Sino Prosper State Gold Resources Holdings Limited

中盈國金資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 766)

China Style • Global Vision

Annual Report 2011

Corporate Profile

Sino Prosper State Gold Resources Holdings Limited (“Sino Prosper”) is a Cayman Islands corporation listed on the Hong Kong Stock Exchange (HKEx: 0766) with a focus on exploration, development, production and sales of precious metals in China. Sino Prosper uses its China strategic relationships to acquire producing or near-producing assets where resources and production per shares can be rapidly enhanced. Currently, the polymetallic gold property Zhongyi Weiyi in Heilongjiang Province is under development and the Aohan Qi gold mine operates in Inner Mongolia Autonomous Region.

China Style • Global Vision

Over 8,000 years of history, tradition and knowledge have marked the evolution of Chinese civilization – the progress continues.

Sino Prosper is committed to merge a long history and standard of excellence with a unique global touch. China style combined with global vision provides the best of both worlds in the development of an integrated precious metals mining business. Through the deployment of this business model Sino Prosper plans to become a leading Chinese precious metals company that maximizes shareholder value.

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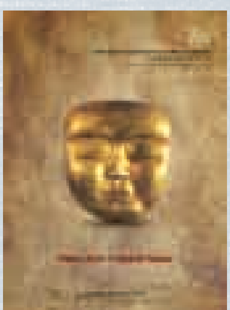

Cover:

The Annual Report covers features a fine gold-gilded silver mask produced from gold mined in Aohan Banner around 1,000 years ago.

Year in Review

2010-2011

April 2010

HK$548.7 million institutional placement of new shares by Samsung Securities

June 2010

Completion of acquisition of 70% of Aohanqi Xinrui En Industry Co., Ltd., holder of a permit for the mining of gold in Inner Mongolia

August 2010

Purchase of 27% stake in Heilongjiang Zhongyi Weiyi Economic & Trade Co., Ltd. to bring total ownership to 92% from 65% for the five exploration licenses and tenements covering 364.4 sq.km first acquired in September 2009

Sino Prosper Gas Ltd. disposed for HK$13.3 million



December 2010

Aohan Qi Processing Plant achieves processing capacity of 500 tpd, up from just 50 tpd

Aohan Qi Mine reconstruction of tunnels and supporting facilities increases mining capacity from approximately 200 tpd to 600 tpd

January 2011

Zhang Qingkui of Liaoning Provincial Institute of Geological Exploration appointed independent non-executive director and Audit Committee member

April 2011

Completion of a Framework Agreement to purchase whole or part of 85% equity holdings in a mining and exploration license for silver and manganese

Signing of exclusive Framework Cooperative Agreement with Aohan Banner government to conduct preliminary exploration of gold and copper mineral prospects as well as jade and gem stone resources

May 2011

Completion of institutional placement of HK$418 million of new shares by Samsung Securities and CLSA Securities

Chairman's Message
China Style • Global Vision

The last fiscal year was one of great excitement and accomplishment for Sino Prosper. It was the first full year of operation since Sino Prosper was transformed into a publicly listed precious metals mining enterprise. It was a year in which we cemented our direction in the quest to become a major China precious metals mining company. Hard work in the field was reinforced by successes in the capital markets and on the acquisition front.

Over the course of this year our business was further expanded. Mining ventures in Heilongjiang Province and the Autonomous Region of Inner Mongolia provide a strong foundation for growth. Recently announced initiatives in Aohan Banner, Inner Mongolia and Hebei Province demonstrate our commitment to the sector and remain consistent are with our established corporate strategy.

With cash reserves of some HK$700 million, no debt (excluding normal course trade payables) and a diversified portfolio of mining properties the coming year holds great promise. A solid financial position is critical at a time when Sino Prosper looks to develop its existing projects and seeks to exploit new opportunities in the China precious metals arena. In addition, revenue and profitability from the core mining business is planned to rise, thus providing a foundation for future growth.

Growth Strategy

Sino Prosper's past year was rewarding. Many lessons were learned as the Group took its first step in establishing a significant Chinese precious metals mining company. Perhaps the most important lesson was the importance of setting a clear strategic direction and ensuring its proper execution.

Central to our corporate strategy is to build a diversified portfolio of China-based precious metals projects to generate above average returns on investment. Sino Prosper focuses on acquiring producing or near-producing assets, with the potential for substantial enhancement in size and quality of resources as well as production scale. Aohan Banner and Zhongyi Weiye are two projects that exemplify this strategy. The potential acquisition of Xiang Guang silver mine and the Aohan Banner Regional Cooperation Agreement are in line with Sino Prosper's approach to build corporate value.

Sino Prosper is committed to become an integrated enterprise that controls all steps in the precious metals mining value chain, from exploration through development, mining, smelting, refining and sales. This strategy allows Sino Prosper to enhance returns from the resources it owns, thus increasing margins to improve corporate profitability. The expansion of production facilities and the launch of a refinery project in Aohan Banner are concrete measures adopted to realize this integration strategy.

Another key objective is to secure projects with low production costs. For instance, the Aohan Qi projected gold production cost, according to Changchun Gold Design Institute, is expected to be less than US$200 per ounce, amongst the lowest 10% of gold mining production costs worldwide. As Aohan Qi reaches full production capacity in the coming years the result of these low production costs is expected to translate into substantial profitability and shareholder value.

These are all important components of a broad and comprehensive strategic vision that underpins the growth initiative of Sino Prosper. However, amongst all these elements, the most important component is one that is hard to quantify in mere dollars and cents. This is our China style with a global vision, a critical combination of skill sets and experience in the China market with proprietary technology, capital and a knowledge base from the global arena.

China Style

China style is comprised of many unique elements which take into account the peculiar nature of Chinese practice, regional concerns and local needs, all of which are important in the highly sensitive precious metals mining industry. Relationships, market characteristics, regional nuances, customized business practices, analysis of local technical data and dealing with traditional mining techniques are all part of the China approach to business in the mining sector.

The ability of Sino Prosper to develop China style operations is critical to gaining the confidence of governments, enterprises and communities. Management's comfort with local customs and practice allows us to secure mining rights, invest in unique business opportunities and develop strong regional relationships. To understand local requirements and national policy in combination with social responsibility to meet the needs of the community is all part of a winning formula. After all, we are a China mining company.

Global Vision

Sino Prosper has been doing its best to add value to the China mining industry by taking a global vision and adopting a local style of business. This extends across a variety of areas, from exploration methodology, resource measurement, technology advances, management process, capital formation and other areas of operation and practice. However, this global vision is not a broad stroke approach. To be effective, it must be applied with sensitivity and understanding of the China context.

There are many examples where Sino Prosper combines a China style of operations with a global vision. For example, law and local practice require development of Chinese resource measurement to obtain licenses and approvals. However, foreign capital markets and investors prefer a different form of resource measurement, one that utilizes international drilling standards and quantitative techniques. Sino Prosper's understanding of Chinese practice and requirements along with international standards allows the Group to balance the needs of local and international markets and implement practices that coordinate the best of both approaches. This is one prime example of meshing China style with global vision.

The same holds true for drilling and mining. Western mining investors prefer longer drilling programs to identify the best method to develop a resource. However, in China, where manpower costs are low and provision of local employment is a government imperative, mining concerns must move quicker to the extraction phase. Sino Prosper seeks a middle ground by applying international practices of exploration adopted by global financial markets with a phased approach to mine development that supports employment and maintains work force loyalty that is consistent with Chinese practice and legal requirements.

Aohan Banner

One important result of the China style, global vision approach is the Aohan Banner Regional Cooperative Agreement (Cooperative Agreement). This key initiative is the direct result of the success of the strategy deployed in the first phase of development at Sino Prosper's Aohan Qi Gold Mine. The execution of the Sino Prosper vision to rapidly develop mining assets with global capital and approaches proved so favorable that the local government agreed to a wider cooperation framework so that Sino Prosper can provide assistance in the ongoing development of the local resource industry. We highlight this Agreement as an example of the best China style combined with global vision.

Essentially, the Cooperative Agreement is a partnership between Sino Prosper and local government. The Cooperative Agreement proposes that Sino Prosper act as a consolidator of the local gold and copper resource assets as well as handle exploration and development of copper, gold, jade and gemstone resources. Sino Prosper will undertake preliminary exploration of unencumbered prospects and work to establish new production facilities.

For its part, Aohan Banner will provide Sino Prosper access to exploration opportunities, priority land use rights for processing facilities, waive administrative fees at the Banner level and levy the lowest possible municipal administrative fees. In addition, Aohan Banner will fast-track approvals, environmental evaluations, mining projects, development plans and processing plants for the Group.

To execute this Cooperative Agreement, Sino Prosper will use it preferential treatment to set up project companies to invest in Aohan Banner. Following the overall direction of Group management on all projects, Sino Prosper will use its global vision to introduce capital, international management techniques and advanced technology to enhance resource production. The end result is a win-win situation for all.

Conclusion

Sino Prosper enters the coming year of operation as a precious metals mining enterprise that is ready to accelerate its development strategy. We will endeavor to ensure that shareholders and stakeholders see the results of our approach in combining a unique China style with a tailored global vision. These results will derive from the execution of a comprehensive approach to China mining and business development as discussed in this Annual Report.

We would like to extend our appreciation to all shareholders, directors and employees for their patience and support as we move forward together to become a leading listed Chinese precious metals mining concern.

Management Discussion & Analysis

On behalf of the board (the "Board") of directors (the "Directors") of Sino Prosper State Gold Resources Holdings Limited (the "Company"), the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2011 ("Reporting Period") are presented below.

OPERATIONAL REVIEW

In this Reporting Period, the Group made headway on a number of fronts. Progress was made in the raising of capital, which resulted in a further strengthening of the balance sheet. Initial execution and improvements in exploration programs, coupled with expansion in production and processing capacity laid the groundwork for planned future growth. The execution of the corporate development and acquisition strategies along with the strengthening of the management team were our Group's priority during the Reporting Period. All these developments were reflected in improved financial performance in the core gold mining business, strong performance in the stock and a growth in the number of institutional and retail investors.

Focusing on various aspects of exploration, development, mining and production of precious metals in China, the Group is in the process of expanding and exploiting its existing operations and mining projects in pursuit of its goal to become a major precious metals producer in the PRC. Additionally, the Group executed the initial phase of its corporate development strategy through the acquisition of producing or near-producing assets aiming at increasing resources and production per share in the near-term. This initiative resulted in announcements of some important transactions subsequent to the end of the Reporting Period.

The following sets out the major developments of the Group during the reporting period.

Current Operations

Investment in Gold Mine Project in Inner Mongolia, PRC

On 23 January 2010 (a date which falls before the commencement of the reporting period), Sino Prosper Mineral Products Limited, ("Sino Prosper Mineral"), a wholly-owned subsidiary of the Group, entered into an acquisition agreement ("Inner Mongolia Agreement") with Hong Guang ("Mr. Hong") for the acquisition ("Inner Mongolia Acquisition") of Favour South Limited ("Favour South"), a company incorporated in the British Virgin Islands. The Group purchased Favour South and shareholder's loans owing by Favour South to Mr. Hong on or prior to completion of the Inner Mongolia Acquisition at a total consideration ("Consideration") of RMB147 million (equivalent to approximately HK$167 million) (subject to adjustment) and payable entirely in cash.

The sole asset of Favour South was the entire issued capital of Great Surplus Investment Limited ("Great Surplus"), a company incorporated in Hong Kong, which held the right to contribute and own 70% of the registered and paid up capital of Aohanqi Xinrui En Industry Co., Ltd. 敖漢旗鑫瑞恩礦業有限責任公司 ("Aohan Qi"). Aohan Qi was and is the holder of a permit for the mining of gold at a mine located at Gouliang Town, Aohan Qi, Inner Mongolia Autonomous Region.

The Inner Mongolia Acquisition constituted a major transaction of the Company under Chapter 14 of the Listing Rules. The transaction was approved by Shareholders at the extraordinary meeting held on 17 June 2010. Save as disclosed in the Company's announcement dated 29 June 2010, all conditions precedent to the completion of the Inner Mongolia Acquisition were fulfilled, and the transaction was completed on 29 June 2010.

After the change of the directors and legal representative of Aohan Qi, and obtaining approval from PRC governmental departments, as well as obtaining of the business license issued by the Administration for Industry and Commerce (which license states the paid-up capital of Aohan Qi to be RMB10 million) and the approval certificate from the Department of Commerce of Inner Mongolia Autonomous Region to increase the registered capital to RMB50 million, the balance of the Consideration for the transaction of HK$31,818,182 was paid to Mr. Hong on 9 August 2010. As at 10 August 2010, the increase of the registered capital of Aohan Qi to RMB50 million was completed.

Up to 31 March 2011, an aggregate of RMB50 million was injected by the joint venture parties. During the year ended 31 March 2011, Aohan Qi has generated revenue of approximately RMB2 million.

In only nine months since the completion of the acquisition of the 70% interest in Aohan Qi, the Group made the following significant progress:

1. Ore Processing Plant and Refinery & Smelter

The first phase of the 500 ton/per day (tpd) Aohan Qi Processing Facilities was completed in four months after acquisition on 1 July 2010. The plant equipment, accessory equipment, and the first-phase tailing pond were installed and completed. The official opening of the Aohan Qi Processing Plant was held on 20 November 2010 and attended by local government officials. At the end of December 2010, the plant achieved its full rated processing capacity of 500 tpd. Initial quantities of gold alloy and gold concentrates have been produced and are sold.

The Group is pleased with the rapid achievement of the processing plant throughput and notes that the plant is expected to achieve planned levels of gold production shortly. Current gold output is limited as access to the main ore body required for planned production levels under the Group's mining plan is not possible at the current construction state. In the interim, feedstock for the processing plant has been provided from waste rock obtained during expansion of the underground mine workings. Feedstock from the waste pile is believed to have an average grade of 2 grams per tonne (g/t) but any production recoveries or costs from such material are not expected to be representative of the ultimate plant operation. Monitoring of operating parameters will commence upon input of normal feedstock for which the plant has been configured.

Based on exploration progress and expanded mine output capacity, as discussed below, the Group has endorsed plans to expand the Processing Plant capacity to 2,000 tpd. The Group intends to shortly order construction of required equipment to ensure delivery in time for the earliest possible completion of the plant expansion. Such plans may, however, be affected by the Group's recently announced Aohan Qi Regional Cooperation Agreement, which may provide opportunities for use of other local production facilities and/or expanded production levels from current plans.

Simultaneous with the planned expansion, and with the strong backing of the local government, the Group plans to construct a new Refinery with an expected annual output capacity in excess of one million ounces of 99.99% pure gold. The application for plant construction is under process.

Capital costs for the planned expansion are budgeted at RMB100 million for the expanded processing facility and RMB64 million for the Refinery.

2. Expansion of Aohan Qi Operations

Initial expansion work at the Aohan Qi Mine (reconstruction of tunnels and supporting facilities) has been completed and mining capacity was increased from some 200 tpd to about 600 tpd. Stage II of the mine expansion has advanced considerably. Construction of four new and larger vertical shafts (#2, #3, #6 and #8) have made good progress with the vertical shafts having reached depths of 274 meters, 100 meters, 125 meters and 208 meters, respectively. Planned initial depths of the four shafts are 300 meters each. Upon completion of these vertical shafts, new connecting tunnels will be constructed. Construction of these new shafts and the expanded tunnel system will increase mine output capacity to an expected 2,500 tpd and will allow for access to a number of additional identified mineralized zones. This mine expansion is expected to be substantially completed in early 2012.

3. Exploration of Aohan Qi

The Group has successfully implemented the appropriate Quality Assurance/Quality Control (QA/QC) procedures for sampling, sample handling and security, chain of custody, analytical procedures and reporting. The 2010 drilling program concentrated on: (1) confirming previous drill and underground sample results, (2) extending known mineralization to depth and along strike, and (3) testing new vein zones identified by surface mapping and sampling. As of this date, 49 diamond holes totaling 14,670m have been drilled within the Aohan Qi mining and exploration license areas during the 2010 exploration season utilizing four separate contractors and two different types of equipment. Much of this geological work was carried out in accordance with PRC standards prior to implementation of QA/QC protocols required for JORC standards. Consequently the issuance of the JORC compliant technical report is expected to be postponed to second quarter 2011 to allow for collection of further JORC compliant data.

The Group is making new exploration plans for an expanded drilling program in mid-2011 to advance the preparation of JORC resource reporting and to explore new geologic mineralization as discussed in the previous Quarterly Operation Update. The Group has identified at least four geologic events that appear to have resulted in gold and other mineral deposition in the area. Beyond the vein type system, which has been the historic focus of the property, the Group has identified a number of targets for exploration, including explosion breccias, a large placer gold area, a potential copper deposit, and the potential for a deep copper/gold porphyry system.

Currently, an active program of underground sampling is underway with channel samples being undertaken at 4 meter intervals throughout the underground workings. To date, 1254 channel samples have been collected from the underground workings and additional sampling will be undertaken in the new expanded underground workings as they are completed.

4. Expansion of the Current Mining License Area

The Aohan Qi mining area is intended to be expanded from the original 2.07 km^2 to 2.70 km^2 (Chinese regulations require each expansion application cannot be 1/3 larger than the current area). Currently, the Group is preparing the relevant materials in relation to the application for the mining license for the expansion area. The Group will continue to expand its licensed area with an ultimate goal of covering approximately 10 km^2.

