1,133,114</b>
<b>Current assets</b>			
Inventories		6,998	5,806
Loans receivables	<i>13</i>	186,690	134,815
Trade and other receivables	<i>14</i>	25,915	4,776
Bank balances and cash		62,346	123,182
		<b>281,949</b>	<b>268,579</b>
<b>Current liabilities</b>			
Trade and other payables	<i>15</i>	17,862	16,563
Amount due to a non-controlling interest of a subsidiary		8,659	8,953
Amounts due to related parties		8,046	5,219
Tax payable		4,658	4,707
		<b>39,225</b>	<b>35,442</b>
<b>Net current assets</b>		<b>242,724</b>	<b>233,137</b>
<b>Total assets less current liabilities</b>		<b>1,338,779</b>	<b>1,366,251</b>

## Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Convertible bonds	16	74,689	89,129
Provision for restoration costs		369	382
Deferred tax liabilities		38,779	42,745
		113,837	132,256
<b>Net assets</b>		1,224,942	1,233,995
<b>Capital and reserves</b>			
Share capital	17	13,977	11,311
Reserves		1,161,512	1,170,063
		1,175,489	1,181,374
Equity attributable to owners of the Company		1,175,489	1,181,374
Non-controlling interests		49,453	52,621
<b>Total equity</b>		1,224,942	1,233,995

# Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash (used in)/generated by operating activities	(81,841)	53,932
Net cash (used in)/generated by investing activities	(1,734)	166
Net cash generated by financing activities	25,644	–
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(57,931)</b>	<b>54,098</b>
Cash and cash equivalents at the beginning of period	123,182	74,722
Effect of foreign exchange rate changes, net	(2,905)	(1,632)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>62,346</b>	<b>127,188</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	62,346	127,188

# Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											Total (Unaudited) HK\$'000		
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Convertible bonds equity 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	Attributable to non-controlling interests (Unaudited) 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		

	Attributable to owners of the Company											Total (Unaudited) HK\$'000		
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Convertible bonds equity 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	Attributable to non-controlling interests (Unaudited) HK\$'000			
	Balance at 1 April 2016	11,311	1,708,921	28,725	55,653	12,640	73,229	1,020	249,089	(959,214)	1,181,374		52,621	1,233,995
	Loss for the period	-	-	-	-	-	-	-	-	(18,925)	(18,925)		(1,381)	(20,306)
Other comprehensive expense for the period	-	-	-	-	-	(37,099)	-	-	-	(37,099)	(1,787)	(38,886)		
Total comprehensive expense for the period	-	-	-	-	-	(37,099)	-	-	(18,925)	(56,024)	(3,168)	(59,192)		
Issue of new ordinary shares	1,964	31,036	-	-	-	-	-	-	-	33,000	-	33,000		
Transaction costs attributable to issue of new ordinary shares	-	(1,356)	-	-	-	-	-	-	-	(1,356)	-	(1,356)		
Conversion of convertible bonds	702	24,186	(6,737)	-	-	-	-	-	-	18,151	-	18,151		
Early redemption of convertible bonds	-	-	(1,842)	-	-	-	-	-	604	(1,238)	-	(1,238)		
Deferred tax relating to convertible bonds	-	-	1,582	-	-	-	-	-	-	1,582	-	1,582		
Release of reserve upon share options lapsed	-	-	-	(50,979)	-	-	-	-	50,979	-	-	-		
Balance at 30 September 2016	13,977	1,762,787	21,728	4,674	12,640	36,130	1,020	249,089	(926,556)	1,175,489	49,453	1,224,942		

# 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 2016, 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 2016 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 2016:

Amendments to HKFRSs HKFRS 14	<i>Annual Improvements to HKFRSs 2012 – 2014 Cycle</i> <i>Regulatory Deferral Accounts</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	<i>Investment Entities: Applying the Consolidation Exceptions</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27	<i>Equity Method in Separate Financial Statements</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 2015 is as follows:

