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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

The board (the "Board") of directors (the "Directors") of Sino Prosper State Gold Resources Holdings Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2012 ("Reporting Period") together with comparative figures for the previous year, which have been reviewed by the audit committee (the "Audit Committee") of the Board, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Revenue	*3*	**50,287**	47,692
Cost of sales		**(49,020)**	(50,799)
Gross profit/(loss)		**1,267**	(3,107)
Other income and gains	*5*	**25,997**	37,122
General and administrative expenses		**(78,400)**	(60,224)
Loss on early redemption of promissory note		**–**	(18,414)
Finance costs	*6*	**(19)**	(3,562)
Loss before tax		**(51,155)**	(48,185)
Income tax (expense)/credit	*7*	**(566)**	198
Loss for the year	*8*	**(51,721)**	(47,987)
Other comprehensive income			
Exchange differences on translating foreign operations		**47,799**	40,296
Reclassification adjustment relating to foreign operation disposed of during the year		**(2,651)**	–
Other comprehensive income for the year, net of income tax		**45,148**	40,296
Total comprehensive expense for the year		**(6,573)**	(7,691)
Loss attributable to:			
Owners of the Company		**(46,799)**	(44,040)
Non-controlling interests		**(4,922)**	(3,947)
		(51,721)	(47,987)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(6,266)**	(11,112)
Non-controlling interests		**(307)**	3,421
		(6,573)	(7,691)
Loss per share	*10*		(Restated)
Basic and diluted (HK cents per share)		**(6.08)**	(7.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Non-current assets			
Property, plant and equipment		**79,437**	78,977
Mining rights	*11*	**147,531**	144,211
Exploration and evaluation assets	*12*	**1,139,157**	1,083,902
Goodwill	*13*	**93,547**	90,333
		1,459,672	1,397,423
Current assets			
Inventories		**16,054**	6,815
Trade and other receivables	*14*	**161,243**	8,688
Amount due from a non-controlling interest of a subsidiary		**–**	1
Bank balances and cash		**477,218**	311,810
		654,515	327,314
Current liabilities			
Trade and other payables	*15*	**24,648**	18,956
Amount due to a non-controlling interest of a subsidiary		**9,140**	8,826
Amounts due to related companies		**–**	337
		33,788	28,119
Net current assets		**620,727**	299,195
Total assets less current liabilities		**2,080,399**	1,696,618
Non-current liabilities			
Provision for restoration costs		**390**	376
Deferred tax liabilities		**36,723**	35,898
		37,113	36,274
Net assets		**2,043,286**	1,660,344
Capital and reserves			
Share capital	*16*	**77,579**	67,599
Reserves		**1,836,703**	1,463,434
Equity attributable to owners of the Company		**1,914,282**	1,531,033
Non-controlling interests		**129,004**	129,311
Total equity		**2,043,286**	1,660,344

Notes:

1. BASIS OF PREPARATION

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.

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

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 Hong Kong Accounting Standards ("HKAS(s)"), HKFRS(s), amendments and interpretations ("HK(IFRIC) – Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA:

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 cycle[4]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 1	Government Loans[4]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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 2015, 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 April 2015 and that the application of HKFRS 9 might have 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.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the Directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The Directors 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. REVENUE

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

	2012	2011
	HK$'000	*HK$'000*
Revenue from sales of fuel oil and chemicals	**–**	1,855
Revenue from sales of gold concentrates and amalgam	**8,261**	2,380
Revenue from sales of silver concentrates	**434**	–
Revenue from sales of gold	**41,592**	43,457
	50,287	47,692

4. SEGMENT INFORMATION

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the 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 China. 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 5, 6 and 8 below respectively.

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong and the People's Republic of China ("PRC"). Total turnover and revenue as disclosed in note 3 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.

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	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**41,592**	43,457	**1,760**	28,353
PRC	**8,695**	4,235	**1,457,912**	1,369,070
	50,287	47,692	**1,459,672**	1,397,423

Information about major customers

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

	2012	2011
	HK$'000	*HK$'000*
Customer A	**41,592**	43,457
Customer B	**6,796**	N/A[1]
	48,388	43,457

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME AND GAINS

	2012	2011
	HK$'000	*HK$'000*
Interest income on bank deposits	**9,598**	2,408
Net foreign exchange gains	**2,742**	18,531
Gain on disposal of property, plant and equipment	**9,680**	14
Gain on disposal of subsidiaries	**3,503**	16,158
Sundry income	**474**	11
	25,997	37,122

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank overdraft	**19**	–
Effective interest expense on convertible bonds	**–**	886
Effective interest expense on promissory note	**–**	2,676
	19	3,562

No interest was capitalized during the year ended 31 March 2012 (2011: Nil).