Investment in Zhongyi Weiye Copper and Gold Mines Project in Heilongjiang Province, PRC

On 17 May 2010, Victor Bright Investment Limited ("VB"), a wholly-owned subsidiary of the Group, entered into an acquisition agreement ("2010 Acquisition Agreement") with Ms. Gao Liyan ("First Vendor") and Mr. Song Yang ("Second Vendor") ("2010 Acquisition"). The 2010 Acquisition involves (i) the purchase by the Company from the First Vendor and Second Vendor (who were joint venture partners to the Group holding 21% and 14% equity interest in 黑龍江中誼偉業經貿有限公司 (Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd) ("Zhongyi Weiye") respectively) of an aggregate 27% equity interest in Zhongyi Weiye pursuant to the terms and conditions of the 2010 Acquisition Agreement, and (ii) the subsequent contribution by the Group to additional portion of registered capital in Zhongyi Weiye to the extent of RMB44.3 million after completion of the 2010 Acquisition Agreement. At the time of entering into the 2010 Acquisition Agreement, Zhongyi Weiye was a 65% equity owned indirectly held subsidiary of the Company. The consideration for the 2010 Acquisition Agreement was RMB24 million in aggregate (subject to adjustment), of which RMB11.56 million was payable to the First Vendor and RMB12.44 million was payable to the Second Vendor in cash only.

Zhongyi Weiye is the holder of the exploration permits of five mines in the PRC with total mining area of some 364.61 km^2. The predominant values in these mines are various metals, including copper and gold.

The corporate nature of Zhongyi Weiye was a Sino-foreign equity joint venture enterprise and, immediately following the completion of the transfer of the 27% equity interest in Zhongyi Weiye and without taking account of any increase in Zhongyi Weiye's registered capital, the equity ownership was held 92% by the Group and 8% by the First Vendor respectively. Following completion of the increase in the registered capital, the corporate nature of Zhongyi Weiye was amended to become a Sino-foreign cooperative joint venture enterprise, subject to a profit-sharing ratio of 92% enjoyed by the Group and 8% by the First Vendor, despite dilution to the equity interest held by the First Vendor as a result of the increase of registered capital by the Company after completion of the 2010 Acquisition.

The 2010 Acquisition constituted a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. As each of the Vendors was a substantial shareholder of Zhongyi Weiye (a non-wholly-owned subsidiary of the Company), holding 21% and 14% of the equity interests respectively, each of the Vendors was a connected person for the purposes of Chapter 14A of the Listing Rules, and the 2010 Acquisition constituted a connected transaction for the Company under the Listing Rules. The 2010 Acquisition was approved by Shareholders at the extraordinary general meeting held on 24 June 2010.

In respect of this project in Heilongjiang Province, the Group holds five exploration licenses for poly-metallic gold prospects, which cover an area of 364.61 sq.km. At present, the Group has entrusted Heilongjiang Suihua Jinbo Geology and Mineral Ltd. to perform systemic exploration work, focusing initially on three tenements: Pao Shou Ying Dong Shan (砲手營東山), San Cha Lu (三岔路) and Xi Nan Cha (西南岔). During this initial exploration work, the focus will be on developing resources based on the prevailing relevant PRC standards, with an aim to obtain mining permits as soon as possible. To the extent as permitted under the relevant circumstances, appropriate QA/QC and other procedures will be implemented to allow for future JORC compliant mineral resource exploration and calculations.

Systematic geophysical and geochemical survey has been conducted on the five exploration tenements, with new systemic trench testing based on the previous work. Drill testing on the mineralization zone controlled by trenching has also been undertaken. Cumulatively work has consisted to date of some 40,000 m^3 exploration trenches, 5,000 m trench logging, 1:10,000 geochemical soil survey over 41.34 km^2 and 1:10,000 intermediate gradient IP measurement over 19.06 km^2. Last year, due to unusual weather conditions and local flooding during the summer drill season, exploration work was delayed and drilling work was adversely affected. Nonetheless, drilling of about 4,000 m was completed, some 1,400 samples collected and core and sample analysis is in process. On the other hand, a new set of drilling program is in progress, the Group's objective is to develop PRC standard resource reports and apply for mining licenses within the current year and to commence production by the year 2012.

Saved as disclosed in the announcement dated 3 August 2010, all conditions precedent to the completion of the 2010 Acquisition were fulfilled, and the transaction was completed on 3 August 2010. Up to 31 March 2011, an aggregate of RMB14.7 million was injected by the Company and the First Vendor. During the year ended 31 March 2011, Zhongyi Weiye has not generated any revenue.

Disposal of Sino Prosper Gas Limited

On 25 August 2010, Sino Prosper Group Limited ("**SP Group**"), a direct wholly-owned subsidiary of the Company, and Mr. Leung Ngai Man ("**Mr. Leung**", the chairman of the Company and an executive director and a substantial shareholder), entered into a sale and purchase agreement, pursuant to which SP Group has agreed to sell and Mr. Leung has agreed to purchase (i) the loan payable by Sino Prosper Gas Limited ("**Target HK**"), a company incorporated in Hong Kong with limited liability, to its shareholder amounting approximately HK$15.2 million immediately before completion and (ii) the entire issued ordinary share capital of Target HK at completion. Target HK's major asset was CNPC Sino Prosper Petroleum and Gas Co. Ltd. (中油中盈石油燃氣銷售有限公司) ("**Target PRC**"), an indirect subsidiary which is 95% owned as to by Target HK and the remaining 5% owned as to by an independent third party who is not a connected person of the Company and who is independent of and not connected with the Company and its connected persons save for its interests in Target PRC. The purchaser, Mr. Leung, is the chairman and an executive Director of the Company, and hence is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the disposal constitutes a connected transaction of the Company. Upon completion on 26 October 2010, Target HK and Target PRC ceased to be the subsidiaries of the Company and the Company has no more shareholding in Target HK and Target PRC. The Group then ceased its business in the fuel oil and related supporting and consultation services.

Subsequent Developments

During and following the end of the current fiscal year, a number of significant developments took place. Below is a brief description of these events.

Framework Agreement Relating to Possible Acquisition

Hebei Province Framework Agreement

On 7 April 2011, Sino Prosper State Gold HK Limited (a wholly-owned subsidiary of the Group) and a limited liability company (the "Intended Hebei Vendor") incorporated in the PRC (which is (and whose beneficial owner(s)) are independent third party of the Company), entered into the framework agreement ("Framework Agreement"), pursuant to which the parties expressed their common intent of sale and purchase of the whole or part of 85% equity holdings held by the Intended Hebei Vendor in a limited liability company incorporated in the PRC, which is an independent third party of the Company (the "Hebei Target Company"). The Hebei

Target Company is the holder of a mining license and an exploration license in respect of silver and manganese mines located in Zhuolu County, Hebei province (河北省涿鹿縣), the PRC. Based on a geological report prepared in May 2010 and supplied by the Intended Hebei Vendor, the relevant mines contain mineral reserves of some 422 tons of silver and 129,685 tons of manganese, whose total selection and refining recovery rate (選冶總回收率) is 75%. The Hebei Target Company is principally engaged in the business of exploration and mining of silver and manganese minerals. Signing of the formal agreement is conditional upon satisfaction of various conditions precedent, and therefore may or may not proceed.

Aohan Banner Framework Cooperative Agreement

On 10 April 2011, the People's Government of Aohan Banner ("Aohan Banner Government") and Sino Prosper Minerals Investment Limited ("SP Minerals"), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company signed a Framework Cooperative Agreement ("Aohan Agreement") to allow the Group to conduct preliminary exploration of unencumbered areas with gold and copper mineral prospects within the Aohan Banner region. Additionally, the parties agreed to cooperate in the consolidation of gold and copper resource assets in such areas, and exploration and development of jade and gem stone resources. SP Minerals may set up production facilities for gold, copper, jade and gem stone resources.

The Aohan Banner Government has undertaken to supply to SP Minerals exploration areas for gold, copper, jade and gem stone resources, and to provide land use priority regarding its processing facilities. During the stage of project development, the Aohan Banner Government plans to waive various administrative fees chargeable at the banner level on relevant project company(ies) of SP Minerals, and will coordinate to allow project companies to enjoy the lowest possible administrative fees chargeable at or above municipal level.

The Aohan Banner Government has agreed to assist SP Minerals in project approval, environmental evaluation, mining, development and processing of gold, copper, jade and gem stone resources, and ensure the normal production and smooth operation of the projects undertaken by SP Minerals. The Aohan Banner Government will assist SP Minerals to apply for national project subsidies and ensure that SP Minerals may enjoy preferential policies applicable to industrial enterprises promulgated by the Aohan Banner Government.

SP Minerals may set up project companies (with independent legal person status) in the Aohan Banner to make investments. SP Minerals will utilize its advantages in capital, management and technology to implement the arrangement and to enhance gold, copper, jade and gem stone resource production efficiency by utilizing technology of international level. In the design and operation, SP Minerals (and the relevant project companies) will follow the national industrial policy of the PRC, and will ensure that relevant safety and environmental standards are consistent with the national standards of the PRC.

Outlook

The Group expects to make progress on many fronts over the course of the next fiscal year (i.e. the year ending 31 March 2012) as it continues to pursue its objective to become a leading mining company in the PRC.

From a macro perspective, the Group hopes to benefit from a number of factors. The high price of gold vis-a-vis low Group production costs, the appetite for resources fuelled by ongoing economic growth within China, growing sophistication within the PRC mining industry and the opportunity for expansion all tend to support the Group's positioning in China. Taken together, these elements should produce accelerated growth and provide for a solid future of Group assets.

The ongoing integration and expansion of existing mining assets and the development of new precious metals mining projects will be the focus of the Group's attention. In addition, the Group will continue to explore producing and near-producing new precious metal mining investment opportunities to expand its business. A solid capital base with significant cash reserves will facilitate the execution of the corporate strategy.

In particular, Aohan Qi is expected to lead the way in terms of revenue contribution. The Group expects to improve the Aohan Qi processing capacity once again in the coming fiscal year, and has plans to bring on-stream a 1 million ounce per annum refinery to further enhance revenues. Further developments are expected in the area of exploration as well as an increase in the Aohan Qi licensed area.

Zhongyi Weiye is undergoing an active phase of exploration with a view to generation of initial Chinese resources and completion of feasibility studies. This should allow for the early conversion of existing exploration licenses to mining licenses and the development of small mining operations in the initial phase. At the same time as the Aohan Qi and Zhongyi Weiye mature, new initiatives are expected with the potential development of the silver and magnesium mines' acquisition of the Framework Agreement and the Aohan Agreement. These two projects are expected to contribute to the Group's bottom line in coming years.

In conclusion, management believes the outlook for the coming Reporting Period and beyond continues to be promising. The execution of the corporate strategy combined with sound operational skills is focused on the delivery of shareholders value in the near– and long-term.

Save as mentioned or disclosed by announcements or circulars issued by the Company, there are no material changes in respect of the development of the business or important events affecting the Group which have occurred since the publication of the Company's annual report for the year ended 31 March 2010.

Update on details of resources previously disclosed publicly

Certain changes to the Listing Rules (including Chapter 18 thereof) took effect from 3 June 2010. Subsequent to that date, the Company issued a circular dated 7 June 2010 to Shareholders concerning the 2010 Acquisition, which disclosed publicly certain details of the resources of certain mines as well as the exploration permits held by Zhongyi Weiye.

Under Rule 18.15 as contained in the new Chapter 18 of the Listing Rules, an update on those resources should be included once a year in its annual report. For the purpose of such rule, the Company would confirm that so far as it is aware after making all reasonable enquiries, since the issue of the said circular in June 2010 and up to the date of this annual report, there has not been any material change in the details of such resources other than the exploration works being conducted as disclosed in page 11 of this annual report.

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group recorded total turnover of approximately HK$47,692,000 which comprises a turnover of (i) approximately HK$1,855,000 from the sales of fuel oil and chemicals (year ended 31 March 2010: approximately HK$23,705,000), (ii) approximately HK$43,457,000 from the sales of gold (year ended 31 March 2010: HK$18,119,000); and (iii) approximately HK$2,380,000 from the sales of gold concentrate (year ended 31 March 2010: HK$Nil). Total Group turnover increased by approximately 14% as compared to last year. Such increase was mainly attributable to the increase of revenue from the sales of gold and the generation of revenue from the sales of gold concentrates. The effect of such increases of revenue was reduced by the decrease of revenue from the sale of fuel oil and chemicals. For the year ended 31 March 2011, the Group's net loss attributable to owners of the Company was approximately HK$44,040,000 (year ended 31 March

2010: approximately HK$58,882,000). The decrease in the Group's net loss attributable to owners of the Company was mainly due to (i) the generation of net foreign exchange gains of HK$18,531,000 and (ii) the gain on disposal of subsidiaries of HK$16,158,000.

As at 31 March 2011, the Group recorded total assets of approximately HK$1,724,737,000 (as at 31 March 2010: approximately HK$1,249,396,000), and recorded total liabilities of approximately HK$64,393,000 (as at 31 March 2010: approximately HK$178,563,000). The Group's net asset value as at 31 March 2011 increased by 55.05% to approximately HK$1,660,344,000 as compared to approximately HK$1,070,833,000 as at 31 March 2010. The significant increase in the Group's net asset value was mainly attributable to the indirect acquisition of Aohan Qi during the year ended 31 March 2011.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and capital fund raising activities. For the year ended 31 March 2011,

(i) 1,209,781,813 ordinary shares were issued upon the conversion of convertible bonds at the conversion price of HK$0.075 per share, giving rise to an aggregate net proceeds of approximately HK$90.7 million. As a result of such conversion, the Company's liability was reduced as it need not repay to the holder of the convertible bonds in respect of the principal amount in the sum of HK$90.7 million payable thereunder.

(ii) 2,888,000,000 ordinary shares were issued by way of placing ("Placing") of new shares pursuant to a placing agreement dated 12 March 2010 (as amended by a supplemental placing agreement dated 23 March 2010) entered into between the Company and Samsung Securities (Asia) Limited ("the Placing Agent"), whereby the Placing Agent has agreed to place on a best effort basis, up to 3,600 million ordinary shares. Completion of the Placing took place on 7 May 2010, pursuant to which the Company allotted and issued 2,888,000,000 new shares to not less than six placees at the final issue price of HK$0.19 per share, giving rise to an aggregate proceeds of approximately HK$548.7 million. The net proceeds (after the deduction of the placing commission and other relevant expenses) amounted to approximately HK$529.0 million. As at 31 March 2011, the net proceeds were mainly used for the following purposes: (i) HK$167,000,000 (equivalent to approximately RMB147,000,000) for the Inner Mongolia Acquisition, of which RMB7,000,000 was contributed to Aohan Qi as registered capital for the construction of the processing facilities and the exploration work; (ii) approximately HK$47,775,000 (equivalent to approximately RMB41,322,500) for the up-grading of the ore-processing plant and road reconstruction and related engineering works, near the gold mine to be acquired under the Inner Mongolia Acquisition, (iii) approximately HK$22,000,000 (equivalent to approximately RMB24,000,000) for the acquisition of an aggregate of 27% equity interest in Zhongyi Weiye; and (iv) approximately HK$10,350,000 (equivalent to approximately RMB9,030,000) for the payment of the registered capital of Zhongyi Weiye and the exploration work. The balance of the net proceeds is currently planned to be used for the general working capital of the Group and to finance any possible future acquisitions by the Group.

As at 31 March 2011, the Group had cash and bank balances of approximately HK$311,810,000 (as at 31 March 2010: approximately HK$216,030,000). As at 31 March 2011, the Group had outstanding borrowings of approximately HK$Nil (as at 31 March 2010: approximately HK$152,442,000). Its gearing ratio calculated as a ratio of net debt to total equity was Nil (as at 31 March 2010: Nil). As at 31 March 2011, net current assets totalled approximately HK$299,195,000 (as at 31 March 2010: approximately HK$200,247,000) and the current ratio was maintained at a level of approximately 11.6 (as at 31 March 2010: approximately 8.7).

TREASURY POLICIES

The Group does not engage in any interest rates or currency speculation and operates deposit banking accounts with principal bankers in Hong Kong and the PRC. The interest rates of these deposit banking accounts are fixed by reference to the respective countries interbank offer rate. The Group maintains sufficient funding resources to execute its exploration and development business plans and generally takes a prudent and cautious approach to cash application and its capital commitments, particularly in respect of the Group's business in the precious metals mining industry.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2011 and 2010.

CAPITAL COMMITMENTS

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

	2011 HK$'000	2010 HK$'000
Contracted but not provided for:		
– Investment in a joint venture company *(Note)*	–	39,001
– Capital commitment to the registered capital of a PRC subsidiary payable by the Group	41,778	1,000
– Exploration and evaluation expenditure	9,173	659
– Construction expenditure	22,892	–
	73,843	40,660

Note: Pursuant to a joint venture agreement dated 4 February 2005 entered into between Sino Prosper Gas Limited ("SP Gas" – a wholly owned subsidiary of the Company) and Lang Fang Development District Northern China Petroleum Sales Company (the "Joint Venture Partner"), SP Gas and the Joint Venture Partner agreed to set up a joint venture company as an equity joint venture company in the PRC for a term of 30 years commencing from the date of issue of the business license of the joint venture company, which will be engaged in the wholesale, sales, transportation and storage of petroleum gas.

On 15 March 2005, SP Gas, the Joint Venture Partner and Wuhan Hengsheng Shimao Petroleum Natural Gas Pipeline Engineering Company Limited (the "New Joint Venture Partner") entered into a supplemental agreement. Pursuant to the supplemental agreement, the Joint Venture Partner agreed to withdraw and the New Joint Venture Partner agreed to replace the Joint Venture Partner in the formation of the joint venture company. The registered capital of the joint venture company was RMB50 million which was to be contributed by SP Gas as to RMB47.5 million and by the New Joint Venture Partner as to RMB2.5 million. At 31 March 2010, approximately RMB13.2 million, equivalent to approximately HK$14.3 million had been contributed by SP Gas.

The joint venture company, namely 中油中盈石油燃氣銷售有限公司 ("CNPC"), was treated as a subsidiary of the Group at 31 March 2010.

During the year ended 31 March 2011, the Group has disposed of SP Gas to Mr. Leung at a consideration of HK$13.3 million. The sole asset of SP Gas was the 95% equity interest of CNPC. The disposal was completed on 26 October 2010 as detailed in note 39.

At the end of the reporting period, the Company had no significant capital commitments.