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (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	7,502	7,754
Consultancy services income	4,435	10,254
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	11,937	19,379

### 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 2015 and total assets and total liabilities as at 30 September 2016 and 31 March 2016 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 2016 (Unaudited)			
Segment revenue	–	11,937	11,937
Segment (loss)/profit	(2,577)	8,113	5,536
Interests on bank deposits and other income			150
Loss on early redemption of convertible bonds			(530)
Finance costs			(7,943)
Central administration costs			(17,123)
Loss before tax			(19,910)

## 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 2015 (Unaudited)			
Segment revenue	1,371	18,008	19,379
Segment (loss)/profit	(1,945)	14,525	12,580
Interests on bank deposits and other income			767
Finance costs			(8,108)
Central administration costs			(14,291)
Loss before tax			(9,052)

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 2015: Nil).

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

## 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 2016 (Unaudited)			
Segment assets	735,093	605,491	1,340,584
Corporate and unallocated assets			37,420
Consolidated assets			<u>1,378,004</u>
Segment liabilities	50,781	3,209	53,990
Corporate and unallocated liabilities			99,072
Consolidated liabilities			<u>153,062</u>
As at 31 March 2016 (Audited)			
Segment assets	758,230	618,858	1,377,088
Corporate and unallocated assets			24,605
Consolidated assets			<u>1,401,693</u>
Segment liabilities	48,825	3,327	52,152
Corporate and unallocated liabilities			115,546
Consolidated liabilities			<u>167,698</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 and other unallocated head office and corporate liabilities.

### 5. Other Income

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest income on bank deposits	97	444
Sundry income	53	323
	<hr/>	<hr/>
	150	767

### 6. Finance Costs

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Effective interest on convertible bonds	7,943	7,704
Effective interest on promissory notes	–	404
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	7,943	8,108

## Notes to the Condensed Consolidated Interim Financial Statements

### 7. Income Tax Expense

Income tax recognized in profit or loss

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current tax:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax	1,704	2,183
Deferred tax	(1,308)	504
<b>Total income tax expense recognized in profit or loss</b>	<b>396</b>	<b>2,687</b>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2015: 16.5%) of 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 2015. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notwithstanding the above, certain PRC subsidiaries were subject to PRC Enterprise Income Tax at the effective rate, ranging from 2.5% to 3.75% (six months ended 30 September 2015: ranging from 2.5% to 3%) on revenue for the Reporting Period.

## Notes to the Condensed Consolidated Interim Financial Statements

### 8. Loss for the Period

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Loss for the period has been arrived at after charging:		
Directors' emoluments	8,698	3,598
Employee benefits expense (excluding directors' emoluments): <i>(Note (i))</i>		
– Salaries and other benefits in kind	3,847	3,886
– Contributions to retirement benefits schemes	131	155
<b>Total staff costs</b>	<b>12,676</b>	<b>7,639</b>
Auditors' remuneration	730	705
Amortization of other intangible assets included in general and administrative expenses	656	780
Cost of inventories recognized as expense	–	1,699
Depreciation of property, plant and equipment <i>(Note (ii))</i>	1,075	1,108
Impairment loss on trade receivables	–	431
Minimum lease payments paid under operating leases in respect of land and buildings	679	685
Net foreign exchange losses	4,515	–

*Notes:*

- (i) Amount excluded expenses capitalized in construction in progress of approximately HK\$791,000 for the Reporting Period (six months ended 30 September 2015: Nil). Employee benefits expense of approximately HK\$190,000 were capitalized in inventories for the Reporting Period (six months ended 30 September 2015: HK\$627,000).
- (ii) Depreciation of property, plant and equipment of approximately HK\$706,000 was capitalized in inventories for the Reporting Period (six months ended 30 September 2015: HK\$679,000).

## 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 2015: Nil).

### 10. Loss Per Share

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

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(18,925)	(10,182)

#### Number of shares

	Six months ended 30 September	
	2016 (Unaudited) '000	2015 (Unaudited) '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,192,739	1,052,284

The computation of diluted loss per share for the Reporting Period and the six months ended 30 September 2015 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.

