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 2013

The board (the "Board") of directors (the "Director(s)") 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 2013 ("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 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	3	**54,483**	50,287
Cost of sales		**(51,718)**	(49,020)
Gross profit		**2,765**	1,267
Other income and gains	5	**10,357**	25,997
General and administrative expenses		**(91,750)**	(78,400)
Finance costs	6	**–**	(19)
Loss before tax		**(78,628)**	(51,155)
Income tax credit/(expense)	7	**1,038**	(566)
Loss for the year	8	**(77,590)**	(51,721)
Other comprehensive income			
Exchange differences on translating foreign operations		**9,015**	47,799
Reclassification adjustment relating to foreign operation disposed of during the year		**–**	(2,651)
Other comprehensive income for the year, net of income tax		**9,015**	45,148
Total comprehensive expense for the year		**(68,575)**	(6,573)
Loss attributable to:			
Owners of the Company		**(70,687)**	(46,799)
Non-controlling interests		**(6,903)**	(4,922)
		(77,590)	(51,721)
Total comprehensive expense attributable to:			
Owners of the Company		**(62,515)**	(6,266)
Non-controlling interests		**(6,060)**	(307)
		(68,575)	(6,573)
Loss per share	10		
Basic and diluted (HK cents per share)		**(9.11)**	(6.08)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**104,116**	79,437
Mining rights	*11*	**141,419**	147,531
Exploration and evaluation assets	*12*	**1,151,082**	1,139,157
Goodwill	*13*	**94,177**	93,547
		1,490,794	1,459,672
Current assets			
Inventories		**9,244**	16,054
Loans receivables	*14*	**15,632**	–
Prepayments, deposits and other receivables	*15*	**358,641**	161,243
Bank balances and cash		**186,499**	477,218
		570,016	654,515
Current liabilities			
Other payables and accruals		**26,837**	24,648
Amount due to a non-controlling interest of a subsidiary		**9,205**	9,140
Tax payable		**979**	–
		37,021	33,788
Net current assets		**532,995**	620,727
Total assets less current liabilities		**2,023,789**	2,080,399
Non-current liabilities			
Provision for restoration costs		**393**	390
Deferred tax liabilities		**35,194**	36,723
		35,587	37,113
Net assets		**1,988,202**	2,043,286
Capital and reserves			
Share capital	*16*	**77,579**	77,579
Reserves		**1,787,679**	1,836,703
Equity attributable to owners of the Company		**1,865,258**	1,914,282
Non-controlling interests		**122,944**	129,004
Total equity		**1,988,202**	2,043,286

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), 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 HKFRS 1	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
Amendments to HKFRS 7	*Disclosures – Transfers of Financial Assets*
Amendments to HKAS 12	*Deferred Tax: Recovery of Underlying Assets*

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 HKFRS 1	*Government Loans*[2]
Amendments to HKFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
Amendments to HKFRS 9 and HKFRS 7	*Mandatory Effective Date of HKFRS 9 and Transition Disclosures*[4]
HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*[3]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 13	*Fair Value Measurement*[2]
Amendments to HKAS 1	*Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (as revised in 2011)	*Employee Benefits*[2]
HKAS 27 (as revised in 2011)	*Separate Financial Statements*[2]
HKAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*[2]
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*[3]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2009 – 2011 Cycle*[2]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]

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

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' 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 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 the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

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. HK (SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. 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 consolidation.

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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied 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 *Fair Value Measurement*

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 the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKFRS 7 and HKAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities 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 amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should 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.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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 items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (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 do not change the option to present items of other comprehensive income either before tax or net of tax.

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.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The *Annual Improvements to HKFRSs 2009 – 2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 *Presentation of Financial Statements*;
- amendments to HKAS 16 *Property, Plant and Equipment*; and
- amendments to HKAS 32 *Financial Instruments: Presentation*.

Amendments to HKAS 1

HKAS 1 *Presentation of Financial Statements* clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented. The Directors do not anticipate that the amendments will have a significant financial impact on the Group.

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The Directors anticipate that the amendments to HKAS 32 will have no material effect on the Group's consolidated financial statements.