FOREIGN EXCHANGE EXPOSURE

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

Transactional currency exposures arise from revenue or cost of sales by operating units in currencies other than the unit's functional currency. Substantially all the Group's revenue and cost of sales are denominated in the functional currency of the operating units making the revenue, and substantially all the cost 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 management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2011, the Group employed 327 full-time employees in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and 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.

Directors' and Management Profile

Mr. LEUNG Ngai Man, 50, is the Chairman of the Group. He was appointed as an executive Director in 2001. Active in China since the 1980s, Mr. Leung has over two decades of experience in the areas of trading, investment, property development and management.

Mr. Leung has an extensive network and relationship with numerous PRC companies and authorities. He is currently Chairman and Executive Director of China Netcom Technology Holdings Limited (formerly known as China Metal Resources Holdings Limited) (stock code: 8071), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (GEM).

Mr. SUNG Kin Man, 39, graduated from University of Southern California and obtained a Bachelor's Degree of Science in Business Administration majoring in finance and minoring in marketing. Mr. Sung has been working in the finance industry and international capital markets in Hong Kong and other parts of Asia since 1994. He has extensive management experience and prior to his appointment at the Company Mr. Sung was an Executive Director of UBS Securities Asia Ltd., responsible for business in Greater China and a director of Global Equity of Merrill Lynch Asia Inc. from 2005 to 2007.

Mr. YEUNG Kit, 48, joined the Group in 2001 and was appointed as an Executive Director in 2002. Mr. Yeung is a Director of Joint Profit Group Ltd., Konrich (Asia) Ltd., Sino Prosper Medical Technology Ltd., and Sino Prosper Coal Mining Investment Ltd., all being wholly-owned subsidiaries of the Company. Mr. Yeung has over a decade of experience in banking and finance, and nearly two decades of experience in China trade and investment.

Mr. NG Kwok Chu, Winfield, 53, joined the Group as an Executive Director in 2009. Mr. Ng has over 20 years of experience in consumer and commercial finance in Hong Kong and China. Mr. Ng is an Executive Director of China Netcom Technology Holdings Limited (formerly known as China Metal Resources Holdings Limited) (stock code: 8071), listed on GEM, and an Independent Non-Executive Director of Long Success International (Holdings) Ltd. (stock code: 8017), listed on GEM. Mr. Ng was appointed as an Independent Non-Executive Director of The Quaypoint Corporation Ltd. (stock code: 2330) on 30 June 2011.

Mr. CAI Wei Lun, 56, joined the Group in 2004 and was appointed as an Independent Non-Executive Director in 2004. Mr. Cai has over two decades of experience in China property. Mr. Cai is also an Independent Non-Executive Director of China Netcom Technology Holdings Limited (formerly known as China Metal Resources Holdings Limited) (stock code: 8071), listed on GEM.

Dr. LEUNG Wai Cheung, 46, joined the Group in 2004 and is an Independent Non-Executive Director. Dr. Leung is currently CFO of FlexSystem Holdings Ltd. (stock code: 8050), listed on GEM and Independent non-Executive Director of Hong Kong-listed Mobicon Group Ltd. (stock code: 1213). Dr. Leung is also an Independent Non-Executive Director of China Netcom Technology Holdings Limited (formerly known as China Metal Resources Holdings Ltd) (stock code: 8071), listed on GEM. Dr. Leung was the Independent Non-Executive Director of Hong Kong listed Wing Hing International (Holdings) Ltd. (stock code: 0621) and United Gene High-Tech Group Ltd. (stock code: 0399).

Dr. Leung is a qualified accountant and chartered secretary. He graduated from Curtin University with Bachelor in Commerce Degree, majoring in accounting, and has a postgraduate diploma in Corporate Administration, a Master of Professional Accounting Degree from Hong Kong Polytechnic University, a Doctor of Philosophy in Management from Empresarial University of Costa Rica, and a Doctor of Education in educational management from Bulacan State University. He is an associate member of Hong Kong Institute of Certified Public Accountants, CPA Australia, Institute of Chartered Accountants in England & Wales, Institute of Chartered Secretaries and Administrators, Hong Kong Institute of Secretaries, Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants. Dr. Leung is a professor of the European University and a visiting lecturer of Open University of Hong Kong (LiPACE) and University of Hong Kong (SPACE).

Mr. ZHANG Qingkui, 43, joined the Group in 2011 and was appointed as an Independent Non-Executive Director. Mr. Zhang graduated from the Faculty of Geology of China University of Mining and Technology in 1991 with a bachelor's degree in water engineering and graduated from China University of Geosciences in 2004 with a postgraduate degree in geology. He has successively obtained the titles of and worked as assistant geology engineer, engineer and senior engineer. From 1995 to now, Mr. Zhang has worked with Liaoning Provincial Institute of Geological Exploration, mainly involving in the geological exploration of mines. In 2000, Mr. Zhang was in charge of the state resource compensation fee project "General Survey of Liangtun Gold Mine in Gaixian, Liaoning Province*" (《遼寧省蓋縣梁屯金礦普查》) and discovered Sidaogou gold mine. Such gold mine is dominated by gabbros and represents the first discovery in Liaoning, thereby making contribution to the local economy. In 2004, Mr. Zhang established the project department for market expansion in active response to the request of Liaoning Provincial Institute of Geological Exploration and cooperated with the local mining company, taking charge of many general survey and detailed survey projects. In 2008, Mr. Zhang was in charge of the "Four-Regional Geological Survey Project of 1314.4 Highlands in Inner Mongolia*" (內蒙古1314.4高地等四幅區域地質調查項目) organized by China Geological Survey. Such project is a metallogenic belt survey project in the Greater Khingan Range and satisfactory initial achievements have been made.

ADVISORY COMMITTEE TO THE BOARD

Mr. Garry STEIN, 65, joined the Group as Executive Advisor in 2009. He was appointed to become the Director of Corporate Development of the Group in 2010. Mr. Stein holds a Bachelor's Degree of Science in Chemistry from the Case Institute of Technology of Case Western Reserve University, a Master's Degree of Applied Science from the University of Toronto in Metallurgy and Material Science, a Master's Degree of Business Administration from the Schulich School of Business, York University and is a fellow member of the Institute of Canadian Banking. He has over 40 years' experience in executive roles in natural resources, banking, investment management, mergers & acquisitions, private equity and strategic planning. Mr. Stein has been actively involved in both inward and outward bound investing and mining in China for many years and has successfully raised and invested substantial funds internationally for such investment projects. Mr. Stein is a director of Salmon River Resources Limited, a company listed on The Toronto Stock Exchange with a significant iron ore deposit in South-Western Australia. Previously, he was a senior executive at Golden China Resources Corporation, a China focused gold mining company once listed on The Toronto Stock Exchange, which was subsequently acquired by Sino Gold Mining Limited, a company listed on The Australia Securities Exchange and The Stock Exchange of Hong Kong Limited.

Mr. Lionel Donald Stewart WINTER, 77, joined the Group as advisor in 2010 and has become ex officio member of the Advisory Committee to the Board in 2010. He is a highly regarded international mining executive and consultant with over 40 years of industry experience. He holds a Bachelor of Applied Science degree (Mining Engineering) from the University of Toronto, and a Master of Science (Applied) degree (Geological Sciences) from McGill University. Among his other professional designations, he is a Registered Professional Geologist (P.Geo.) in both the Province of Ontario and in the Province of British Columbia, Canada. He is a Life Member of Canadian Institute of Mining and Metallurgy (CIM) and a Life Member Prospectors and Developers Association of Canada (PDAC). He has a broad range of experience including as an educator and was responsible for establishing the mining and geology department at Cambrian College in Sudbury, Ontario, Canada. He has extensive field and operating experience in mine production and supervision, as a field and mine exploration geologist and manager, as a project manager, and as a consulting geologist. He is fully qualified and has acted as the "Qualified Person" responsible for NI 43-101 compliant resource estimates. He has undertaken these activities for both junior exploration and major international companies, public and private, and over a wide range of mineral products, including gold, silver, uranium, diamonds and base metals. His management and consulting roles have involved operations in Canada, South America and China. In particular, he has acted as an independent consultant for a number of mining companies in China and has extensive experience with PRC geology, operating methods and requirements and industry practices. He continues to provide geologic consulting services to a wide range of clients internationally through Winterbourne Explorations Ltd., which he established in 1981.

Mr. W. S. ("Steve") VAUGHAN, 74, joined the Group as advisor in 2010 and has become ex officio member of the Advisory Committee to the Board in 2010. He is a leading international expert on mining and natural resources law, and a Partner in the Business Law Group of major Canadian law firm, Heenan Blaikie. A prominent lawyer with a background in law and geology, which paved the way for a practice in the mining, oil and gas, geothermal, coal bed methane and nuclear industries, he possesses extensive international experience and formidable knowledge. For more than four decades, he has advised and represented Canadian and international companies, served on many governmental advisory committees and, in recent years, has been involved in natural resources transactions in more than 60 countries. He has extensive experience in dealing with projects, companies and agencies in the PRC. He is or has been a member or director of natural resource and mining companies such as the Algoma Central Corporation, the Apollo Gold Corporation and Western Troy Capital Resources, among others, as well as numerous professional and trade associations including the Toronto Branch of the Canadian Institute of Mining, Metallurgy and Petroleum, the Prospectors and Developers Association of Canada and the joint Toronto Stock Exchange/ Ontario Securities Commission Mining Standards Task Force. Trained in both geology and law, he holds a Bachelor of Science degree, University of New Brunswick; Master of Science degree, McGill University and a Bachelor of Civil Law, University of New Brunswick. His professional affiliations include the American Bar Association; Canadian Bar Association; International Bar Association; Canadian Institute of Mining, Metallurgy and Petroleum; International Mining Professionals Society; Prospectors and Developers Association of Canada and The Law Society of Upper Canada (Ontario). Possessing an exceptional reputation in his field, he is listed as one of the outstanding Canadian experts on mining law in the International

Who's Who of Business Lawyers, in Chambers Global 2010: The World's Leading Lawyers for Business and in Lexpert/American Lawyer's Guide to the Leading 500 Lawyers in Canada as well as in the area of natural resources law in The Best Lawyers in Canada (Woodward/White). The Martindale-Hubbell Law Directory gives him its top recommendation and Legal Media Group/Euromoney Institutional Investor ranks him as one of the best project finance and energy-natural resources lawyers in Canada. He has written numerous publications on natural resource financing, mining, international due diligence and related securities law issues published by The Canadian Institute, The Law Society of Upper Canada, the Prospectors and Developers Association of Canada, Insight, the Conference Board of Canada and the Rocky Mountain Mineral Management Law Foundation.

MANAGEMENT

Ms. CHIU Ngan Ling Annie, 43, joined the Group as Company Secretary in 2006. Ms. Chiu holds a Bachelor's Degree in Arts majoring in Accountancy and a Master's Degree in Corporate Governance from Hong Kong Polytechnic University. She has nearly two decades of experience in auditing, accounting, finance and company secretarial administration. She is a fellow member of The Association of Chartered Certified Accountants, an associate member of Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administration of London, The Hong Kong Institute of Chartered Secretaries and a member of Hong Kong Securities Institute.

Ms. WU Wei Hua, aged 40, joined the Group in 1996. Ms. Wu is the Financial Controller of the Group in China. Ms. Wu holds a Bachelor degree in Textile Engineering from Donghua University in the PRC. She has over 15 years of accounting experience.

* for identification purpose only

CORPORATE GOVERNANCE & PRACTICES

Sino Prosper State Gold Resources Holdings Limited (the "Company") acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. The Company has adopted the Code Provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The board ("Board") of directors ("Directors") of the Company periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. Save and except as hereinafter mentioned, the Company was in compliance with the Code for the year ended 31 March 2011:

Code Provision E.1.2

Pursuant to Code Provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. However, the Chairman of the Board was absent from the annual general meeting held on 30 August 2010 in order to attend to other matters. A Director was present at the annual general meeting to chair the meeting. To ensure compliance with the Code in the future, the Company has arranged and will arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all Directors (including the Chairman of the Board) can attend the annual general meeting.

Pursuant to Code Provision E.1.2 of the Code, the chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. However, both members of the independent board committee, namely Dr. Leung Wai Cheung and Mr. Cai Wei Lun, were absent from the extraordinary general meeting held on 15 October 2010 for approving the disposal of Sino Prosper Gas Limited, in order to attend to other matters. To ensure compliance with the Code in the future, the Company has arranged and will continue to arrange for furnishing all members of the independent board committee with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all members of the independent board committee (including the chairman of the independent board committee) can attend any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

Non-compliance with Requirements Regarding Independent Non-executive Director and Member of Audit Committee

As Mr. Chan Sing Fai ("Mr. Chan") did not offer himself for re-election as a Director at the 2010 annual general meeting held on 30 August 2010, and no new Independent Non-Executive Director was appointed to fill the vacant post arising from his retirement after the conclusion of the 2010 annual general meeting, the Company has only two Independent Non-Executive Directors and the audit committee of the Board has only two members (namely, Mr. Cai Wei Lun and Dr. Leung Wai Cheung) from 30 August 2010 and up to 31 January 2011. Such number falls below the minimum number required under Rule 3.10(1) and 3.21 of the Listing Rules respectively. At present, Dr. Leung Wai Cheung, an Independent Non-Executive Director, possesses the qualification which meets the requirements under Rule 3.10(2) of the Listing Rules. A new Independent Non-Executive Director (namely, Mr. Zhang Qingkui) was appointed with effect from 31 January 2011. Mr. Zhang Qingkui was also appointed as a member of the Audit Committee with effect from 31 January 2011.

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 have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 March 2011.

BOARD OF DIRECTORS

The composition of the Board for the year ended 31 March 2011 and up to the date of this annual report is as follows:

Executive Directors

Mr. Leung Ngai Man *(Chairman)*
Mr. Sung Kin Man *(Chief Executive Officer)*
Mr. Yeung Kit
Mr. Wong Wa Tak *(retired on 30 August 2010)*
Mr. Ng Kwok Chu, Winfield

Independent Non-Executive Directors

Mr. Cai Wei Lun
Mr. Chan Sing Fai *(retired on 30 August 2010)*
Dr. Leung Wai Cheung
Mr. Zhang Qingkui *(appointed on 31 January 2011)*

The biographical details of the Directors are set out on pages 18 to 19 of this annual report. The Board possesses a balance of skills and experience which is appropriate for the requirements of the business of the Group. The opinions raised by the Independent Non-Executive Directors in the Board meetings facilitate the maintenance of good corporate governance practices. A balanced composition of Executive Directors and Independent Non-Executive Directors also provides a strong independent element on the Board, which allows for independent and objective decision making in the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business.

The Company has received from each Independent Non-Executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent during the Reporting Period and up to the date of this report (for Mr. Chan Sing Fai, from 1 April 2010 to 30 August 2010, and for Mr. Zhang Qingkui, from 31 January 2011 onwards).

As at the date of this annual report, there is no financial relationship between any of the Directors and the members of the senior management, nor is there any business, family or other material or relevant relationships among the members of the Board.

BOARD MEETINGS

It is intended that regular Board meetings should be held at least four times a year, at approximately quarterly intervals to discuss and formulate the overall strategies of the Group, to approve annual and interim results, as well as to review the business operation and the internal control system of the Group. The meeting schedule will be fixed at the beginning of each year. Apart from these regular Board meetings, the Board will meet on other occasions when a board-level decision on a particular matter is required, such as material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the power to oversee the daily operational matters of the Group to senior management under the supervision of the Board.

For the year ended 31 March 2011, 14 Board meetings were held and the individual attendance of Directors is set out below:–

	Attendance
Executive Directors	
Mr. Leung Ngai Man	11/14
Mr. Sung Kin Man	12/14
Mr. Yeung Kit	14/14
Mr. Wong Wa Tak *(retired on 30 August 2010)*	9/14
Mr. Ng Kwok Chu, Winfield	13/14
Independent Non-Executive Directors	
Mr. Cai Wei Lun	13/14
Mr. Chan Sing Fai *(retired on 30 August 2010)*	7/14
Dr. Leung Wai Cheung	13/14
Mr. Zhang Qingkui *(appointed on 31 January 2011)*	0/14

The Directors attended Board meetings in person or through electronic means in accordance with the Articles.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the Chairman and the CEO. The Chairman determines the Board strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. The CEO, with support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group. The Chairman is Mr. Leung Ngai Man and the CEO is Mr. Sung Kin Man throughout the year.

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee.

The Board is empowered under the Articles to appoint any person as a Director either to fill a casual vacancy or as an additional member of the Board. New Directors appointed by the Board must retire and be re-elected at the first general meeting after his appointment under the requirements of the Articles.

The selection criteria of new Directors are mainly based on the professional qualification and experience of the candidate for directorship. Nomination procedure has been in place, pursuant to which (i) an interview/meeting will be conducted with the candidates for Directors; and (ii) Board meeting may be held to consider, if thought fit, to approve the appointment of the new Directors. The Chairman of the Board is responsible for nominating any suitable person to join the Board if considered necessary, such nomination will have to be approved by the Board.

REMUNERATION COMMITTEE

The Remuneration Committee was established with its terms of reference prepared in accordance with the provisions set out in the Code. The roles and functions of the Remuneration Committee is to make recommendation to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance, having regard to the interests of shareholders of the Company. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all Executive Directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No Director or any of his associates should be involved in any decision as to his own remuneration.

During the year ended 31 March 2011, three remuneration committee meetings were held and the individual attendance of its members is set out below:–

		Attendance
Independent Non-Executive Directors		
Dr. Leung Wai Cheung	Chairman	4/4
Mr. Chan Sing Fai	Chairman *(retired on 30 August 2010)*	1/4
Mr. Cai Wei Lun	Member	3/4
Mr. Zhang Qingkui	Member *(appointed on 31 January 2011)*	0/4
Executive Directors		
Mr. Leung Ngai Man	Member	2/4
Mr. Yeung Kit	Member *(resigned as a member of the remuneration committee on 30 August 2010)*	1/4
Mr. Sung Kin Man	Member *(appointed as a member of the remuneration committee 30 August 2010)*	2/4

AUDIT COMMITTEE

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and internal control procedures. In regard to the financial reporting process, the Audit Committee would consider any significant items reflected in the reports and accounts, and any matters that have been raised by the Financial Controller of the Group.