## 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 2016</b>		
Net book amount at 1 April 2016	83,572	443,892
Additions	1,831	–
Depreciation expense	(1,075)	–
Effect of foreign currency exchange differences	(2,730)	(14,564)
	<u>81,598</u>	<u>429,328</u>
<b>Six months ended 30 September 2015</b>		
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>

*Note:*

Amongst the depreciation expense of approximately HK\$1,075,000 for the Reporting Period (six months ended 30 September 2015: HK\$1,108,000), approximately HK\$706,000 (six months ended 30 September 2015: HK\$679,000) were capitalized in inventories, and approximately HK\$369,000 (six months ended 30 September 2015: HK\$429,000) 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
<b>Six months ended 30 September 2016</b>			
Net book amount at 1 April 2016	131,394	518	131,912
Amortization	(641)	(15)	(656)
Effect of foreign currency exchange differences	(4,305)	(17)	(4,322)
<b>Net book amount at 30 September 2016</b>	<b>126,448</b>	<b>486</b>	<b>126,934</b>
<b>Six months ended 30 September 2015</b>			
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)
<b>Net book amount at 30 September 2015</b>	<b>132,981</b>	<b>540</b>	<b>133,521</b>

### 13. Loans Receivables

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Loans receivables from Money lending operations	186,690	134,815

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 (31 March 2016: 6% to 20% 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 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
To be matured:		
Within 1 month	–	12,021
6 months or less but over 3 months	8,662	67,317
9 months or less but over 6 months	13,952	6,011
Over 9 months	111,673	–
Neither past due nor impaired	134,287	85,349
Matured:		
Less than 1 month	820	1,000
Less than 3 months but over 1 month	1,695	1,599
Less than 6 months but over 3 months	2,487	1,585
Less than 1 year but over 6 months	3,605	2,642
Over 1 year	43,796	42,640
	<b>186,690</b>	<b>134,815</b>

Loans receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default. The Directors 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 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 2016, loans receivables with an aggregate carrying amount of HK\$186,690,000 (31 March 2016: HK\$134,815,000) were guaranteed by corporate guarantees provided by guarantors. The loans receivables bear interest and are repayable with fixed terms agreed with the Group’s customers.

## Notes to the Condensed Consolidated Interim Financial Statements

### 14. Trade and Other Receivables

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Trade receivables	1,037	1,553
Less: allowance for doubtful debts	(1,037)	(1,072)
	–	481
Prepayments	646	457
Deposits	24,940	2,012
Other receivables	329	1,826
	25,915	4,776

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 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.

Included in the balance of deposits of the Group at 30 September 2016 was deposit of HK\$23,000,000 in relation to the proposed acquisition of the entire issued share capital of China Silver Securities Limited. Further details please refer to the Company's announcement dated 26 August 2016 and the section "Material Acquisitions or Disposals" in Management Discussion & Analysis in this interim report.

## 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 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
0 – 30 days	–	240
31 – 60 days	–	241
	–	481
	–	–
Neither past due nor impaired	–	–
Past due but not impaired		
– overdue by 1 – 30 days	–	249
– overdue by 31 – 60 days	–	232
	–	481

The movements in allowance for doubtful debts of trade receivables are as follows:

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
At beginning of the period/year	1,072	–
Impairment loss recognized on trade receivables	–	1,072
Foreign exchange translation	(35)	–
At end of the period/year	1,037	1,072

## Notes to the Condensed Consolidated Interim Financial Statements

### 15. Trade and Other Payables

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Trade payables	319	108
Accrued expenses and other payables	7,223	6,257
Deposit received for construction in mining sites	1	1
Payables for acquisition of property, plant and equipment and exploration of mines	701	699
PRC business tax and other levies payable	9,618	9,498
	17,862	16,563

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

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
31 – 60 days	57	–
61 – 90 days	14	–
91 – 180 days	175	6
Over 180 days	73	102
	319	108

### 16. Convertible Bonds

During the Reporting Period, convertible bonds with aggregate principal amount of HK\$25,975,000 were converted into ordinary shares of HK\$0.01 each of the Company at the conversion price of HK\$0.37 per share. Accordingly, a total of 70,202,702 ordinary shares at HK\$0.01 each were issued.