7. INCOME TAX EXPENSE/(CREDIT)

Income tax recognized in profit or loss

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
PRC withholding tax	**1,014**	–
Deferred tax:		
Current year	**(448)**	(198)
Total income tax expense/(credit) recognized in profit or loss	**566**	(198)

Hong Kong Profits Tax is calculated at 16.5% (2011: 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.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Directors' emoluments	**26,046**	17,405
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits *(Note (i))*	**22,725**	12,410
– Contributions to retirement benefits schemes *(Note (i))*	**943**	325
– Equity-settled share-based payments	**3,501**	1,209
Total staff costs	**53,215**	31,349
Auditors' remuneration	**980**	980
Amortization of mining rights	**1,793**	793
Cost of inventories recognized as expense	**49,020**	50,799
Depreciation of property, plant and equipment *(Note (ii))*	**5,153**	1,848
Expense in relation to share options granted to consultants	**35**	99
Provision for impairment of other receivables	**3,606**	–
Impairment loss of inventories	**717**	1,614
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	**3,541**	2,486
– Equipment	**41**	18
Expense capitalized in construction in progress:		
– Salaries and other benefits	**934**	3,240
– Contributions to retirement benefits schemes	**45**	161
– Depreciation of property, plant and equipment	**189**	193

Notes:

(i) Amount excluded expenses capitalized in construction in progress. Salaries and other benefits of approximately HK$6,774,000 were capitalized in inventories for the year ended 31 March 2012 (2011: HK$2,790,000).

(ii) Amount excluded expenses capitalized in construction in progress. Depreciation of property, plant and equipment of approximately HK$2,220,000 was capitalized in inventories for the year ended 31 March 2012 (2011: HK$539,000).

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year (2011: Nil).

10. 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:

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(46,799)**	(44,040)

Number of shares

	2012	2011
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**769,426**	631,922

The weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share for the year ended 31 March 2011 have been retrospectively adjusted for the effect of the consolidation of shares as detailed in note 16 (v).

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 since their exercise would have an anti-dilutive effect.

11. MINING RIGHTS

	HK$'000
Cost	
Balance at 1 April 2010	–
Acquired on acquisition of subsidiaries	139,861
Effect of foreign currency exchange differences	5,162
Balance at 31 March 2011	145,023
Effect of foreign currency exchange differences	5,159
Balance at 31 March 2012	150,182
Accumulated amortization	
Balance at 1 April 2010	–
Charged for the year	793
Effect of foreign currency exchange differences	19
Balance at 31 March 2011	812
Charged for the year	1,793
Effect of foreign currency exchange differences	46
Balance at 31 March 2012	2,651
Carrying values	
Balance at 31 March 2012	**147,531**
Balance at 31 March 2011	144,211

Mining rights were acquired through the acquisition of Favour South Limited during the year ended 31 March 2011.

12. EXPLORATION AND EVALUATION ASSETS

	HK$'000
Cost	
Balance at 1 April 2010	1,021,072
Additions	17,758
Effect of foreign currency exchange differences	45,072
Balance at 31 March 2011	1,083,902
Additions	16,537
Effect of foreign currency exchange differences	38,718
Balance at 31 March 2012	**1,139,157**

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

13. GOODWILL

	HK$'000
Cost	
Balance at 1 April 2010	
Amount recognized on acquisition of subsidiaries occurring during the year	87,435
Effect of foreign currency exchange differences	2,898
Balance at 31 March 2011	90,333
Effect of foreign currency exchange differences	3,214
Balance at 31 March 2012	**93,547**

14. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**–**	1
Prepayments, deposits and other receivables	**161,243**	8,687
Total trade and other receivables	**161,243**	8,688

The Group allows an average credit period of 30 days (2011: 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:

	2012	2011
	HK$'000	*HK$'000*
0 – 60 days	**–**	1

There were no trade receivables past due but not impaired as at 31 March 2011 and 2012. 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.