During the year ended 31 March 2011, two audit committee meetings were held and the individual attendance of its members is set out below:–

		Attendance
Independent Non-Executive Directors		
Dr. Leung Wai Cheung	Chairman	2/2
Mr. Chan Sing Fai	Chairman *(retired on 30 August 2010)*	1/2
Mr. Cai Wei Lun	Member	2/2
Mr. Zhang Qingkui	Member *(appointed on 31 January 2011)*	0/2

During the aforesaid meetings, members of the audit committee reviewed the Group's annual results for the year ended 31 March 2010 and interim results for the six months period ended 30 September 2010 and reviewed the internal control system of the Group. One of the aforesaid meetings was held with a representative of the Company's auditors being in attendance.

AUDITORS' REMUNERATION

During the year ended 31 March 2011, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

Services rendered	Fees paid/payable (HK$'000)
Audit services	980
Non-audit services	1,219

ACCOUNTABILITY

The Directors acknowledge their responsibility for preparing the accounts for the year ended 31 March 2011 which are prepared in accordance with statutory requirements and applicable accounting standards. The Company's auditors acknowledge their reporting responsibilities in the independent auditors' report on the consolidated financial statements for the year ended 31 March 2011.

There were no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for the year ended 31 March 2011.

INTERNAL CONTROLS

The Board has conducted interim and annual review of the effectiveness of the internal control system of the Group covering the financial, operational, compliance controls and risk management functions. In addition, the Board has considered the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget. The internal control system is designed to provide reasonable, but not absolute assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

Directors' Report

The directors (the "Directors") of Sino Prosper State Gold Resources Holdings Limited (the "Company") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

During the past fiscal year, the principal activity of the Company is investment holding. The principal activities of the Group are investment holding, investment in energy and natural resources (including precious metals) related projects in the People's Republic of China ("PRC"). Details of the subsidiaries are set out in note 17 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 March 2011 and the state of affairs of the Group as at that date are set out on pages 36 to 122 of this annual report.

The Directors do not recommend payment of any dividend in respect of the financial year ended 31 March 2011.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 123 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year are set out in notes 31, 32 and 34 respectively, to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on page 40 and in note 33 to the consolidated financial statements, respectively.

Under the Companies Law of the Cayman Islands, share premium as received in the share premium account is distributable to shareholders of the Company provided that immediately following the distribution or payment of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 March 2011, the reserves of the Company available for distribution to shareholders amounted to approximately HK$950,705,000 (2010: HK$222,825,000).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 99.4% of the total sales for the year and sales to the largest customer included therein amounted to 91.1%. Purchases from the Group's five largest suppliers accounted for 96.8% of the total purchases for the year and purchases from the largest supplier included therein amounted to 85.8%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's largest customer or supplier.

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors:

Mr. LEUNG Ngai Man *(Chairman)*
Mr. SUNG Kin Man *(Chief Executive Officer)*
Mr. YEUNG Kit
Mr. WONG Wa Tak *(retired on 30 August 2010)*
Mr. NG Kwok Chu, Winfield

Independent Non-Executive Directors:

Mr. CAI Wei Lun
Mr. CHAN Sing Fai *(retired on 30 August 2010)*
Dr. LEUNG Wai Cheung
Mr. ZHANG Qingkui *(appointed on 31 January 2011)*

In accordance with Article 108(A) of the articles of association ("Articles") of the Company, Messrs Cai Wei Lun (an Independent Non-Executive Director of the Company) and Leung Wai Cheung (an Independent Non-Executive Director of the Company), will retire from their office of Directors by rotation at the forthcoming annual general meeting ("Annual General Meeting") of the Company. Being eligible, Messrs Cai Wei Lun and Leung Wai Cheung will offer themselves for re-election as Directors.

In accordance with Article 112 of the Articles, Mr. Zhang Qingkui who was appointed as an Independent Non-Executive Director with effect from 31 January 2011 by the Board, shall hold office only until the Annual General Meeting and being eligible, offer himself for re-election at the Annual General Meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 18 to 21 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Leung Ngai Man has entered into a service contract with the Group for an initial term of one year commencing from 3 September 2010 which was automatically renewable for the successive terms of one year but not more than an aggregate of three years from the date of initial commencement, unless terminated by either party giving not less than three months' notice in writing to the other party.

Mr. Sung Kin Man has entered into a service contract with the Group on 4 November 2009 without a definite term of appointment, and may be terminated by either party giving not less than three month's notice in writing to the other party. Mr. Sung is subject to the retirement by rotation requirements as provided under the Company's articles of association.

Mr. Yeung Kit has entered into a service contract with the Group on 1 January 2011 for an initial term of two years commencing from 1 January 2011, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Ng Kwok Chu, Winfield has entered into a service contract with the Group on 25 June 2010 for an initial term of two years commencing from 26 June 2010, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Dr. Leung Wai Cheung has signed an appointment letter with the Group on 1 April 2010 for an initial term of two years commencing from 1 April 2010, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Cai Wei Lun has signed an appointment letter with the Group on 1 April 2010 for an initial term of two years commencing from 1 April 2010, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Zhang Qingkui has signed an appointment letter with the Group on 31 January 2011 for an initial term of two years commencing from 31 January 2011, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Details of the related party transactions are set out in note 42 to the consolidated financial statements.

Save as disclosed above and the acquisition agreements as mentioned in note 37(b) and 37(c) to the consolidated financial statements (namely, the acquisition by the Group from Mr. Leung of the equity and loan interests in Nice Think Group Limited at a consideration of RMB360 million, and the acquisition by the Group from Mr. Leung of equity and loan interests in Jet Power Holdings Limited at a consideration of about HK$1.45 million) and in note 38 to the consolidated financial statements (namely, the acquisition by the Group from Ms. Gao Liyan and Mr. Song Yang (who were then substantial shareholders of a non-wholly owned subsidiary of the Company) a total of 27% equity interest in Zhongyi Weiye at a total consideration of RMB24 million, immediately following the completion of which Ms. Gao Liyan owned 8% equity interest in Zhongyi Weiye) and the disposal agreement as mentioned in note 39 to the consolidated financial statements (namely, the disposal by the Group to Mr. Leung of the equity and loan interests in SP Gas at a consideration of HK$13.3 million), no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year, nor are there any other connected transactions which are subject to reporting or announcement requirements under the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2011, 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 (the "Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:–

(i) Interests and short positions in shares of the Company ("Shares") as at 31 March 2011

	Capacity	Number of ordinary shares *(Note 1)*	Approximate percentage of total issued shares *(Note 2)*
Executive Director:			
Leung Ngai Man	Beneficial owner	1,501,600,000 *(Note 3)*	22.21

Notes:

1. The letter "L" represents the Director's long position in the Shares of the Company.

2. This percentage is calculated on the basis of 6,759,844,971 Shares in issue as at 31 March 2011 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 31 March 2011.

3. These 1,501,600,000 Shares were attributable to Leung Ngai Man. Among these shares, (a) 1,493,600,000 Shares were beneficially owned by Leung Ngai Man; and (b) 8 million Shares represented underlying Shares for which Mr. Leung was entitled to subscribe upon exercise of certain options granted to him under the Company's Share Option Scheme.

(ii) Interests and short positions in underlying Shares as at 31 March 2011

Name	Capacity	Number of underlying Shares	Approximate percentage of total issued Shares *(Note 1)*
Leung Ngai Man	Beneficial owner	8,000,000 *(Note 2)*	0.12
Sung Kin Man	Beneficial owner	10,000,000 *(Note 3)*	0.15
Yeung Kit	Beneficial owner	6,400,000 *(Note 4)*	0.09
Cai Wei Lun	Beneficial owner	3,400,000 *(Note 5)*	0.05

Notes:

1. This percentage is calculated on the basis of 6,759,844,971 Shares in issue as at 31 March 2011 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 31 March 2011.

2. Share options carrying rights to subscribe for 8,000,000 Shares were granted to Leung Ngai Man on 3 January 2005 pursuant to the share option scheme.

3. Share options carrying rights to subscribe for 10,000,000 Shares were granted to Sung Kin Man on 4 May 2010 pursuant to the share option scheme.

4. Share options carrying rights to subscribe for 1,400,000 and 6,600,000 Shares were granted to Yeung Kit on 1 November 2004 and 12 January 2005, respectively pursuant to the share option scheme. Yeung Kit exercised 1,600,000 share options on 7 February 2006 and as at 31 March 2011, he had 6,400,000 outstanding share options.

5. Share options carrying rights to subscribe for 3,400,000 Shares were granted to Cai Wei Lun on 8 May 2006 pursuant to the share option scheme.

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain Directors in trust for the Group, as at 31 March 2011, none of the Directors or 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 Scheme" of this annual report, at no time during the year 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period and up to the date of the Annual Report, Mr Leung Ngai Man (the Chairman of the Board, an executive Director and a substantial Shareholder) was interested in over 30% issued share capital in China Netcom Technology Holdings Limited (formerly known as China Metal Resources Holdings Limited) (stock code: 8071) ("CNT Holdings"). Mr. NG Kwok Chu, Winfield is also an executive director of CNT Holdings. One of the principal activities of CNT Holdings and its subsidiaries is exploration of mining resources business in the PRC, which is in actual or potential competition with the mining business of the Group.

Save as disclosed above, during the year and up to the date of this annual report, no Director and his associates are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses of which the Directors were nominated and appointed as directors and/or senior management to represent the interests of the Company and/or the Group.

ANNUAL CONFIRMATIONS FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange. The Company considers that all of the Independent Non-Executive Directors are independent.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES as at 31 March 2011

As at 31 March 2011, the interests or short positions of persons, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under 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 were as follows:

Name of Shareholder	Capacity	Number of ordinary Shares *(Note 1)*	Approximate percentage of shareholding *(Note 2)*
FIL Limited	Investment fund	540,850,000	8.00
HSBC Global Asset Management (Hong Kong) Limited	Investment fund	474,270,000	7.02

Notes:

1. The letter "L" represents the entity's long position in the Shares of the Company.

2. This percentage is calculated on the basis of 6,759,844,971 Shares in issue as at 31 March 2011 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 31 March 2011.

Save as disclosed above, as at 31 March 2011, no person, other than the Directors whose interests are set out in the section headed "Directors' interests and short positions in Shares and Underlying Shares" above, 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.

EMOLUMENT POLICY

The Group's emolument policy, including salaries and bonuses, are in line with the local practices where the Company and its subsidiaries operate, and is reviewed and determined by the Directors regularly with reference to the duties, responsibility and performance of individual employees, the legal framework and the market conditions.

The emolument of the Directors is subject to review by the Remuneration Committee of the Board. Their emoluments are determined with reference to their roles and responsibilities in the Group and the prevailing market conditions.

Details of Directors' and employees' emoluments are set out in notes 11 and 12, respectively to the consolidated financial statements.

A share option scheme was adopted by the Company on 25 April 2002 to grant share options to eligible participants for the purpose of providing incentives and rewards to those who contribute to the success of the Group's operations. Details of the share option scheme are set out in note 32 to the consolidated financial statements.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 32 to the consolidated financial statements.

As at 31 March 2011, the Company had 163,600,000 share options outstanding under the share option scheme, which represented 2.42% of the Shares in issue as at 31 March 2011. No share options has been exercised during the year.

CONTRACT OF SIGNIFICANCE

During the year, 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.

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 year.

TAXATION RELIEF

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float for the year ended 31 March 2011.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

AUDIT COMMITTEE'S REVIEW

The annual results of the Group for the year ended 31 March 2011 have been reviewed by the Audit Committee.

AUDITORS

The accompanying accounts were audited by Messrs. HLB Hodgson Impey Cheng.

A resolution for their reappointment as auditors of the Company will be proposed at the Annual General Meeting.

On behalf of the Board
Leung Ngai Man
Chairman

Hong Kong, 28 June 2011

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
SINO PROSPER STATE GOLD RESOURCES HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sino Prosper State Gold Resources Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 122, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 28 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	5	47,692	41,824
Cost of sales		(50,799)	(40,708)
Gross (loss)/profit		(3,107)	1,116
Other income and gains	7	37,122	5,035
General and administrative expenses		(60,224)	(23,610)
Loss on early redemption of promissory note	28	(18,414)	(30,218)
Finance costs	8	(3,562)	(11,809)
Loss before tax		(48,185)	(59,486)
Income tax credit	9	198	355
Loss for the year	10	(47,987)	(59,131)
Other comprehensive income			
Exchange differences on translating foreign operations		40,296	1,909
Other comprehensive income for the year, net of tax		40,296	1,909
Total comprehensive expense for the year		(7,691)	(57,222)
Loss attributable to:			
Owners of the Company		(44,040)	(58,882)
Non-controlling interests		(3,947)	(249)
		(47,987)	(59,131)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		(11,112)	(57,637)
Non-controlling interests		3,421	415
		(7,691)	(57,222)
Loss per share	14		
Basic and diluted (HK cents per share)		(0.70)	(2.80)

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	16	78,977	1,956
Mining rights	18	144,211	–
Exploration and evaluation assets	19	1,083,902	1,021,072
Goodwill	20	90,333	–
		1,397,423	1,023,028
Current assets			
Inventories	21	6,815	3,294
Trade and other receivables	22	8,688	7,022
Amount due from a non-controlling interest of a subsidiary	23	1	22
Bank balances and cash	24	311,810	216,030
		327,314	226,368
Current liabilities			
Trade and other payables	25	18,956	26,121
Amount due to a non-controlling interest of a subsidiary	26	8,826	–
Amounts due to related companies	26	337	–
		28,119	26,121
Net current assets		299,195	200,247
Total assets less current liabilities		1,696,618	1,223,275
Non-current liabilities			
Convertible bonds	27	–	47,072
Promissory note	28	–	105,370
Provision for restoration costs	29	376	–
Deferred tax liabilities	30	35,898	–
		36,274	152,442
Net assets		1,660,344	1,070,833
Capital and reserves			
Share capital	31	67,599	26,621
Reserves		1,463,434	687,864
Equity attributable to owners of the Company		1,531,033	714,485
Non-controlling interests		129,311	356,348
Total equity		1,660,344	1,070,833

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 28 June 2011 and are signed on its behalf by:

Leung Ngai Man
Director

Yeung Kit
Director

Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Investments in subsidiaries	17	656,554	656,554
Current assets			
Amounts due from subsidiaries	17	548,747	162,292
Bank balances and cash		607	52
		549,354	162,344
Current liabilities			
Other payables	25	1,821	1,316
Amounts due to subsidiaries	17	109,857	88,848
		111,678	90,164
Net current assets		437,676	72,180
Total assets less current liabilities		1,094,230	728,734
Non-current liabilities			
Convertible bonds	27	–	47,072
Promissory note	28	–	105,370
		–	152,442
Net assets		1,094,230	576,292
Capital and reserves			
Share capital	31	67,599	26,621
Reserves	33	1,026,631	549,671
Total equity		1,094,230	576,292

Leung Ngai Man *Director*	Yeung Kit *Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Warrants reserve HK$'000	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Shareholder's contribution HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2009	15,674	221,826	2,440	–	62,815	12,640	31,049	(73,309)	273,135	1,085	274,220
Loss for the year	–	–	–	–	–	–	–	(58,882)	(58,882)	(249)	(59,131)
Other comprehensive income for the year	–	–	–	–	–	–	1,245	–	1,245	664	1,909
Total comprehensive income/(expense) for the year	–	–	–	–	–	–	1,245	(58,882)	(57,637)	415	(57,222)
Non-controlling interests arising on acquisition of subsidiaries *(Note 37 (b))*	–	–	–	–	–	–	–	–	–	355,746	355,746
Issue of new ordinary shares *(Note 31 (i))*	3,423	82,145	–	–	–	–	–	–	85,568	–	85,568
Transaction costs attributable to issue of new ordinary shares	–	(949)	–	–	–	–	–	–	(949)	–	(949)
Issue of ordinary shares under share option scheme *(Note 31 (ii))*	1,440	16,200	–	–	(1,440)	–	–	–	16,200	–	16,200
Recognition of the equity component of convertible bonds *(Note 27)*	–	–	–	376,313	–	–	–	–	376,313	–	376,313
Conversion of convertible bonds *(Note 31 (iii))*	6,084	141,851	–	(125,922)	–	–	–	–	22,013	–	22,013
Released upon disposal of subsidiaries *(Note 39)*	–	–	–	–	–	–	(158)	–	(158)	(898)	(1,056)
Balance at 31 March 2010	26,621	461,073	2,440	250,391	61,375	12,640	32,136	(132,191)	714,485	356,348	1,070,833

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Warrants reserve HK$'000	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Shareholder's contribution HK$'000	Foreign currency translation reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2010	26,621	461,073	2,440	250,391	61,375	12,640	32,136	–	(132,191)	714,485	356,348	1,070,833
Loss for the year	–	–	–	–	–	–	–	–	(44,040)	(44,040)	(3,947)	(47,987)
Other comprehensive income for the year	–	–	–	–	–	–	32,928	–	–	32,928	7,368	40,296
Total comprehensive income/(expense) for the year	–	–	–	–	–	–	32,928	–	(44,040)	(11,112)	3,421	(7,691)
Non-controlling interests arising on acquisition of subsidiaries *(Note 37 (a))*	–	–	–	–	–	–	–	–	–	–	30,414	30,414
Capital contribution by non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	16,046	16,046
Issue of new ordinary shares *(Note 31 (iv))*	28,880	519,840	–	–	–	–	–	–	–	548,720	–	548,720
Transaction costs attributable to issue of new ordinary shares	–	(19,585)	–	–	–	–	–	–	–	(19,585)	–	(19,585)
Recognition of equity-settled share-based payments	–	–	–	–	1,911	–	–	–	–	1,911	–	1,911
Conversion of convertible bonds *(Note 31 (v))*	12,098	286,251	–	(250,391)	–	–	–	–	–	47,958	–	47,958
Released upon disposal of subsidiaries *(Note 39)*	–	–	–	–	–	–	(433)	–	–	(433)	(263)	(696)
Acquisition of non-controlling interests *(Note 38)*	–	–	–	–	–	–	–	249,089	–	249,089	(276,655)	(27,566)
Release of reserve upon lapse of warrants *(Note 34)*	–	–	(2,440)	–	–	–	–	–	2,440	–	–	–
Balance at 31 March 2011	67,599	1,247,579	–	–	63,286	12,640	64,631	249,089	(173,791)	1,531,033	129,311	1,660,344

Note: Other reserve represents the difference between the consideration paid for the additional interests in a subsidiary and the non-controlling interests' share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the non-controlling interests.