During the Reporting Period, the Company early redeemed an aggregate of 16,216,216 convertible bonds at a total consideration of HK\$6,000,000 from Mr. Leung Ngai Man (a substantial shareholder, the chairman and an executive director of the Company) (“Mr. Leung”), pursuant to the terms and conditions of the convertible bonds. The difference between the redemption amount and the total carrying amount of liability component and equity component amounting to approximately HK\$530,000 has been charged to the unaudited consolidated statement of profit or loss and other comprehensive income and amounting to approximately HK\$604,000 has been credited to accumulated losses, respectively.

## Notes to the Condensed Consolidated Interim Financial Statements

### 17. Share Capital

	Number of shares	Share capital HK\$'000
<b>Authorized:</b>		
At 31 March 2016 and 30 September 2016, ordinary shares of HK\$0.01 each	40,000,000,000	400,000
<b>Issued and fully paid:</b>		
At 31 March 2016 and 1 April 2016, ordinary shares of HK\$0.01 each	1,131,087,497	11,311
Issue of new ordinary shares ( <i>Note (i)</i> )	196,430,000	1,964
Conversion of convertible bonds ( <i>Note (ii)</i> )	70,202,702	702
At 30 September 2016, ordinary shares of HK\$0.01 each	1,397,720,199	13,977

*Notes:*

- (i) On 3 August 2016, Mr. Leung, the Company and the placing agent entered into the placing and subscription agreement pursuant to which (i) the placing agent has agreed to act as agent for Mr. Leung to place, on a best effort basis, and Mr. Leung has agreed to sell, a total of up to 226,200,000 placing shares to not less than six placees who and whose ultimate beneficial owners will be third parties independent of and not acting in concert with Mr. Leung, the Company and their respective associates and connected persons, at the placing price of HK\$0.168 per placing share; and (ii) Mr. Leung has conditionally agreed to subscribe for up to 226,200,000 new subscription shares at the subscription price of HK\$0.168 per subscription share.

Completion of placing took place on 9 August 2016 in accordance with the placing agreement and an aggregate of 196,430,000 placing shares were placed to not less than six placees who are independent third parties, at the placing price of HK\$0.168 per placing share.

On 16 August 2016, an aggregate of 196,430,000 ordinary shares of HK\$0.01 each in the capital of the Company were allotted and issued to Mr. Leung at HK\$0.168 per subscription share. The exercise gave rise to an aggregate net proceed of approximately HK\$31.6 million.

- (ii) During the Reporting Period, 70,202,702 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 to Mr. Leung in connection with the acquisition of Treasure Join Limited at the 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 2016	
	Carrying amount	Fair value
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Financial liabilities</b>		
Convertible bonds – liability component	74,689	76,453

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
	2016	2016
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within one year	1,138	1,071
In the second to fifth years inclusive	315	425
	1,453	1,496

## Notes to the Condensed Consolidated Interim Financial Statements

### 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 2016:

#### Compensation of key management personnel

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short-term employee benefits	8,684	3,585
Post-employment benefits	14	13
	<hr/>	<hr/>
	8,698	3,598

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, rising production cost and capital shortage despite increased gold prices.

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

The exploration rights of the two mines, namely Paoshouying Mine and Dumuhe Mine, expired on 16 April 2015 but final approval of the renewal of the exploration rights has not yet obtained from the Ministry of Land and Resources. During the Reporting Period, the Company was mainly engaged in the researching and organizing of preliminary exploration achievements.