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

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	1

Included in the balance of prepayments, deposits and other receivables of the Group at 31 March 2012 was a refundable deposit of Renminbi ("RMB") 120,000,000 (equivalent to approximately HK$147,240,000) in relation to the proposed acquisition of the Gold Mine as defined in the section of Management Discussion and Analysis below.

15. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**–**	286
Other payables and accruals	**24,648**	18,670
	24,648	18,956

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

	2012	2011
	HK$'000	*HK$'000*
0 – 60 days	**–**	286

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

16. 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
Share consolidation *(Note (v))*	(18,000,000,000)	–
Ordinary shares of HK$0.10 each at 31 March 2012	**2,000,000,000**	**200,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2010	2,662,063,158	26,621
Issue of new ordinary shares *(Note (i))*	2,888,000,000	28,880
Conversion of convertible bonds *(Note (ii))*	1,209,781,813	12,098
Ordinary shares of HK$0.01 each at 31 March 2011	6,759,844,971	67,599
Issue of new ordinary shares *(Note (iii))*	1,100,000,000	11,000
Repurchase of ordinary shares *(Note (iv))*	(101,970,000)	(1,020)
Share consolidation *(Note (v))*	(6,982,087,474)	–
Ordinary shares of HK$0.10 each at 31 March 2012	**775,787,497**	**77,579**

Notes:

(i) 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 ordinary shares of HK$0.01 each 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.

(ii) 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.

(iii) During the year ended 31 March 2012 and prior to the Share Consolidation set out in note (v) below, the following placing and subscription arrangements took place:

On 27 April 2011, Mr. Leung Ngai Man ("Mr. Leung"), an executive director, the chairman and substantial shareholder of the Company, entered into a placing agreement with the Company and two placing agents in relation to a placing, on a best efforts basis of up to 1,100,000,000 existing shares of HK$0.01 each owned by Mr. Leung to independent third parties at the placing price of HK$0.38 per placing share. On the same day, the Company and Mr. Leung (as subscriber) entered into a subscription agreement dated 27 April 2011 which Mr. Leung conditionally agreed to subscribe for the subscription shares (the number of which shall be equivalent to the placing shares actually placed under the placing agreement) at HK$0.38 per subscription share.

Completion of the placing agreement took place on 3 May 2011 in accordance with the terms and conditions of the placing agreement and an aggregate of 1,100,000,000 placing shares were placed to not less than six placees at HK$0.38 per share.

On 9 May 2011, 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 exercise gave rise to an aggregate net proceeds of approximately HK$400 million.

(iv) During the year ended 31 March 2012 and prior to the Share Consolidation set out in note (v) below, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	**No. of ordinary shares of HK$0.01 each repurchased**	**Repurchase price per ordinary share of HK$0.01 each**		**Aggregate consideration paid**
		Highest	**Lowest**	
	'000	*HK$*	*HK$*	*HK$'000*
July 2011	12,010	0.214	0.198	2,508
August 2011	33,470	0.177	0.130	5,459
September 2011	21,920	0.208	0.131	3,853
October 2011	34,570	0.160	0.115	4,751
	101,970			16,571

During the Reporting Period, 101,970,000 ordinary shares of HK$0.01 each were repurchased and canceled at an aggregate consideration of approximately HK$16,571,000. The issued share capital of the Company was reduced by the aggregate par value of the repurchased ordinary shares so canceled. The premium and related expenses paid for the repurchase of the ordinary shares of HK$0.01 each, which amounted to approximately HK$16,685,000 was charged to the share premium account. An amount equivalent to the aggregate par value of the ordinary shares canceled was transferred to the capital redemption reserve within equity.

(v) Pursuant to an ordinary resolution passed on 24 February 2012, a share consolidation was approved with effect from 27 February 2012 in which every 10 of the existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company were consolidated into 1 consolidated share having a par value of HK$0.10 per share (the "Share Consolidation"). Immediately after the Share Consolidation, the authorized share capital of the Company comprised 2,000,000,000 consolidated shares of HK$0.10 each of which 775,787,497 consolidated shares of HK$0.10 each were in issue and the board lot size has been changed from 10,000 shares of HK$0.01 each to 5,000 consolidated shares of HK$0.10 each.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

The Group has been focusing on various aspects of exploration, development, mining and production of precious metals in China. In addition to operating its existing exploration and production projects, the Group aims to become a major Chinese precious metals producer through acquisition of producing or near-production mining projects that can result in increasing resources and production per share.