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Loss for the year		(47,987)	(59,131)
Adjustments for:			
Income tax credit recognized in profit or loss		(198)	(355)
Finance costs recognized in profit or loss		3,562	11,809
Interest income		(2,408)	(900)
Gain on disposal of property, plant and equipment		(14)	(93)
Gain on disposal of subsidiaries	39	(16,158)	(3,886)
Loss on early redemption of promissory note	28	18,414	30,218
Depreciation of property, plant and equipment		1,848	442
Amortization of mining rights		793	–
Impairment loss of inventories		1,614	–
Expense recognized in respect of equity-settled share-based payments		1,911	–
		(38,623)	(21,896)
Movements in working capital			
Increase in inventories		(5,135)	(3,294)
(Increase)/decrease in trade and other receivables		(11,310)	23,480
Decrease in amount due from a non-controlling interest of a subsidiary		21	–
Decrease in trade and other payables		(743)	(20,754)
Decrease in amount due to a non-controlling interest of a subsidiary		(11,101)	–
Increase in amounts due to related companies		337	–
Net cash used in operating activities		(66,554)	(22,464)
Cash flows from investing activities			
Payments for property, plant and equipment		(60,983)	(197)
Proceeds from disposal of property, plant and equipment		381	–
Payments for exploration and evaluation assets		(17,758)	(2,828)
Interest received		2,408	900
Refund of deposit paid upon termination of acquisition agreement relating to acquisition of subsidiaries		–	56,776
Deposit paid for acquisition of subsidiaries		–	(4,136)
Net cash outflow on acquisition of subsidiaries	37	(154,446)	(1,080)
Net cash inflow on disposal of subsidiaries	39	14,724	5,921
Net cash (used in)/generated by investing activities		(215,674)	55,356

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from financing activities			
Proceeds from issue of new ordinary shares	31	548,720	85,568
Payment for transaction costs attributable to issue of new ordinary shares		(19,585)	(949)
Proceeds from issue of ordinary shares under share option scheme		–	16,200
Repayment of promissory note	28	(125,000)	(147,728)
Capital repayment of hire-purchase obligation		–	(31)
Acquisition of additional interests in a subsidiary	38	(27,566)	–
Capital contribution by non-controlling interests of a subsidiary		16,046	–
Interest paid		(1,460)	(7)
Net cash generated by/(used in) financing activities		391,155	(46,947)
Net increase/(decrease) in cash and cash equivalents		108,927	(14,055)
Cash and cash equivalents at the beginning of year		216,030	230,232
Effect of foreign exchange rate changes, net		(13,147)	(147)
Cash and cash equivalents at the end of year		311,810	216,030
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		311,810	216,030

1. General

Sino Prosper State Gold Resources Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The principal activities of the Company and its subsidiaries (the "Group") are investment holding, investment in energy and natural resources (including precious metals) related projects in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning 1 April 2010.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognized identifiable net assets of the acquiree.

- HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognized at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognized in profit or loss.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The impact of adoption of HKFRS 3 (as revised in 2008) on the acquisition during the current period has been related to the acquisition-related costs. It requires acquisition-related costs to be accounted for separately from the business combination. As a result, the Group has recognized these costs as an expense in profit or loss, whereas previously they would have been accounted as part of the cost of the acquisition. The acquisition costs in the current period were insignificant.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognized, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognized in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognize all assets, liabilities and non-controlling interests at their carrying amounts and to recognize the fair value of the consideration received. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost. The resulting difference is recognized as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The adoption of HKAS 27 (as revised in 2008) had no material impact in the current period.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised standards and interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKAS 27 (as revised in 2011)	Separate Financial Statement[6]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[6]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

Notes:

1. Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2. Effective for annual periods beginning on or after 1 July 2010.
3. Effective for annual periods beginning on or after 1 January 2011.
4. Effective for annual periods beginning on or after 1 July 2011.
5. Effective for annual periods beginning on or after 1 January 2012.
6. Effective for annual periods beginning on or after 1 January 2013.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised standards and interpretations in issue but not yet effective *(continued)*

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Group is in the process of making an assessment of the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) but is not yet in a position to state whether these new standards and amendments would have significant impact on the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. Significant Accounting Policies (continued)

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated losses). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 April 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognized where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognized in profit or loss.

Business combinations

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

3. Significant Accounting Policies (continued)

Business combinations *(continued)*

Business combinations that took place on or after 1 April 2010 (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits respectively;*

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

3. Significant Accounting Policies (continued)

Business combinations *(continued)*

Business combinations that took place on or after 1 April 2010 (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognized in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Business combinations that took place prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognized at their fair value at the acquisition date.

Goodwill arising on acquisition was recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognized amounts of the identifiable assets, liabilities and contingent liabilities recognized. If, after assessment, the Group's interest in the recognized amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognized immediately in profit or loss.

3. Significant Accounting Policies (continued)

Business combinations *(continued)*

Business combinations that took place prior to 1 April 2010 (continued)

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognized amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognized, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognized against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognized goodwill.

Subsidiaries

A subsidiary is an entity that is controlled by the Company, where the Company has the power to govern the financial and operating policies of such entity so as to obtain benefits from its activities.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Goodwill arising on an acquisition of a business is carried at costs less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Significant Accounting Policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognized when goods are delivered and legal title is passed.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Significant Accounting Policies (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis.

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

3. Significant Accounting Policies (continued)

Foreign currencies (continued)

From 1 April 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in the foreign currency translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

3. Significant Accounting Policies (continued)

Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained earnings/(accumulated losses).

Share options granted to consultants in an equity-settled share-based payment arrangement

Share options issued in exchange for goods or services are measured at fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of goods or services received are recognized as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

Equity instruments granted for acquisitions of assets

Equity instruments (shares and conversion options) issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the equity instruments granted. The fair values of the goods or services received are recognized as expenses immediately, unless the goods or services qualify for recognition as assets.

3. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets (other than construction in progress and mining structures) less their residual values over their useful lives, using the straight-line method, as follows:

Leasehold land	:	Over the term of the lease
Buildings	:	Over the shorter of the term of lease or 50 years
Buildings at the mining site	:	5 to 7 years
Leasehold improvements	:	5 years
Plant and machinery	:	2 – 7 years
Motor vehicles	:	3 – 8 years
Furniture, fixtures and equipment	:	3 – 5 years

Mining structures are included in property, plant and equipment and are depreciated on the unit of production method utilizing only recoverable reserves as the depletion base and a proportion of resources available to be mined by the production equipment to the extent that such resources are considered to be economically recoverable.

Construction in progress represents buildings, mining structures, and plant and equipment in the course of construction for its own use purposes. Construction in progress is stated at cost less any identified impairment loss. Cost comprises construction expenditure and other direct costs attributable to such projects. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3. Significant Accounting Policies (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Mining rights

Mining rights are initially measured at cost. The carrying amount of exploration and evaluation assets is reclassified to mining rights when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Mining rights with finite useful lives are carried at costs less accumulated amortization and any identified impairment loss. The mining rights with finite useful lives are amortized on a unit of production basis over the estimated economic reserve of the mine.

Exploration and evaluation assets

Exploration and evaluation assets are recognized at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognized exploration and evaluation assets are reclassified as either intangible assets or property, plant and equipment. These assets are assessed for impairment before reclassification, and any impairment loss is recognized in profit or loss.

3. Significant Accounting Policies (continued)

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

– the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

– substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

– exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

– sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment of tangible and intangible assets other than goodwill and exploration and evaluation assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Significant Accounting Policies (continued)

Impairment of tangible and intangible assets other than goodwill and exploration and evaluation assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant Accounting Policies (continued)

Provision for restoration cost

The Group is required to incur costs for restoration of the land after the underground sites have been mined. Provision for restoration cost is recognized when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured by reference to relevant rules and regulations applicable in the PRC at the end of the reporting period, and is discounted to their present value where the effect is material.

Restoration cost is provided in the period in which the obligation is identified and is capitalized to the cost of mining structures. The cost is charged to profit or loss through depreciation of the assets, which are depreciated using the unit of production method based on actual production volume over the estimate economic reserve of the mine.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from a non-controlling interest of a subsidiary and bank balances and cash) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets *(continued)*

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets *(continued)*

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL *(continued)*

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a non-controlling interest of a subsidiary, amounts due to related companies, convertible bonds and promissory note) are subsequently measured at amortized cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis other than financial liabilities classified as at FVTPL.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Convertible bonds

Convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognized in equity will be transferred to accumulated losses. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible bonds using the effective interest method.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Renewal of exploration and mining right permits

The Group owns certain exploration permits and a mining right permit with initial licence period of 3 years at date of issue which will be expired in year 2011 and 2012, the renewal is subject to the approval by the relevant PRC authorities. In the opinion of the directors, after obtaining opinion from its legal counsel, the Group will be entitled to renew its exploration and mining right permits upon the expiration at minimal costs.

If the Group is not able to obtain approval for renewal upon their expiry, the carrying amount of the exploration and evaluation assets and mining rights of approximately HK$1,083,902,000 (2010: HK$1,021,072,000) and HK$144,211,000 (2010: Nil) respectively might be significant reduced and the Group will increase amortization charges of mining rights and depreciation charges where useful lives are less than previously estimated lives, or it will write off or write down the carrying amounts of the exploration and evaluation assets and the mining rights, which significant impairment loss might be recognized.

Carrying value of mining rights

The Group tests whether the mining rights have been impaired due to events or changes in circumstances indicate that the carrying amount of the mining rights exceeds its recoverable amount, in accordance with accounting policies stated in note 3 to the consolidated financial statements.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Critical judgments in applying accounting policies (continued)

Carrying value of mining rights (continued)

As at 31 March 2011, there was no impairment indication noted for the mining rights. Had impairment test been performed, the recoverable amounts of the cash generating unit to which the mining rights belong, would have been determined based on value in use calculations using cash flow projections, which would have been compiled based on financial budgets approved by senior management and management's assumptions and estimates including forecast of selling price, discount rate and inflation rate.

Impairment of exploration and evaluation assets

The carrying value of exploration and evaluation assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Group considers all facts and circumstances occurred to judge whether these facts and circumstances would suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount (i.e. impaired). Based on the judgment of the directors there was no impairment on the exploration and evaluation assets and no impairment loss is recognized for the years ended 31 March 2010 and 2011. Management reassesses the impairment of exploration and evaluation assets at the end of the reporting period.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the trade and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

Estimated impairment of property, plant and equipment

The Group evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Ore reserve and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of future operating performance, future capital requirements, short and long term commodity prices, and short and long term exchange rates. Changes in reserves and resources estimates impact the carrying value of property, plant and equipment, provision for restoration costs, as well as the amount of depreciation and amortization recognized.

Impairment review of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2011, the carrying amount of goodwill is HK$90,333,000 (2010: Nil). Details of the recoverable amount calculation are disclosed in note 20.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Provision for restoration costs

Provision for restoration costs have been estimated by the directors based on current regulatory requirements and the area affected estimated by the management. Significant changes in the regulatory requirements in relation to such costs will result in changes to the provision amounts from period to period. In addition, the expected timing of cash outflows of such restoration costs are estimated based on the expected completion date of the mines and is subject to any significant changes to the production plan. As at 31 March 2011, the balance of provision for restoration cost was HK$376,000 (2010: Nil).

Valuation of share options granted

The fair value of share options granted to employees were calculated using the Black-Scholes valuation model based on the Group management's significant inputs into calculation including an estimated life of share options granted, based on exercise restrictions and behavioral consideration, the volatility of share price, weighted average share prices and exercise price of the share options granted. Furthermore, the calculation assumes nil future dividends.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition as at the end of the reporting period and the historical experience of manufacturing and selling products of similar nature.

5. Revenue

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

	2011 HK$'000	2010 HK$'000
Revenue from sales of fuel oil and chemicals	1,855	23,705
Revenue from sales of gold concentrates	2,380	–
Revenue from sales of gold	43,457	18,119
	47,692	41,824

6. Segment Information

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the Company's directors, being the chief operating decision maker (the "CODM") of the Group. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

The CODM reviews the Group's internal financial reporting and other information and also obtains other relevant external information in order to assess performance and allocate resources and operating segment is identified with reference to these.

The CODM considers that the business of the Group is organized in one operating segment as investment in energy and natural resources (including precious metals) related projects in the PRC. Additional disclosure in relation to segment information is not presented as the CODM assesses the performance of the only operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total net segment loss is equivalent to total comprehensive expense for the year as shown in the consolidated statement of comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

Details of interest income, interest expenses and depreciation in relation to the operating segment are disclosed in notes 7, 8 and 10 below respectively.

Details of additions to non-current assets are disclosed in notes 16, 18, 19 and 20.

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong and the PRC. Total turnover and revenue as disclosed in note 5 above represented the revenue from external customers.

Revenue from major products and services

All of the Group's revenue was attributable to its operations in investment in energy and natural resources (including precious metals) related projects in the PRC.

6. Segment Information (continued)

Geographical information

The Group principally operates in Hong Kong and the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong	43,457	18,119	28,353	1,386
PRC	4,235	23,705	1,369,070	1,021,642
	47,692	41,824	1,397,423	1,023,028

Information about major customers

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

	2011	2010
	HK$'000	HK$'000
Customer A	43,457	18,119
Customer B	–	9,750
	43,457	27,869

7. Other Income and Gains

	2011 HK$'000	2010 HK$'000
Interest income on bank deposits	2,408	900
Net foreign exchange gains	18,531	155
Gain on disposal of property, plant and equipment	14	93
Gain on disposal of subsidiaries *(Note 39)*	16,158	3,886
Sundry income	11	1
	37,122	5,035

8. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest on:		
Hire-purchase obligation	–	7
Effective interest expense on convertible bonds	886	3,526
Effective interest expense on promissory note	2,676	8,276
	3,562	11,809

No interest was capitalized during the year ended 31 March 2011 (2010: Nil).

9. Income Tax Credit

Income tax recognized in profit or loss

	2011 HK$'000	2010 HK$'000
Over-provision in prior year:		
PRC Enterprise Income Tax	–	(355)
Deferred tax:		
Current year	(198)	–
Total income tax credit recognized in profit or loss	(198)	(355)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (for both years). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax credit for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000
Loss before tax	(48,185)	(59,486)
Tax at the Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	(7,951)	(9,815)
Tax effect of expenses not deductible for tax purpose	11,566	9,978
Tax effect of income not taxable for tax purpose	(4,337)	(670)
Overprovision in prior year	–	(355)
Tax effect of deductible temporary differences not recognized	69	–
Tax effect of estimated tax losses not recognized	449	655
Utilization of deductible temporary differences previously not recognized	–	(148)
Effect of different tax rates of group entities operating in other jurisdictions	6	–
Income tax credit for the year	(198)	(355)

10. Loss for the Year

Loss for the year has been arrived at after charging:

	2011 HK$'000	2010 HK$'000
Directors' emoluments *(Note 11)*	17,405	9,986
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits *(Note (i))*	12,410	2,969
– Contributions to retirement benefits schemes *(Note (i))*	325	157
– Equity-settled share-based payments	1,209	–
Total staff costs	31,349	13,112
Auditors' remuneration	980	620
Amortization of mining rights	793	–
Cost of inventories recognized as expense	50,799	40,708
Depreciation of property, plant and equipment *(Note (ii))*	1,848	442
Expense in relation to share options granted to consultants	99	–
Impairment loss of inventories	1,614	–
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	2,486	1,982
– Equipment	18	13
Expense capitalized in construction in progress:		
– Salaries and other benefits	3,240	–
– Contributions to retirement benefits schemes	161	–
– Depreciation of property, plant and equipment	193	–

Notes:

(i) Amount excluded expenses capitalized in construction in progress. Salaries and other benefits of approximately HK$2,790,000 were included in the cost of sales for the year ended 31 March 2011 (2010: Nil).

(ii) Amount excluded expenses capitalized in construction in progress. Depreciation of property, plant and equipment of approximately HK$539,000 was included in the cost of sales for the year ended 31 March 2011 (2010: Nil).