#### *Micro-Financing Business in Jilin City, PRC*

The Company will adopt a more prudent lending principle to step up the control of credit risks in view of the increasing downside pressure on the macro economy of Jilin City, complicated with an acute structural imbalance, decelerated development of the real economy and a general decline in production and operation across the city.

### 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 (吉林市中級人民法院) (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 to the effect that the Court accepted the Group’s legal actions against the Customers and their respective guarantors. On 21 April 2015, the Court delivered judgement of first instance in relation to the legal proceedings initiated 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 thereon due to Jilin Ruixin Microfinance Co., Ltd. (吉林市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 the 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 did not take the initiative to perform the obligations specified under the Civil Judgment by the deadline 18 June 2015 set by the Court, Ruixin Microfinance made a petition to the Court on 19 June 2015 that the Court enforce the property of the Customers and their guarantors, including further seizure of the enforced property, evaluation and auction of the land and real estate of the persons subject to enforcement, deduction of funds in the frozen accounts and requesting of the debtors to pay the due debts to Ruixin Microfinance until the full settlement of the abovementioned debts. At present, the Court is carrying out the relevant enforcement procedures. As at the date of this report, Ruixin Microfinance recovered the principal of the loan and interest thereon amounting to a total of RMB14.28 million. The Group is expected to recover the remaining principal and interest thereon by the end of this financial year.

## Management Discussion & Analysis

### Outlook

In view of the decelerated development of the real economy of Jilin City, the Company will adopt a more prudent lending policy and proactively explore new investment opportunities to bring greater returns for shareholders of the Company.

### FINANCIAL REVIEW

During the Reporting Period, the Group recorded a total turnover of approximately HK\$11,937,000 (six months ended 30 September 2015: approximately HK\$19,379,000) which mainly comprised a turnover of (i) approximately HK\$7,502,000 from interest income from loan financing activities (six months ended 30 September 2015: approximately HK\$7,754,000), and (ii) approximately HK\$4,435,000 from consultancy services income (six months ended 30 September 2015: approximately HK\$10,254,000). For the Reporting Period, no revenue was derived from the sales of gold (six months ended 30 September 2015: approximately HK\$1,186,000) and the sales of silver & bronze concentrates (six months ended 30 September 2015: approximately HK\$185,000). The total turnover of the Group decreased by approximately 38.4% as compared to the last corresponding period. Such decrease was mainly attributable to the decrease in turnover from the consultancy service income.

As at 30 September 2016, the Group recorded total assets of approximately HK\$1,378,004,000 (as at 31 March 2016: approximately HK\$1,401,693,000), and recorded total liabilities of approximately HK\$153,062,000 (as at 31 March 2016: approximately HK\$167,698,000). The Group's net asset value as at 30 September 2016 decreased by 0.73% to approximately HK\$1,224,942,000 as compared to approximately HK\$1,233,995,000 as at 31 March 2016.

### LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2016, the Group had bank balances and cash of approximately HK\$62,346,000 (as at 31 March 2016: approximately HK\$123,182,000). As at 30 September 2016, the Group had carrying amount of HK\$74,689,000 for convertible bonds (as at 31 March 2016: approximately HK\$89,129,000). Its gearing ratio calculated as a ratio of net debt to total equity was 1% (as at 31 March 2016: zero). As at 30 September 2016, net current assets of the Group totaled approximately HK\$242,724,000 (as at 31 March 2016: approximately HK\$233,137,000) and the current ratio was maintained at a level of approximately 7.2 (as at 31 March 2016: approximately 7.6).

On 9 August 2016, the Company successfully placed 196,430,000 existing ordinary shares of HK\$0.01 each of the Company (the "Share(s)") to not less than six placees who are independent third parties, at a placing price of HK\$0.168 per Share, and subsequently on 16 August 2016, the Company allotted and issued 196,430,000 Shares to Mr. Leung Ngai Man at a subscription price of HK\$0.168 per Share. The net proceeds from the top-up placing were approximately HK\$31.6 million.