The Group is now focusing on the following:

- expansion of production and resources at its Aohan Qi Mine (the Company holds indirectly 70% equity interests in Aohanqi Xinrui En Industry Co., Ltd., ("Aohanqi");

- taking steps to expedite completion of the proposed acquisition of the Qing Jiao Gold Mine (箐腳金礦) (the "Gold Mine") located at Xiongwu Village, Xingyi City, Guizhou Province, the PRC (comprising a current mining area of 0.6033 km^2 plus other contiguous gold properties to be provided) with details in the Company's announcement dated 30 December 2011.

- investigating other potential acquisitions of advanced-stage projects with the potential to expand resources and productions per share, thus enhancing shareholder value.

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

Current Operations

I. Aohan Qi Mine, Inner Mongolia

Since the completion of the acquisition of the 70% equity interest in Aohanqi, the Group has made the following significant progress. Up to 31 March, 2012, an aggregate of RMB132 million has been injected by the joint venture parties for capital costs and upgrades, as outlined below. During the fiscal year ended 31 March 2012, Aohanqi generated revenue of approximately RMB8.695 million.

The Aohanqi Processing Facilities achieved its full processing capability of 500 tonnes per day ("tpd") by the end of December 2010, up from the previous operating capacity of 50 tpd. Construction has continued on the upgrading and expansion of office buildings, and other ancillary facilities. However, gold output has been limited due to further construction work in the mine limiting access to feedstock for the plant and due to the need to construct a dry tailings operation to meet new local environmental requirements. As at the date of this report, construction of the new dry tailings facility and other upgrades to the Aohanqi Processing Facilities are essentially completed. However, as a result of these restrictions, the Group achieved very modest cumulative gold production in the 2012 fiscal year with costs that would be unrepresentative of expectations once full operation is resumed.

In the Aohanqi Mine, significant upgrades have been undertaken to enhance safety, increase access to mineralized zones and provide for higher mine output capacity to fill the Aohanqi Processing Facilities. The Group has nearly completed construction of four new vertical access shafts (Shafts #2, #3, #6 and #8). Over 7,000 metres ("m") of new underground tunnels have been constructed for a current total of about 11,000m of existing underground tunnels, compared to only about 4,000m of tunnels when the Company first took over the mine in July 2010. Consistent with the completion of the expanded tunnel system, a new ore transport system is being completed to mechanize ore movement through the mine, to surface and delivery to the processing plant.

Based on new and existing data, the new Sino Prosper technical team is developing detailed mining plans to optimize plant operation. The mine expansion and implementation of these plans are expected to be substantially completed in the coming months, allowing for full restoration of processing operations at the planned 500 tpd level.

Over the years 2010 and 2011, since acquisition of the project, Sino Prosper has completed an extensive exploration programme that has given the Company a new understanding of the geology of the Aohanqi ore body in the context of the regional geologic setting. Eight major mineralized faults (veins) have been defined to date, with numerous minor veins and "pods of mineralization" encountered. Six veins are currently production ready: Veins #1, #1-3, #3, #8, #25 and #39. One new vein, #39-1, is under development. Additional veins are currently being explored, often exposed by the construction of the new shafts and connecting tunnels.

Overall, the results of the Aohanqi exploration programme have been encouraging. A greater understanding has been gained of the various vein systems that are to be mined at Aohanqi. The results are consistent with the regional mineralization at the Jin Tao and ErDaoGou Mines on either side of the Aohanqi Mine and which have been producing for more than 50 and 40 years, respectively.

The Company considered the production and project delivery results to-date and decided to make significant changes to the Aohanqi Mine local project management team in the later part of 2011. The Board of the Company expects that these changes in the Aohanqi Mine management would improve performance and project delivery going forward.

II. Aohan Qi Regional Cooperation 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 Group 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.

Due to the Company's successful investment and development in Aohanqi, the Company has also been invited to examine potential mining opportunities in the larger Chifeng District, which is the administrative government of Aohan Banner.

III. Zhongyi Weiye Heilongjiang Mines, Heilongjiang Province, PRC ("Zhongyi-Weiye Project")

In 2011, systematic geological, geochemical and geophysical programs have been carried out in the Zhongyi Weiye Project. Based on those results, further test drilling will be conducted in 2012, supplemented by surface trenching and sampling programs.