11. Directors' Emoluments

The emoluments paid or payable to each of the nine (2010: eight) directors were as follows:

For the year ended 31 March 2011

	Fees	Salaries and other benefits	Equity-settled share-based payments	Contributions to retirement benefits schemes	Discretionary bonus	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors						
Mr. Leung Ngai Man	–	5,060	–	12	3,000	8,072
Mr. Sung Kin Man *(Note (i))*	–	5,000	603	12	2,500	8,115
Mr. Yeung Kit	–	480	–	12	60	552
Mr. Ng Kwok Chu, Winfield *(Note (ii))*	–	210	–	11	60	281
Mr. Wong Wa Tak *(Note (iii))*	–	200	–	5	–	205
Independent non-executive directors						
Dr. Leung Wai Cheung	120	–	–	–	10	130
Mr. Cai Wei Lun	–	–	–	–	–	–
Mr. Zhang Qingkui *(Note (iv))*	–	–	–	–	–	–
Mr. Chan Sing Fai *(Note (iii))*	50	–	–	–	–	50
Total emoluments	170	10,950	603	52	5,630	17,405

11. Directors' Emoluments (continued)

For the year ended 31 March 2010

	Fees HK$'000	Salaries and other benefits HK$'000	Equity-settled share-based payments HK$'000	Contributions to retirement benefits schemes HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors						
Mr. Leung Ngai Man	–	2,400	–	12	–	2,412
Mr. Sung Kin Man *(Note (i))*	–	6,250	–	4	–	6,254
Mr. Yeung Kit	–	480	–	12	–	492
Mr. Ng Kwok Chu, Winfield *(Note (ii))*	–	92	–	4	–	96
Mr. Wong Wa Tak	–	480	–	12	–	492
Independent non-executive directors						
Dr. Leung Wai Cheung	120	–	–	–	–	120
Mr. Cai Wei Lun	–	–	–	–	–	–
Mr. Chan Sing Fai	120	–	–	–	–	120
Total emoluments	240	9,702	–	44	–	9,986

Notes:

(i) Appointed on 1 November 2009.

(ii) Appointed on 26 June 2009.

(iii) Retired on 30 August 2010.

(iv) Appointed on 31 January 2011.

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the year ended 31 March 2011 (2010: Nil).

12. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, two (2010: four) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining three individuals (2010: one individual) were as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and other benefits	4,516	480
Contributions to retirement benefits scheme	76	–
Equity-settled share-based payments	1,209	–
Discretionary bonus	900	–
	6,701	480

Their emoluments fell within the following band:

	Number of employees	
	2011	2010
Nil – HK$1,000,000	–	1
HK$1,500,001 – HK$2,000,000	2	–
HK$3,000,001 – HK$3,500,000	1	–

During the year ended 31 March 2011, saved for HK$400,000 was paid to Mr. Stein Garry Richard (2010: HK$5,000,000 was paid to Mr. Sung Kin Man) as an inducement to join or upon joining the Group, no other emoluments were paid by the Group to the other highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office (2010: Nil).

13. Retirement Benefit Schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

13. Retirement Benefit Schemes (continued)

During the year ended 31 March 2011, the total amount contributed by the Group to the schemes and charged to the consolidated statement of comprehensive income amounted to approximately HK$538,000 (2010: HK$201,000). At 31 March 2011, there were no forfeited contributions available for the Group to offset contributions payable in future years (2010: Nil).

14. Loss Per Share

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

	2011 HK$'000	2010 HK$'000
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	44,040	58,882

Number of shares

	2011 '000	2010 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	6,319,221	2,100,601

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

15. Loss Attributable to Owners of the Company

The consolidated loss attributable to owners of the Company for the year ended 31 March 2011 includes a loss of approximately HK$42,611,000 (2010: HK$53,988,000) which has been dealt with in the financial statements of the Company.

16. Property, Plant and Equipment

Group

	Leasehold land	Buildings	Buildings at the mining site	Leasehold improvements	Mining structures	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost										
Balance at 1 April 2009	–	–	–	207	–	–	1,691	509	–	2,407
Additions	–	–	–	–	–	–	–	197	–	197
Disposals	–	–	–	–	–	–	(980)	–	–	(980)
Derecognized on disposal of subsidiaries	–	–	–	–	–	–	–	(84)	–	(84)
Acquired on acquisition of subsidiaries	–	–	–	–	–	–	1,474	–	–	1,474
Effect of foreign currency exchange differences	–	–	–	–	–	–	–	17	–	17
Balance at 31 March 2010	–	–	–	207	–	–	2,185	639	–	3,031
Additions	22,960	3,693	–	–	1,199	3,865	5,099	201	24,159	61,176
Disposals	–	–	–	–	–	–	(722)	–	–	(722)
Transferred from construction in progress	–	–	15,147	–	11,151	–	–	–	(26,298)	–
Derecognized on disposal of subsidiaries	–	–	–	–	–	–	–	(153)	–	(153)
Acquired on acquisition of subsidiaries	–	–	296	–	363	2,208	–	26	13,985	16,878
Effect of foreign currency exchange differences	–	–	375	–	311	175	100	12	465	1,438
Balance at 31 March 2011	22,960	3,693	15,818	207	13,024	6,248	6,662	725	12,311	81,648

16. Property, Plant and Equipment (continued)

Group

	Leasehold land HK$'000	Buildings HK$'000	Buildings at the mining site HK$'000	Leasehold improvements HK$'000	Mining structures HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation and impairment										
Balance at 1 April 2009	–	–	–	176	–	–	1,164	334	–	1,674
Eliminated on disposals of assets	–	–	–	–	–	–	(980)	–	–	(980)
Eliminated on disposal of subsidiaries	–	–	–	–	–	–	–	(73)	–	(73)
Depreciation expense	–	–	–	31	–	–	279	132	–	442
Effect of foreign currency exchange differences	–	–	–	–	–	–	–	12	–	12
Balance at 31 March 2010	–	–	–	207	–	–	463	405	–	1,075
Eliminated on disposals of assets	–	–	–	–	–	–	(355)	–	–	(355)
Eliminated on disposal of subsidiaries	–	–	–	–	–	–	–	(128)	–	(128)
Depreciation expense	272	44	388	–	9	463	748	117	–	2,041
Effect of foreign currency exchange differences	–	–	9	–	–	12	12	5	–	38
Balance at 31 March 2011	272	44	397	207	9	475	868	399	–	2,671
Carrying amounts										
Balance at 31 March 2011	22,688	3,649	15,421	–	13,015	5,773	5,794	326	12,311	78,977
Balance at 31 March 2010	–	–	–	–	–	–	1,722	234	–	1,956

Notes:

(i) Amongst the depreciation expense of HK$2,041,000 (2010: 442,000), approximately HK$193,000 (2010: Nil), HK$539,000 (2010: Nil) and HK$1,309,000 (2010: 442,000) were included in construction in progress, cost of sales and general and administrative expenses respectively.

(ii) Buildings at the mining site are located in the PRC.

(iii) At 31 March 2011, leasehold land and buildings with carrying amounts of HK$26,337,000 (2010: Nil) were situated in Hong Kong under medium-term lease.

17. Investments in Subsidiaries

Company

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	78	78
Capital contributions	656,476	656,476
	656,554	656,554

The amounts due from and due to subsidiaries are unsecured, interest-free and have no fixed dates of repayment.

Particulars of the Company's subsidiaries at 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company		Principal activities
			Direct	Indirect	
Sino Prosper Group Limited	British Virgin Islands ("BVI")	US$10,000	100%	–	Investment holding
Sino Prosper Coal Mining Investment Limited	BVI	US$1	–	100%	Investment holding
Nice Think Group Limited	BVI	US$1	–	100%	Investment holding
Favour South Limited	BVI	US$1	–	100%	Investment holding
Joint Profit Group Limited	Hong Kong	HK$2	–	100%	Investment holding
Konrich (Asia) Limited	Hong Kong	HK$2	–	100%	Investment holding
Sino Prosper Asphalt Investment Limited	Hong Kong	HK$1	–	100%	Investment holding

17. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company		Principal activities
			Direct	Indirect	
Sino Prosper (States Gold) Investment Limited	Hong Kong	HK$10	–	100%	Investment holding
Sino Prosper Medical Technology Limited	Hong Kong	HK$2	–	100%	Investment holding and provision of administrative services
Sino Prosper Management Limited	Hong Kong	HK$1	–	100%	Provision of administrative services
Sino Prosper Minerals Investment Limited	Hong Kong	HK$1	–	100%	Provision of administrative services
Sino Prosper Re-Energy Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Sino Prosper Renewable Resources Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Jet Power Holdings Limited	Hong Kong	HK$1	–	100%	Investment holding
Victor Bright Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Sino Prosper State Gold HK Limited	Hong Kong	HK$1	–	100%	Investment holding
Sino Prosper Mineral Products Limited	Hong Kong	HK$1	–	100%	Investment holding and provision of administrative services
Great Surplus Investment Limited	Hong Kong	HK$1	–	100%	Investment holding

17. Investments in Subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company Direct	Proportion ownership interest held by the Company Indirect	Principal activities
Dalian Haixin Investment Consultant Co., Ltd. *(Note (i))*	PRC	US$1,000,000 (2010: US$11,930,000)	–	100%	Provision of consultancy services
黑龍江中誼偉業經貿有限公司 (transliterated as Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd.) *(Note (ii))*	PRC	RMB14,730,168 (2010: RMB5,700,000)	–	92% (2010: 65%)	Exploration and mining of gold
大連廣泓礦業技術咨詢有限公司 *(Note (iii))*	PRC	RMB5,000,000	–	100%	Investment holding
敖漢旗鑫瑞恩礦業有限責任公司 (transliterated as Aohanqi Xinrui En Industry Co., Ltd. *(Note (iv))*	PRC	RMB50,000,000	–	70%	Exploration and mining of gold

Notes:

(i) Dalian Haixin Investment Consultant Co., Ltd. is a wholly foreign owned enterprise established in the PRC.

(ii) Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd. ("Heilongjiang Zhongyi Weiye") was a sino-foreign equity joint venture company established in the PRC and was amended to become a sino-foreign cooperative joint venture enterprise. The current business scope includes wholesale of steel, building materials, sunflower seeds, green beans, red beans and kidney beans and carrying out exploration work at the places in respect of which exploration permits have been obtained.

(iii) 大連廣泓礦業技術咨詢有限公司 is a limited liability company established in the PRC. The current business scope includes mining exploration, technical advise, economic, information consultancy services.

(iv) Aohanqi Xinrui En Industry Co., Ltd. is a sino-foreign cooperative joint venture established under the PRC law. The current business scope includes gold mine exploitation, selection of gold and sale of mineral products (which are permitted by law, rules and regulations, requirements by State Affairs Office of the PRC and cannot engage in those not allowed as said).

(v) None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

18. Mining Rights

Group

	HK$'000
Cost	
Balance at 1 April 2009, 31 March 2010 and 1 April 2010	–
Acquired on acquisition of subsidiaries *(Note 37(a))*	139,861
Effect of foreign currency exchange differences	5,162
Balance at 31 March 2011	145,023
Accumulated amortization	
Balance at 1 April 2009, 31 March 2010 and 1 April 2010	–
Charged for the year	793
Effect of foreign currency exchange differences	19
Balance at 31 March 2011	812
Carrying value	
Balance at 31 March 2011	144,211
Balance at 31 March 2010	–

Mining rights were acquired through the acquisition of Favour South Limited during the year ended 31 March 2011 as set out in note 37(a).

The mining rights are amortized on a unit of production basis over the estimated economic reserve of the mine. Effective amortization rate for the year approximate to 0.6%.

The mining rights will be expired in May 2012. In the opinion of the directors, after obtaining opinion from its legal counsel, the Group will be entitled to renew the mining rights upon the expiration at minimal costs.

19. Exploration and Evaluation Assets

Group

	HK$'000
Cost	
Acquired on acquisition of subsidiaries *(Note 37(b))*	1,016,859
Additions	2,828
Effect of foreign currency exchange differences	1,385
Balance at 31 March 2010	1,021,072
Additions	17,758
Effect of foreign currency exchange differences	45,072
Balance at 31 March 2011	1,083,902

The exploration and evaluation assets include geological and geophysical costs, and drilling and exploration expenses directly attributable to exploration activities.

The Group's exploration and evaluation assets were acquired mainly through the acquisition of Nice Think Group Limited ("Nice Think") as set out in note 37(b).

During the year ended 31 March 2010, Nice Think through its subsidiary, Victor Bright Investment Limited, owns 65% of the registered and paid up capital of Heilongjiang Zhongyi Weiye which was a non-state owned enterprise and has become an equity joint venture established under the PRC laws on 1 April 2009. On 3 August 2010, the Group completed the acquisition of an additional 27% equity interest in Heilongjiang Zhongyi Weiye for a purchase consideration of RMB24 million as set out in note 38. Following completion of the increase in the registered capital, the corporate nature of Heilongjiang Zhongyi Weiye was amended to become a sino-foreign cooperative joint venture enterprise.

Heilongjiang Zhongyi Weiye is the holder of the exploration permits of five mines located in the PRC with initial licence period of 3 years at date of issue which will be expired in year 2011 and 2012, the renewal is subject to the approval by the relevant PRC authorities. In the opinion of the directors, after obtaining opinion from its legal counsel, the Group will be entitled to renew its exploration permits upon the expiration at minimal costs.

20. Goodwill

Group

	HK$'000
Cost	
Balance at 1 April 2009, 31 March 2010 and 1 April 2010	–
Amount recognized on acquisition of subsidiaries occurring during the year *(Note 37(a))*	87,435
Effect of foreign currency exchange differences	2,898
Balance at 31 March 2011	90,333

Impairment testing of goodwill

For the purpose of impairment review, goodwill set out above is allocated to the cash-generating unit ("CGU"), the subsidiaries operating gold mining activities in the PRC as follows:

	2011 HK$'000
Gold mining activities	90,333

The recoverable amount of the gold mining activities' CGU is determined on the basis of value in use calculation. Value in use calculation is based on a discount rate of 35.4% and cash flow projections prepared from financial forecasts approved by the directors of the Group covering a period of 6 years until the mine reserve run out. The directors consider that this assumption is applicable as after obtaining opinion from its legal counsel, the Group will be entitled to renew its mining rights upon the expiration at minimal cost.

Key assumptions used in the value in use calculation for the year ended 31 March 2011 are as follows:

Gold output

The basis used to determine the values assigned to the future revenues is estimated based on the annual ore output and gold production, which is in line with the processing capacity of the CGU, taking into consideration of the expected future capital expenditure and capacity expansion.

Mining costs

The basis used to determine the values assigned to the mining costs is the input requirements in accordance with the mining plan at real unit costs.

20. Goodwill (continued)

Commodity price

Future commodity prices in the valuation model are estimated by management based on their industry experience, historic price trends and independent expert reports and commentaries.

Discount rates

The discount rates used are based on a weighted average cost of capital, and are real rates, before tax reflecting specific risks relating to the CGU.

The values assigned to key assumptions are consistent with external information sources.

The directors of the Company are of the view that, based on its assessment, there was no impairment of goodwill as of 31 March 2011.

In the opinion of the directors, any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the gold mining activities' CGU to exceed the aggregate recoverable amount of the gold mining activities' CGU.

21. Inventories

	Group	
	2011 HK$'000	2010 HK$'000
Raw materials	2,146	–
Finished goods	4,669	3,294
	6,815	3,294

22. Trade and Other Receivables

	Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables	1	1,142
Prepayments, deposits and other receivables	8,687	5,880
Total trade and other receivables	8,688	7,022

The Group allows an average credit period ranging from 30 to 60 days to its trade customers. Trade receivables are non-interest-bearing. The following is an aging analysis of net trade receivables at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	HK$'000
0 – 60 days	1	1,028
61 – 120 days	–	–
121 – 365 days	–	114
	1	1,142

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period but against which the Group has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owned by the Group to the counterparty.

22. Trade and Other Receivables (continued)

The aging analysis of trade receivables that are not considered to be impaired is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	1	777
Past due but not impaired		
1 – 60 days	–	251
61 – 90 days	–	–
91 – 120 days	–	114
	1	1,142

Included in the balance of prepayments, deposits and other receivables of the Group at 31 March 2010 was a deposit of approximately HK$4,136,000 in relation to the acquisition of the entire equity interest of Favour South Limited, further details of which are disclosed in note 37(a).

23. Amount Due from a Non-controlling Interest of a Subsidiary

The balance at 31 March 2011 represented an amount due from the non-controlling interest of Heilongjiang Zhongyi Weiye, a 92% (2010: 65%) owned subsidiary of the Company, of approximately HK$1,000 (2010: HK$22,000). The amount due is unsecured, interest-free and repayable on demand.

24. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and bank balances that earns interest at floating rate based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 March 2011, the Group had bank balances of approximately HK$130,094,000 (2010: HK$213,829,000) which were denominated in Renminbi. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

25. Trade and Other Payables

	Group		Company	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	286	181	–	–
Other payables and accruals	18,670	25,940	1,821	1,316
	18,956	26,121	1,821	1,316

The following is an aging analysis of trade payables at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	HK$'000
0 – 60 days	286	181

The trade payables and other payables are non-interest-bearing.

26. Amounts Due to a Non-controlling Interest of a Subsidiary/Related Companies

The amounts due are unsecured, interest-free and repayable on demand.

27. Convertible Bonds

On 30 September 2009, the Company issued zero coupon convertible bonds at a total principal amount of approximately HK$136,364,000 (equivalent to approximately RMB120,000,000) in connection with the acquisition of Nice Think as set out in note 37(b). These convertible bonds have a maturity period of 5 years from the issue date and may be convertible into 1 ordinary share of the Company at HK$0.01 each at the conversion price of HK$0.075 upon exercise of the conversion rights attaching to the convertible bonds at the holder's option.

The convertible bonds contain two components, liability and equity elements. The equity element amounted to approximately HK$376,313,000 and was presented in equity as part of the "convertible bonds equity reserve". The effective interest rate of the liability component for the convertible bonds was 15.77% per annum.

During the year ended 31 March 2011, all the remaining convertible bonds issued with aggregate principal amount of approximately HK$90,734,000 (2010: HK$45,630,000) were converted into ordinary shares of HK$0.01 each of the Company at the conversion price of HK$0.075 per share.

Accordingly, a total of 1,209,781,813 (2010: 608,400,000) ordinary shares were issued.