## Management Discussion & Analysis

### TREASURY POLICIES

As at 30 September 2016, the Group had cash and bank balances of approximately HK\$62,346,000 (as at 31 March 2016: approximately HK\$123,182,000), 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 2016, the Group had loans receivables of approximately HK\$186,690,000 (as at 31 March 2016: approximately HK\$134,815,000). 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 2016 and 30 September 2016, 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 2016, the Group employed 77 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.

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.

## Management Discussion & Analysis

### 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 2016.

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, 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 (Executive Director)	Beneficial owner	Long position	398,536,002	283,108,108 (Note 2)	681,644,110	48.77%
Wong Li Fong (Executive Director)	Beneficial owner	Long position	15,000	-	15,000	Negligible

#### Notes

1. The percentage is calculated on the basis of 1,397,720,199 Shares of the Company in issue as at 30 September 2016 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 2016.
2. These underlying shares are 283,108,108 Shares to be issued upon exercise of conversion rights attaching to the 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 issued by the Company to the Mr. Leung on 22 November 2013. As at 30 September 2016, the T2 CB in the aggregate amount of HK\$104,750,000 remain outstanding.

## Management Discussion & Analysis

Save as disclosed above, as at 30 September 2016, 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 Underlying 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 2016

Save as disclosed above, as at 30 September 2016, 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 2016:

### 2012 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Number of share options					Outstanding at 30/9/2016
			Outstanding at 1/4/2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
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>14,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,700,000</u>
Exercisable as at 30 September 2016								<u>14,700,000</u>
Weighted average exercise price			<u>HK\$0.196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>HK\$0.196</u>

Under the 2012 Scheme, the options outstanding at 30 September 2016 had weighted average exercise price of HK\$0.196 (31 March 2016: HK\$0.196) and a weighted average remaining contractual life of 6.7 years (31 March 2016: 7.2 years).

No option has been granted under the 2012 Scheme during the six months ended 30 September 2016. (31 March 2016: Nil).

## Management Discussion & Analysis

### 2002 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Number of share options				Outstanding at 30/9/2016
			Outstanding at 1/4/2016	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 February 2011 to 3 May 2020	3.000	3,000,000	-	-	-	3,000,000
			<u>12,100,000</u>	<u>-</u>	<u>-</u>	<u>(6,500,000)</u>	<u>5,600,000</u>
Exercisable as at 30 September 2016							<u>5,600,000</u>
Weighted average exercise price			<u>HK\$6.645</u>	<u>-</u>	<u>-</u>	<u>HK\$9.754</u>	<u>HK\$3.036</u>

Under the 2002 Scheme, the options outstanding at 30 September 2016 had weighted average exercise price of HK\$3.036 (31 March 2016: HK\$6.645) and a weighted average remaining contractual life of 2.4 years (31 March 2016: 1.5 years).

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.



## Management Discussion & Analysis

### MATERIAL ACQUISITIONS OR DISPOSALS

#### Acquisition of China Silver Securities Limited

On 26 August 2016, SP Financial Group Holdings Limited (“SP Financial”), an indirectly wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with China Silver Financial Group Limited (“China Silver Financial”), pursuant to which SP Financial conditionally agreed to acquire and China Silver Financial conditionally agreed to sell to SP Financial of the entire issued share capital of China Silver Securities Limited at a purchase price of HK\$18.0 million.

China Silver Securities Limited is a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under SFO and is also an Exchange Participant and a HKSCC Participant. It is principally engaged in the business of securities dealings.

Please refer to the Company’s announcement dated 26 August 2016 for more details.

As at the date of this interim report, the acquisition has not been completed.

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

### AUDIT COMMITTEE’S REVIEW

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company’s financial reporting system and supervising of the risk management and internal control systems. Regarding the financial reporting system, the Audit Committee would consider any significant items reflected in the reports and accounts.

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

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

Hong Kong, 28 November 2016

*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.*