IV. Hebei Province Framework Agreement

The professional consultants hired by the Group completed detailed due diligence work on the property. However, as the due diligence results did not meet the Group's expectations, the Group decided not to proceed with this project.

V. Proposed Qing Jiao Gold Mine (箐腳金礦) Acquisition & Other Opportunities

On 30 December 2011, the Group announced details on the proposed Qing Jiao Gold Mine Acquisition.

On 19 December 2011, the purchaser, Sino Prosper State Gold HK Limited ("SPSG") and Mr. Leung entered into the acquisition agreement pursuant to which SPSG has conditionally agreed to acquire and Mr. Leung has agreed to dispose of the sale share and the sale loan of Success State Development Limited, a company incorporated in the BVI, wholly and beneficially owned by Mr. Leung, at a total consideration of RMB550 million (equivalent to approximately HK$674.85 million).

As disclosed in the Company's announcement dated 30 December 2011, in order to prepare information to be presented in the related circular, especially the technical report for the target mine (which is expected to be available in August 2012) and the valuation on the project of Target PRC and the advice from the independent financial adviser, the despatch of the Circular is expected to be despatched in about September 2012.

Outlook

The Group continues to seek to improve its performance and capabilities. The Group looks forward to the imminent normalised operation of the Aohanqi Processing Facilities and completion of the safety and expansion of the Aohanqi Mine. The Group also looks forward to reporting on its exploration efforts at Aohanqi and Zhongyi Weiye over the course of the coming year.

The Group has also commenced investigation of a number of new projects with a view to continuing to grow resources and cash flow per share as key drivers of shareholder value.

As one of a very few junior mining companies in Hong Kong and given current market conditions, the Group management considers that proper allocation and preservation of scarce capital resources, together with building long term sustainable operations, is key to the Group's long term success.

Furthermore, having regard to the resources on hand, the Group is looking into developing financial related business.

FINANCIAL REVIEW

For the year ended 31 March 2012, the Group recorded total turnover of approximately HK$50,287,000 (year ended 31 March 2011: HK$47,692,000) which mainly comprises a turnover of (i) approximately HK$41,592,000 from the sales of gold (year ended 31 March 2011: HK$43,457,000), (ii) approximately HK$8,261,000 from the sales of gold concentrates and amalgam (year ended 31 March 2011: HK$2,380,000) and (iii) approximately HK$434,000 from the sales of silver concentrates (year ended 31 March 2011: Nil). For the year ended 31 March 2012, the Group did not record any turnover from the sales of fuel oil and chemicals (year ended 31 March 2011: HK$1,855,000). Total Group's turnover increased by approximately 5% as compared to last year. Such increase was mainly attributable to the increase in sales of gold concentrates and amalgam. For the year ended 31 March 2012, the Group's net loss attributable to owners of the Company was approximately HK$46,799,000 (year ended 31 March 2011: approximately HK$44,040,000). The increase in the Group's net loss attributable to owners of the Company was mainly due to (i) the increase in staff costs from HK$31,349,000 in last year to HK$53,215,000 in the Reporting Period and (ii) the increase in depreciation of property, plant and equipment from HK$1,848,000 in last year to HK$5,153,000 in the Reporting Period.

As at 31 March 2012, the Group recorded total assets of approximately HK$2,114,187,000 (as at 31 March 2011: approximately HK$1,724,737,000), and recorded total liabilities of approximately HK$70,901,000 (as at 31 March 2011: approximately HK$64,393,000). The Group's net asset value as at 31 March 2012 increased by 23.06% to approximately HK$2,043,286,000 as compared to approximately HK$1,660,344,000 as at 31 March 2011. The significant increase in the Group's net asset value was mainly attributable to the increase in bank balances and cash by HK$400 million generated from the placing of shares of the Company ("Shares").