27. Convertible Bonds (continued)

The movement of the liability component of the convertible bonds for the year is set out below:

	HK$'000
Initial recognition	65,559
Interest expense *(Note 8)*	3,526
Conversion during the year *(Note 31(iii))*	(22,013)
Liability component at 31 March 2010	47,072
Interest expense *(Note 8)*	886
Conversion during the year *(Note 31(v))*	(47,958)
Liability component at 31 March 2011	–

The fair value of the equity component of the convertible bonds was determined by using Trinomial model by reference to an independent professional valuation. The inputs into the model were as follows:

Share price	HK$0.247
Expected volatility *(Note (i))*	92.63%
Risk-free rate *(Note (ii))*	1.73%
Expected dividend yield	0%

Notes:

(i) The expected volatility was determined by using the historical volatility of the Company's share price over the previous 260 days.

(ii) The risk-free interest rate was determined by reference to the yield of Hong Kong Exchange Fund Note.

28. Promissory Note

Under the terms of the promissory note, the promissory note with principal amount of RMB240,000,000 (equivalent to approximately HK$272,728,000) is unsecured, interest bearing at 1.5% per annum and has a maturity period of 2 years from the date of issue but can be repaid in whole or in part before maturity at the discretion of the Company at its principal amount and accrued interest up to the redemption date. The promissory note was issued as part of the consideration to acquire exploration and evaluation assets, as detailed in note 37(b), and was fair valued at initial recognition with an effective interest rate of 14.41% per annum.

During the year ended 31 March 2010, the Company early redeemed part of the promissory note with a principal amount of approximately HK$147,728,000 and incurred an early redemption loss of approximately HK$30,218,000.

During the year ended 31 March 2011, the Company early redeemed the remaining promissory note with a principal amount of approximately HK$125,000,000, accrued interest of approximately HK$1,460,000 and incurred an early redemption loss of approximately HK$18,414,000.

29. Provision for Restoration Costs

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and mine closures for the Group's existing mines. The provision for restoration cost has been determined by the directors based on their best estimates by reference to relevant PRC rules and regulations.

30. Deferred Taxation

The following are the major deferred tax liabilities recognized and movements thereon during the year:

Group

	Mining rights HK$'000
Balance at 1 April 2009, 31 March 2010 and 1 April 2010	–
Acquisition of subsidiaries *(Note 37(a))*	34,816
Credit to profit or loss	(198)
Effect of foreign currency exchange differences	1,280
Balance at 31 March 2011	35,898

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately HK$53,000 (2010: approximately HK$1,115,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. Deferred Taxation (continued)

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$1,533,000 (2010: HK$1,101,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

31. Share Capital

	Number of shares	Share capital HK$'000
Authorized:		
Ordinary shares of HK$0.01 each		
At 31 March 2010 and 2011	20,000,000,000	200,000
Issued and fully paid:		
At 1 April 2009	1,567,393,158	15,674
Issue of new ordinary shares *(Note (i))*	342,270,000	3,423
Exercise of share options *(Note (ii))*	144,000,000	1,440
Conversion of convertible bonds *(Note (iii))*	608,400,000	6,084
At 31 March 2010	2,662,063,158	26,621
Issue of new ordinary shares *(Note (iv))*	2,888,000,000	28,880
Conversion of convertible bonds *(Note (v))*	1,209,781,813	12,098
At 31 March 2011	6,759,844,971	67,599

Notes:

(i) Pursuant to the subscription agreement dated 14 October 2009, the Company allotted and issued a total of 342,270,000 new shares at a subscription price of HK$0.25 each to Mr. Leung Ngai Man ("Mr. Leung"), an executive director of the Company on 23 October 2009, who sold in connection with the completion of the placing agreement of 342,270,000 existing shares to independent places at a placing price of HK$0.25 each (the "Top-up Placement"). The Company raised a sum of approximately HK$85,568,000 through the Top-up Placement and retained the net proceeds as general working capital of the Group and to finance any possible acquisition plan of the Group in the future.

(ii) During the year ended 31 March 2010, 144,000,000 ordinary shares were issued upon the exercise of a total of 144,000,000 share options at exercise prices ranging from HK$0.05 to HK$0.15 per share, giving rise to aggregate net proceeds of HK$16,200,000.

31. Share Capital (continued)

(iii) During the year ended 31 March 2010, 608,400,000 ordinary shares of HK$0.01 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.075 per share as detailed in note 27.

(iv) Pursuant to the placing agreement dated 12 March 2010 (as amended by a supplemental placing agreement dated 23 March 2010), the Company allotted and issued a total of 2,888,000,000 new shares at a subscription price of HK$0.19 each to not less than six placees on 7 May 2010. The net proceeds (after the deduction of the placing commission and other relevant expenses) amounted to approximately HK$529 million.

(v) During the year ended 31 March 2011, 1,209,781,813 ordinary shares of HK$0.01 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.075 per share as detailed in note 27.

32. Share-Based Payment Transactions

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 25 April 2002 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 14 May 2012. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties including consultants as incentives for their contributions to the development of the Group.

The total number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with an aggregate value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days from the date of the offer of grant of the share option. Options may be exercised at any time not later than 10 years from the date of grant of the share option. The exercise price is determined by the directors of the Company, and shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

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

32. Share-Based Payment Transactions (continued)

The following tables disclose movements of the Company's share options granted under the Scheme during the year ended 31 March 2011:

Date of grant	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1/4/2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/3/2011
1 November 2004	1 November 2004 to 31 October 2014	0.475	2,200,000	–	–	–	2,200,000
29 November 2004	29 November 2004 to 28 November 2014	0.460	3,000,000	–	–	–	3,000,000
3 January 2005	3 January 2005 to 2 January 2015	0.410	8,000,000	–	–	–	8,000,000
12 January 2005	12 January 2005 to 11 January 2015	0.410	5,000,000	–	–	–	5,000,000
23 March 2005	23 March 2005 to 22 March 2015	0.340	4,000,000	–	–	–	4,000,000
8 May 2006	8 May 2006 to 7 May 2016	1.460	26,400,000	–	–	–	26,400,000
1 September 2006	1 September 2006 to 31 August 2016	0.710	36,000,000	–	–	–	36,000,000
4 September 2006	4 September 2006 to 3 September 2016	0.710	6,000,000	–	–	–	6,000,000
1 June 2007	1 June 2007 to 31 May 2017	0.455	14,000,000	–	–	–	14,000,000
14 May 2008	14 May 2008 to 13 May 2018	0.136	12,000,000	–	–	–	12,000,000
4 May 2010	4 May 2010 to 3 May 2020	0.300	–	47,000,000	–	–	47,000,000
			116,600,000	47,000,000	–	–	163,600,000
Exercisable at the end of the year							128,350,000
Weighted average exercise price			HK$0.733	HK$0.300	–	–	HK$0.609

32. Share-Based Payment Transactions (continued)

The following tables disclose movements of the Company's share options granted under the Scheme during the year ended 31 March 2010:

			Number of share options				
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1/4/2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/3/2010
1 November 2004	1 November 2004 to 31 October 2014	0.475	2,200,000	–	–	–	2,200,000
29 November 2004	29 November 2004 to 28 November 2014	0.460	3,000,000	–	–	–	3,000,000
3 January 2005	3 January 2005 to 2 January 2015	0.410	8,000,000	–	–	–	8,000,000
12 January 2005	12 January 2005 to 11 January 2015	0.410	5,000,000	–	–	–	5,000,000
23 March 2005	23 March 2005 to 22 March 2015	0.340	4,000,000	–	–	–	4,000,000
8 May 2006	8 May 2006 to 7 May 2016	1.460	26,400,000	–	–	–	26,400,000
1 September 2006	1 September 2006 to 31 August 2016	0.710	36,000,000	–	–	–	36,000,000
4 September 2006	4 September 2006 to 3 September 2016	0.710	6,000,000	–	–	–	6,000,000
1 June 2007	1 June 2007 to 31 May 2017	0.455	14,000,000	–	–	–	14,000,000
17 March 2008	17 March 2008 to 16 March 2018	0.150	24,000,000	–	(24,000,000)	–	–
5 May 2008	5 May 2008 to 4 May 2018	0.120	24,000,000	–	(24,000,000)	–	–
6 May 2008	6 May 2008 to 5 May 2018	0.125	24,000,000	–	(24,000,000)	–	–
14 May 2008	14 May 2008 to 13 May 2018	0.136	24,000,000	–	(12,000,000)	–	12,000,000
15 May 2008	15 May 2008 to 14 May 2018	0.137	24,000,000	–	(24,000,000)	–	–
30 March 2009	30 March 2009 to 29 March 2019	0.050	36,000,000	–	(36,000,000)	–	–
			260,600,000	–	(144,000,000)	–	116,600,000
Exercisable at the end of the year							116,600,000
Weighted average exercise price			HK$0.390	–	HK$0.113	–	HK$0.733

32. Share-Based Payment Transactions (continued)

No option has been exercised under the Scheme during the year ended 31 March 2011. The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2010 was HK$0.229.

Options granted are fully vested at the date of grant except for 47,000,000 options granted on 4 May 2010 for which 25% are exercisable 9 months from the date of acceptance of offer; 25% are exercisable 15 months from the date of acceptance of offer; 25% are exercisable 21 months from the date of acceptance of offer and 25% are exercisable 27 months from the date of acceptance of offer.

The options outstanding at 31 March 2011 had weighted average exercise price of HK$0.609 (2010: HK$0.733) and a weighted average remaining contractual life of 6.3 years (2010: 6.3 years).

The weighted average fair value of options granted during the year was HK$0.064 (2010: Nil).

The total consideration received during the year from grant of share options amounted to HK$6 (2010: Nil).

None of the share options were forfeited and expired during the years ended 31 March 2010 and 2011.

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

The fair value of equity-settled share option granted during the year was estimated as at the date of grant, using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2011:

Grant date share price	HK$0.22
Exercise price	HK$0.30
Expected volatility	89.6% to 110.87%
Expected exercise date	3 May 2011 to 8 May 2012
Risk-free interest rate	0.167% to 0.770%
Expected dividend yield	Nil

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

32. Share-Based Payment Transactions (continued)

The Company measures the fair values of share options granted to consultants by reference to the fair values of services received. The fair values of the share options granted to consultants for the year ended 31 March 2011 amounted to approximately HK$99,000 (2010: Nil) has been included in the consolidated statement of comprehensive income for the year ended 31 March 2011, the corresponding amount of which has been credited to share options reserve (note 33).

33. Reserves

Company

	Share premium HK$'000	Warrants reserve HK$'000	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Shareholder's contribution HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2009	221,826	2,440	–	62,815	12,640	(184,260)	115,461
Loss for the year	–	–	–	–	–	(53,988)	(53,988)
Total comprehensive expense for the year	–	–	–	–	–	(53,988)	(53,988)
Issue of new ordinary shares *(Note 31 (i))*	82,145	–	–	–	–	–	82,145
Transaction costs attributable to issue of new ordinary shares	(949)	–	–	–	–	–	(949)
Issue of ordinary shares under share option scheme *(Note 31 (ii))*	16,200	–	–	(1,440)	–	–	14,760
Recognition of the equity component of convertible bonds *(Note 27)*	–	–	376,313	–	–	–	376,313
Conversion of convertible bonds *(Note 31 (iii))*	141,851	–	(125,922)	–	–	–	15,929
Balance at 31 March 2010	461,073	2,440	250,391	61,375	12,640	(238,248)	549,671

33. Reserves (continued)

Company

	Share premium HK$'000	Warrants reserve HK$'000	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Shareholder's contribution HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2010	461,073	2,440	250,391	61,375	12,640	(238,248)	549,671
Loss for the year						(61,066)	(61,066)
Total comprehensive expense for the year	–	–	–	–	–	(61,066)	(61,066)
Issue of new ordinary shares *(Note 31 (iv))*	519,840	–	–	–	–	–	519,840
Transaction costs attributable to issue of new ordinary shares	(19,585)	–	–	–	–	–	(19,585)
Recognition of equity-settled share-based payments	–	–	–	1,911	–	–	1,911
Conversion of convertible bonds *(Note 31(v))*	286,251	–	(250,391)	–	–	–	35,860
Release of reserve upon lapse of warrants *(Note 34)*	–	(2,440)	–	–	–	2,440	–
Balance at 31 March 2011	1,247,579	–	–	63,286	12,640	(296,874)	1,026,631

34. Warrants

On 21 May 2007, the Company announced that it had entered into a conditional warrant subscription agreement dated 16 May 2007 with an independent investor in relation to a private placing of 244,000,000 non-listed warrants at an issue price of HK$0.01 per warrant. The warrants entitled the holder thereof to subscribe for new shares of the Company at an initial exercise price of HK$0.64 per new share (subject to adjustment) at any time during a period of three years commencing from the date of issue of the warrants. Each warrant carried the right to subscribe for one new share.

The warrants were issued on 1 June 2007 upon completion of the warrant subscription agreement, and the Company received proceeds of HK$2,440,000 in respect of the placing of the warrants. The net proceeds from the placing of the warrants were used for general working capital of the Group.

During the year ended 31 March 2010, the Company had 244,000,000 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 244,000,000 additional shares of HK$0.01 each.

During the year ended 31 March 2011, the warrants were lapsed as the warrants holder did not exercise the right to subscribe for new shares of the Company before the maturity date.

35. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts (which include convertible bonds and promissory note), cash and cash equivalents and equity (comprising issued share capital, reserves and non-controlling interests).

Gearing ratio

The Group's management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

35. Capital Risk Management (continued)

Gearing ratio (continued)

The gearing ratio at the end of the reporting period was as follow:

	2011 HK$'000	2010 HK$'000
Debts *(Note (i))*	–	152,442
Cash and cash equivalents	(311,810)	(216,030)
Net debt	–	–
Equity *(Note (ii))*	1,660,344	1,070,833
Net debt-to-equity ratio	Nil	Nil

Notes:

(i) Debts comprise, convertible bonds and promissory note as detailed in notes 27 and 28 respectively.

(ii) Equity includes all capital, reserves and non-controlling interests.

36. Financial Instruments

36.1 Categories of financial instruments

	Group	
	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables		
– Financial assets included in trade and other receivables	8,133	5,933
– Amount due from a non-controlling interest of a subsidiary	1	22
– Bank balances and cash	311,810	216,030
Financial liabilities		
Financial liabilities at amortized cost		
– Financial liabilities included in trade and other payables	10,774	4,600
– Amount due to a non-controlling interest of a subsidiary	8,826	–
– Amounts due to related companies	337	–
– Convertible bonds	–	47,072
– Promissory note	–	105,370

36. Financial Instruments (continued)

36.2 Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from a non-controlling interest of a subsidiary, bank balances and cash, trade and other payables, amount due to a non-controlling interest of a subsidiary, amounts due to related companies, convertible bonds and promissory note. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

36.2.1 Market risk

Foreign currency risk management

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

Transactional currency exposures arise from revenue or cost of sales by operating units in currencies other than the unit's functional currency. Substantially all the Group's revenue and cost of sales are denominated in the functional currency of the operating units making the revenue, and substantially all the cost 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 management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk management

The Group is not exposed to significant fair value interest rate risk and cash flow interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Price risk

As the Group has no significant investments in financial assets at FVTPL or AFS financial assets, the Group is not exposed to significant price risk.

36. Financial Instruments (continued)

36.2 Financial risk management objectives and policies (continued)

36.2.2 Credit risk management

At 31 March 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limited, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of customers for whom there is no recent history of default.

36.2.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

36. Financial Instruments (continued)

36.2 Financial risk management objectives and policies (continued)

36.2.3 Liquidity risk management (continued)

Liquidity tables

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or less than 1 year HK$'000	1-5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amounts HK$'000
At 31 March 2011				
Non-derivative financial liabilities				
Trade and other payables	10,774	–	10,774	10,774
Amount due to a non-controlling interest of a subsidiary	8,826	–	8,826	8,826
Amounts due to related companies	337	–	337	337
	19,937	–	19,937	19,937
At 31 March 2010				
Non-derivative financial liabilities				
Trade and other payables	4,600	–	4,600	4,600
Convertible bonds	–	90,734	90,734	47,072
Promissory note	–	128,926	128,926	105,370
	4,600	219,660	224,260	157,042

36. Financial Instruments (continued)

36.3 Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair values.

36.3.1 Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Levels 1 and 2 in both years.

At the end of each reporting period, the Group did not have any assets and liabilities that were measured at the above fair value measurements hierarchy.

37. Acquisition of Subsidiaries

(a) Acquisition of Favour South Limited

On 23 January 2010, Sino Prosper Mineral Products Limited, a wholly-owned subsidiary of the Company entered into an acquisition agreement ("Inner Mongolia Agreement") with Mr. Hong Guang, an independent third party ("Mr. Hong") for the acquisition of (i) entire issued share capital of Favour South Limited ("Favour South"); and (ii) all the obligation, liabilities and debts owing or incurred by Favour South to Mr. Hong, at a total consideration of RMB147,000,000 (equivalent to approximately HK$167,045,000), subject to adjustment (the "Inner Mongolia Acquisition").

Favour South is a company incorporated in the BVI and principally engaged in investment holding. The sole asset of Favour South is the entire issued capital of Great Surplus Investment Limited, which was to contribute and own 70% of the registered and paid up capital of Aohanqi Xinrui En Industry Co., Ltd ("Aohan Qi").

Aohan Qi is the holder of a permit for the mining of gold at a mine located at Gouliang Town, Aohan Qi, Inner Mongolia Autonomous Region, the PRC.

All conditions precedent to the completion of the Inner Mongolia Acquisition were fulfilled and the acquisition was completed on 29 June 2010.

Consideration transferred

	HK$'000
Deposit paid in prior year *(Note 22)*	4,136
Cash	155,000
Acquisition of shareholder's loan	(3,123)
Total consideration transferred (net of deductions set aside in accordance with the terms of the Inner Mongolia Agreement)	156,013

Acquisition-related costs amounting to HK$3,206,000 have been excluded from the consideration transferred and have been recognized as an expense in the period, within the administrative expenses in the consolidated statement of comprehensive income.

37. Acquisition of Subsidiaries (continued)

(a) Acquisition of Favour South Limited (continued)

Assets acquired and liabilities recognized at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment *(Note 16)*	16,878
Mining rights *(Note 18)*	139,861
Current assets	
Prepayments, deposits and other receivables	7,086
Bank balances and cash	554
Current liabilities	
Other payables and accruals	(7,158)
Amount due to a non-controlling interest of a subsidiary	(19,927)
Amount due to a shareholder	(3,123)
Non-current liabilities	
Deferred tax liabilities *(Note 30)*	(34,816)
Provision for restoration costs	(363)
	98,992

The fair value of receivables acquired, which principally comprised prepayments, deposits and other receivables approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

Non-controlling interests

The non-controlling interests at the acquisition date were measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

37. Acquisition of Subsidiaries (continued)

(a) Acquisition of Favour South Limited (continued)

Goodwill arising on acquisition

	HK$'000
Consideration transferred	156,013
Add: non-controlling interests	30,414
Less: fair value of identifiable net assets acquired	(98,992)
Goodwill arising on acquisition *(Note 20)*	87,435

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Goodwill arising from acquisition of Favour South and its subsidiaries (the "Favour South Group") is attributable to the anticipated profitability and future development of the Favour South Group in gold mining activities in the PRC and the anticipated future operating synergy from the combinations.

Net cash outflow arising on acquisition of subsidiaries

	HK$'000
Consideration paid in cash	159,136
Less: Deposit paid in prior year	(4,136)
Bank balances and cash acquired	(554)
	154,446

Impact of acquisition on the results of the Group

The Favour South Group contributed revenues of approximately HK$2,380,000 and net loss of approximately HK$11,018,000 to the Group for the period from the date of acquisition to 31 March 2011. If the acquisition had occurred on 1 April 2010, Group revenue would have been approximately HK$2,380,000 and loss before allocations would have been approximately HK$12,893,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 April 2010, nor is it intended to be a projection of future results.

37. Acquisition of Subsidiaries (continued)

(b) Acquisition of Nice Think Group Limited

On 17 April 2009, Sino Prosper (States Gold) Investment Limited (a wholly-owned subsidiary of the Company) (as purchaser) and Mr. Leung, a director and substantial shareholder of the Company (as vendor) pursuant to which the purchaser has agreed to acquire and the vendor has agreed to dispose of the entire issued share capital of Nice Think, which is wholly and beneficially owned by the vendor, and all obligations, liabilities and debts owing or incurred by Nice Think to the vendor, at a total consideration of RMB360 million (equivalent to approximately HK$409.1 million) (the "Acquisition Agreement I"). Pursuant to the terms of the Acquisition Agreement I, the consideration was satisfied by the issuance of (i) zero coupon convertible bonds in the principal amount of approximately HK$136,364,000 (equivalent to approximately RMB120,000,000) with a 5-year maturity; and (ii) promissory note of the balance of RMB240,000,000 (equivalent to approximately HK$272,728,000) to the vendor with a 1.5% per annum coupon rate payable on a quarterly basis with a 2-year maturity. Details of the convertible bonds and promissory note are set out in notes 27 and 28 respectively. The vendor is a connected person by virtue of him being a director and a substantial shareholder of the Company. As such, the acquisition constituted a connected transaction as defined in Chapter 14A of the Listing Rules. The acquisition also constituted a very substantial acquisition as defined in Chapter 14 of the Listing Rules. All conditions precedent under the Acquisition Agreement I have been satisfied and the acquisition was completed on 30 September 2009.

The acquisition has been accounted for as acquisition of the assets. The acquisition of Nice Think is not considered as a business acquisition as the activities of the Nice Think through its subsidiaries are the holding of certain exploration permits in Heilongjiang Province, the PRC.

The assets and the associated liabilities acquired in the transaction were as follows:

	HK$'000
Property, plant and equipment	68
Exploration and evaluation assets	1,016,859
Bank balances and cash	4,816
Prepayments, deposits and other receivables	1,246
Amount due from a non-controlling interest of a subsidiary	22
Amount due to a shareholder	(1,227)
Other payables	(1,564)
Amount due to a related company	(4,780)
	1,015,440
Non-controlling interests	(355,746)
Net assets acquired	659,694

37. Acquisition of Subsidiaries (continued)

(b) Acquisition of Nice Think Group Limited (continued)

	HK$'000
Consideration satisfied by:	
– Fair value of convertible bonds issued	441,872
– Fair value of promissory note issued	214,604
– Transaction costs incurred	4,445
– Acquisition of shareholder's loan	(1,227)
	659,694

Net cash inflow arising on acquisition:	
Transaction costs paid	(4,445)
Bank balances and cash acquired	4,816
	371

(c) Acquisition of Jet Power Holdings Limited

On 28 September 2009, Sino Prosper Coal Mining Investment Limited (a subsidiary of the Company) acquired the entire interest and the intercompany loan of Jet Power Holdings Limited ("Jet Power") at a consideration of approximately HK$1,451,000. Mr. Leung, an executive director and a substantial shareholder of the Company, has indirect interests in both Sino Prosper Coal Mining Investment Limited and Jet Power. The acquisition was completed on 28 September 2009. Jet Power is mainly involved in holding of a motor vehicle and has not carried out any significant business transactions since its incorporation. In the opinion of the directors, the acquisition did not, therefore, constitute an acquisition of business as the Group principally acquired the motor vehicle through the acquisition. Therefore, the acquisition was not disclosed as a business combination in accordance with the requirements of HKFRS 3 *Business Combinations*.

37. Acquisition of Subsidiaries (continued)

(c) Acquisition of Jet Power Holdings Limited (continued)

The net assets acquired in the transaction were as follows:

	HK$'000
Property, plant and equipment	1,406
Other receivables	45
Net assets acquired	1,451
Consideration satisfied by:	
– Cash	1,451
Net cash outflow arising on acquisition:	
Cash consideration paid	1,451

38. Acquisition of Additional Interests in a Subsidiary

Pursuant to the acquisition agreement entered into among Victor Bright Investment Limited, a wholly-owned subsidiary of the Company (as purchaser), Ms. Gao Liyan (as first vendor) and Mr. Song Yang (as second vendor) (collectively as vendors) on 17 May 2010 (the " 2010 Acquisition Agreement"), the purchaser has agreed to acquire from the vendors an aggregate of 27% equity interests in Heilongjiang Zhongyi Weiye, of which 13% equity interests was acquired from the first vendor and 14% equity interests was acquired from the second vendor. The consideration payable to the vendors under the 2010 Acquisition Agreement was RMB24,000,000 in aggregate, of which RMB11,560,000 was payable to the first vendor and RMB12,440,000 was payable to the second vendor. The consideration was payable in the form of cash only. The ordinary resolution for approving the 2010 Acquisition Agreement was duly passed by way of poll by the shareholders of the Company at the extraordinary general meeting held on 24 June 2010 and the transaction was completed on 3 August 2010. Immediately after completion of the acquisition under the 2010 Acquisition Agreement, Heilongjiang Zhongyi Weiye is owned as to 92% by the Group and 8% by the first vendor respectively.

38. Acquisition of Additional Interests in a Subsidiary (continued)

The carrying amount of the non-controlling interests in Heilongjiang Zhongyi Weiye on the date of acquisition was approximately HK$358,627,000. The Group recognized a decrease in non-controlling interests of approximately HK$276,655,000 and an increase in equity attributable to owners of the Company of approximately HK$249,089,000. The effect of changes in the ownership interest of Heilongjiang Zhongyi Weiye on the equity attributable to owners of the Company during the year is summarized as follows:

	HK$'000
Carrying amount of non-controlling interests acquired	276,655
Consideration paid to non-controlling interests	(27,566)
Excess of consideration paid recognized in other reserve within equity	249,089

Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 March 2011:

	HK$'000
Total comprehensive expense for the period attributable to owners of the Company	(11,112)
Net effect for transactions with non-controlling interests on changes in equity attributable to owners of the Company	249,089
	237,977

39. Disposal of Subsidiaries

During the year ended 31 March 2011, the Group disposed of its 95% owned subsidiary 海南泰瑞礦產開發有限公司 and a wholly-owned subsidiary 廣州市高泓礦業技術咨詢有限公司 to independent third parties at consideration of RMB1,900,000 and RMB1 respectively. Upon completion of the disposals, the Group ceased to have any shareholdings in 海南泰瑞礦產開發有限公司 and 廣州市高泓礦業技術咨詢有限公司.

On 25 August 2010, Sino Prosper Group Limited ("SP Group"), a direct wholly-owned subsidiary of the Company, and Mr. Leung entered into a sale and purchase agreement, pursuant to which SP Group has agreed to sell and Mr. Leung has agreed to purchase the entire issued ordinary share capital of Sino Prosper Gas Limited ("SP Gas"), an indirect wholly-owned subsidiary of the Company, which holds 95% equity interests in CNPC Sino Prosper Petroleum and Gas Company Ltd. (中油中盈石油燃氣銷售有限公司)("CNPC"), and the loan outstanding as at completion made by or on behalf of SP Group to SP Gas, at the purchase consideration of HK$13.3 million. The disposal was completed on 26 October 2010. Upon completion of the disposal, the Group ceased to have any shareholding in SP Gas.

39. Disposal of Subsidiaries (continued)

The net liabilities of 海南泰瑞礦產開發有限公司, 廣州市高泓礦業技術咨詢有限公司 and the consolidated net liabilities of SP Gas and CNPC ("SP Gas Group") at the dates of disposal were as follows:

	海南泰瑞礦產開發有限公司 HK$'000	廣州市高泓礦業技術咨詢有限公司 HK$'000	SP Gas Group HK$'000	Total HK$'000
Property, plant and equipment	3	–	22	25
Prepayments, deposits and other receivables	31	–	486	517
Amounts due from group companies	353	–	341	694
Amount due from a director	–	–	11,383	11,383
Bank balances and cash	14	–	737	751
Other payables and accruals	(13,390)	–	(190)	(13,580)
Amount due to the Group	–	–	(15,185)	(15,185)
	(12,989)	–	(2,406)	(15,395)
Non-controlling interests	15	–	(278)	(263)
Release of foreign currency translation reserve	352	4	(789)	(433)
Gain/(loss) on disposal of subsidiaries	14,797	(227)	1,588	16,158
	2,175	(223)	(1,885)	67
Satisfied by:				
Cash consideration	2,175	–	13,300	15,475
Assignment of amount due to the Group	–	–	(15,185)	(15,185)
Amount waived through disposal	–	(223)	–	(223)
	2,175	(223)	(1,885)	67
Net cash inflow on disposal of subsidiaries:				
Cash consideration	2,175	–	13,300	15,475
Bank balances and cash disposed of	(14)	–	(737)	(751)
	2,161	–	12,563	14,724

39. Disposal of Subsidiaries (continued)

On 10 February 2010, SP Group (as vendor) and Mr. Leung (as purchaser), entered into a disposal agreement pursuant to which the purchaser has agreed to acquire and the vendor has agreed to dispose of the entire issued ordinary share capital of Sino Prosper Resources Limited (an indirect wholly-owned subsidiary of the Company), which holds 65% equity interests in PT Sino Prosper Indocarbon, and the loan outstanding as at completion made by or on behalf of the vendor to Sino Prosper Resources Limited, at the purchase price of RMB5,280,000 (equivalent to HK$6,000,000). The disposal constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. Sino Prosper Resources Limited and its 65% equity-owned subsidiary are principally engaged in mineral resources exploration project in Indonesia and own the right to carry out general exploration in bitumen mines in Buton, Indonesia. Upon completion of the disposal, the Group ceased to have any shareholding in Sino Prosper Resources Limited.

The consolidated net liabilities of Sino Proper Resources Limited and its subsidiary on the date of disposal were as follows:

	HK'000
Property, plant and equipment	11
Prepayments, deposits and other receivables	19
Amounts due from non-controlling interests of a subsidiary	3,481
Bank balances and cash	79
Amount due to immediate holding company	(9,809)
Other payables and accruals	(420)
	(6,639)
Non-controlling interests	(898)
Release of foreign currency translation reserve	(158)
Gain on disposal of subsidiaries	3,886
	(3,809)
Satisfied by:	
Cash consideration	6,000
Disposal of shareholder's loan	(9,809)
	(3,809)
Net cash inflow on disposal of subsidiaries:	
Cash consideration	6,000
Bank balances and cash disposed of	(79)
	5,921

40. 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:

	2011 HK$'000	2010 HK$'000
Within one year	829	2,399
In the second to fifth years inclusive	41	1,089
	870	3,488

Operating leases relate to office premises and equipment with lease terms of between 1 to 5 years (2010: 1 to 5 years).

41. Capital Commitments

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

	2011 HK$'000	2010 HK$'000
Contracted but not provided for:		
– Investment in a joint venture company *(Note)*	–	39,001
– Capital commitment to the registered capital of a PRC subsidiary payable by the Group	41,778	1,000
– Exploration and evaluation expenditure	9,173	659
– Construction expenditure	22,892	–
	73,843	40,660

41. Capital Commitments (continued)

Note: Pursuant to a joint venture agreement dated 4 February 2005 entered into between SP Gas and Lang Fang Development District Northern China Petroleum Sales Company (the "Joint Venture Partner"), SP Gas and the Joint Venture Partner agreed to set up a joint venture company as an equity joint venture company in the PRC for a term of 30 years commencing from the date of issue of the business license of the joint venture company, which will be engaged in the wholesale, sales, transportation and storage of petroleum gas.

On 15 March 2005, SP Gas, the Joint Venture Partner and Wuhan Hengsheng Shimao Petroleum Natural Gas Pipeline Engineering Company Limited (the "New Joint Venture Partner") entered into a supplemental agreement. Pursuant to the supplemental agreement, the Joint Venture Partner agreed to withdraw and the New Joint Venture Partner agreed to replace the Joint Venture Partner in the formation of the joint venture company. The registered capital of the joint venture company was RMB50 million which was to be contributed by SP Gas as to RMB47.5 million and by the New Joint Venture Partner as to RMB2.5 million. At 31 March 2010, approximately RMB13.2 million, equivalent to approximately HK$14.3 million had been contributed by SP Gas.

The joint venture company, namely 中油中盈石油燃氣銷售有限公司, was treated as a subsidiary of the Group at 31 March 2010.

During the year ended 31 March 2011, the Group has disposed of SP Gas to Mr. Leung at a consideration of HK$13.3 million. The sole asset of SP Gas was the 95% equity interest of CNPC. The disposal was completed on 26 October 2010 as detailed in note 39.

At the end of the reporting period, the Company had no significant capital commitments.

42. Related Party Transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties during the year:

Compensation of key management personnel

	2011 HK$'000	2010 HK$'000
Short-term employee benefits	16,750	9,942
Post-employment benefits	52	44
Equity-settled share-based payments	603	–
	17,405	9,986

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

43. Events After the Reporting Period

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material events subsequent to the end of the reporting period:

(a) On 27 April 2011, the Company announced that it had entered into the placing agreement dated 27 April 2011 (the "2011 Placing Agreement"), with Mr. Leung and the placing agents in relation to a placing of 1,100,000,000 shares owned by Mr. Leung to independent third parties at a price of HK$0.38 per share ("Placing Shares"). On the same day, the Company and Mr. Leung (as subscriber) has entered into an subscription agreement dated 27 April 2011 which Mr. Leung has conditionally agreed to subscribe for the subscription shares (the number of which shall be equivalent to the Placing Shares) actually placed under the 2011 Placing Agreement at HK$0.38 per subscription share.

The completion of the 2011 Placing Agreement took place on 3 May 2011 in accordance with the terms and conditions of the 2011 Placing Agreement and an aggregate of 1,100,000,000 Placing Shares have been successfully placed to not less than six placees at HK$0.38 per share.

On 9 May 2011, the Company announced that an aggregate of 1,100,000,000 shares of HK$0.01 each in the capital of the Company were allotted and issued to Mr. Leung at HK$0.38 per subscription share. The Company raised a sum of approximately HK$418 million and retained the net proceeds for use of the future acquisitions and as general working capital of the Group.

(b) On 11 May 2011, Sino Prosper Asphalt Investment Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of its office premise at a consideration of approximately HK$36,427,000.

Financial Summary

For the year ended 31 March 2011

	2007	2008	2009	2010	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Turnover	20,138	84,714	31,335	41,824	47,692
Loss before tax	(123,875)	(27,815)	(9,607)	(59,486)	(48,185)
Income tax (expense)/credit	–	–	(355)	355	198
Loss for the year	(123,875)	(27,815)	(9,962)	(59,131)	(47,987)
Attributable to:					
Owners of the Company	(122,173)	(27,398)	(9,764)	(58,882)	(44,040)
Non-controlling interests	(1,702)	(417)	(198)	(249)	(3,947)
	(123,875)	(27,815)	(9,962)	(59,131)	(47,987)
Loss per share for loss attributable to owners of the Company for the year					
Basic and diluted (HK cents)	(9.91)	(2.13)	(0.74)	(2.80)	(0.70)

	2007	2008	2009	2010	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total asset	280,513	297,652	315,650	1,249,396	1,724,737
Total liabilities	(15,894)	(25,699)	(41,430)	(178,563)	(64,393)
	264,619	271,953	274,220	1,070,833	1,660,344
Equity attributable to owners of the Company	263,104	270,448	273,135	714,485	1,531,033
Non-controlling interests	1,515	1,505	1,085	356,348	129,311
Total equity	264,619	271,953	274,220	1,070,833	1,660,344

Corporate Information

EXECUTIVE DIRECTORS

Mr. LEUNG Ngai Man *(Chairman)*
Mr. SUNG Kin Man *(Chief Executive Officer)*
Mr. YEUNG Kit
Mr. NG Kwok Chu, Winfield

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CAI Wei Lun
Dr. LEUNG Wai Cheung
Mr. Zhang Qingkui
(appointed on 31 January 2011)

COMPANY SECRETARY

Ms. CHIU Ngan Ling Annie

HONG KONG LEGAL ADVISORS

Chiu & Partners

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

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