LIQUIDITY AND FINANCIAL RESOURCES

An exercise of placing and subscription of shares in the Company was conducted in April and May 2011. Please refer to the Company's announcements dated 27 April 2011, 3 May 2011 and 9 May 2011 for further details. Under the exercise, on 9 May 2011, an aggregate of 1,100,000,000 new shares of HK$0.01 each in the capital of the Company were issued at HK$0.38 per subscription share, giving rise to an aggregate proceeds of approximately HK$418 million. The net proceeds (after the deduction of the placing commission and other relevant expenses) amounted to approximately HK$400 million. As at 31 March 2012, HK$197.24 million of the net proceeds were mainly used for the following purposes: (i) HK$147,240,000 (equivalent to approximately RMB120,000,000) as a fully refundable deposit and part of the consideration for the proposed acquisition of the Gold Mine and (ii) approximately

HK$50,000,000 as general working capital. The remaining balance of the net proceeds of approximately HK$202.76 million is currently planned to be used for the general working capital of the Group and for future investment opportunities as and when they arise.

As at 31 March 2012, the Group had cash and bank balances of approximately HK$477,218,000 (as at 31 March 2011: approximately HK$311,810,000). As at 31 March 2012, the Group had outstanding borrowings of approximately HK$Nil (as at 31 March 2011: approximately HK$Nil). Its gearing ratio calculated as a ratio of net debt to total equity was Nil (as at 31 March 2011: Nil). As at 31 March 2012, net current assets totalled approximately HK$620,727,000 (as at 31 March 2011: approximately HK$299,195,000) and the current ratio was maintained at a level of approximately 19.4 (as at 31 March 2011: approximately 11.6).

For the year ended 31 March 2012, the Company repurchased for cancellation 101,970,000 shares for an aggregate consideration of approximately HK$16,571,000.

On 7 March 2012, the Company entered into a placing agreement (the "2012 Placing Agreement") with a placing agent (as amended by a supplemental placing agreement dated 8 March 2012) in relation to a placing of up to 152,000,000 warrants ("Warrants") to not less than six placees at a placing price of HK$0.01 per Warrant. The subscription price is HK$0.72 (subject to adjustment) per new Share to be allotted and issued by the Company upon exercise of the subscription rights attaching to the Warrants ("Warrants Share").

The completion of the 2012 Placing Agreement took place on 11 April 2012 (a date which falls after the end of the Reporting Period) in accordance with the terms and conditions of the 2012 Placing Agreement (as amended by a supplemental placing agreement) and 152,000,000 Warrants were issued to not less than six placees.

The gross proceeds from the placing of Warrants amounted to approximately HK$1.6 million (without taking into account the exercise of the subscription rights attaching to the Warrants). The net proceeds from the Placing (without taking into account the exercise of the subscription rights attaching to the Warrants), after taking into account the estimated expenses in relation to the Placing, amounted to approximately HK$1.4 million.

Assuming exercise in full of the subscription rights attaching to the Warrants at the subscription price, it is expected that an additional amount of HK$109.4 million will be raised at maximum, and the net proceeds raised per Warrant (including the allotment and issue of Warrant Share) will be approximately HK$0.72.

The aggregate net proceeds from the Placing and the allotment and issue of the Warrant Shares are intended to be used as general working capital of the Group and for future investment opportunities as and when they arise.

TREASURY POLICIES

The Group does not engage in any interest rates, 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

As at 31 March 2011 and 2012, the Group had no contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

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 2012, the Group employed 336 full-time employees in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and prevailing market prices. 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.

MATERIAL ACQUISITION OR DISPOSALS

Save as disclosed in this annual results announcement, there were no material acquisitions or disposals of subsidiaries or associates during the Reporting Period.

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 2012.

CORPORATE GOVERNANCE AND PRACTICES

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 Listing Rules. The Board 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 2012:

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 2011 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 101,970,000 shares of HK$0.01 each at a total consideration of approximately HK$16,571,000. The highest and lowest prices paid for such purchases are HK$0.214 and HK$0.115 per share of HK$0.01 each, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

AUDIT COMMITTEE

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting 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.

The annual consolidated results of the Group for the year ended 31 March 2012 have been reviewed by the Audit Committee.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2012 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the website of the Company at http://www.sinoprosper.com. An annual report for the year ended 31 March 2012 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

By order of the Board
Sino Prosper State Gold Resources Holdings Limited
Sung Kin Man
Chief Executive Officer & Executive Director

Hong Kong, 28 June 2012

As of the date hereof, the executive Directors of the Company are Mr. Leung Ngai Man, Mr. Sung Kin Man, Mr. Ng Kwok Chu, Winfield and Mr. Yeung Kit and the independent non-executive Directors of the Company are Dr. Leung Wai Cheung, Mr. Cai Wei Lun and Mr. Zhang Qingkui.