HK (IFRIC) – Int 20 *Stripping Costs in the Production Phase of a Surface Mine*

HK (IFRIC) – Int 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

HK (IFRIC) – Int 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply HK (IFRIC) – Int 20 for the first time. However, HK (IFRIC) – Int 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The application of this standard 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 this standard and hence have not yet quantified the extent of the impact.

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:

	2013	2012
	HK$'000	*HK$'000*
Revenue from sales of gold concentrates and amalgam	**15,966**	8,261
Revenue from sales of silver concentrates	**248**	434
Revenue from sales of gold	**36,930**	41,592
Interest income from loan financing activities	**1,339**	–
	54,483	50,287

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group has introduced an additional reportable operating segment regarding money lending activities during the Reporting Period. Accordingly, the Group's reportable and operating segments under HKFRS 8 are presented as follows:

(a) investment in energy and natural resources (including precious metals) related projects; and

(b) the money lending segment represents provision of loan financing.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Investment in energy and natural resources (including precious metals) related projects		**Money lending**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Revenue from external customers	**53,144**	50,287	**1,339**	–	**54,483**	50,287
Segment (loss)/profit	**(20,612)**	(16,252)	**1,201**	–	**(19,411)**	(16,252)
Interest on bank deposits, other income and gains					**10,357**	25,997
Interest on bank overdraft					**–**	(19)
Central administration costs					**(69,574)**	(60,881)
Loss before tax					**(78,628)**	(51,155)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: Nil).

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

Segment assets and liabilities

	Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,508,950**	1,488,220	**25,906**	–	**1,534,856**	1,488,220
Corporate and unallocated assets					**525,954**	625,967
Consolidated assets					**2,060,810**	2,114,187
Segment liabilities	**58,451**	58,124	**199**	–	**58,650**	58,124
Corporate and unallocated liabilities					**13,958**	12,777
Consolidated liabilities					**72,608**	70,901

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than other unallocated head office and corporate assets. Mining rights, exploration and evaluation assets and goodwill are allocated to operating segments; and

- all liabilities are allocated to operating segments other than other unallocated head office and corporate liabilities.

Other segment information

	Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss:						
Depreciation	**5,373**	4,162	**–**	–	**5,373**	4,162
Unallocated depreciation					**1,145**	991
Total depreciation					**6,518**	5,153
Loss on disposal of property, plant and equipment	**–**	58	**–**	–	**–**	58
Unallocated loss/(gain) on disposal of property, plant and equipment					**7**	(9,738)
Total loss/(gain) on disposal of property, plant and equipment – net					**7**	(9,680)
Amortization of mining rights	**7,065**	1,793	**–**	–	**7,065**	1,793
Impairment loss of inventories	**250**	717	**–**	–	**250**	717
Amounts regularly provided to the CODM:						
Additions to non-current assets	**35,953**	44,775	**–**	–	**35,953**	44,775
Unallocated					**104**	2,111
Total additions to non-current assets					**36,057**	46,886

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations 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	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**29,044**	41,592	**795**	1,760
PRC	**25,439**	8,695	**1,489,999**	1,457,912
	54,483	50,287	**1,490,794**	1,459,672

Information about major customers

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

	2013	2012
	HK$'000	*HK$'000*
Customer A	**27,706**	41,592
Customer B	**16,214**	6,796
Customer C	**9,224**	N/A[1]
	53,144	48,388

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

For the year ended 31 March 2013, there were three (2012: two) customers with revenue which accounted for more than 10% of the total revenue related to investment in energy and natural resources (including precious metals) related projects segment.

5. OTHER INCOME AND GAINS

	2013	2012
	HK$'000	*HK$'000*
Interest income on bank deposits	**8,425**	9,598
Net foreign exchange gains	**1,818**	2,742
Gain on disposal of property, plant and equipment – net	**–**	9,680
Gain on disposal of subsidiaries	**–**	3,503
Sundry income	**114**	474
	10,357	25,997

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank overdraft	**–**	19

No interest was capitalized during the year ended 31 March 2013 (2012: Nil).

7. INCOME TAX (CREDIT)/EXPENSE

Income tax recognized in profit or loss

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**199**	–
PRC Enterprise Income Tax	**529**	1,014
Deferred tax	**(1,766)**	(448)
Total income tax (credit)/expense recognized in profit or loss	**(1,038)**	566

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit 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:

	2013	2012
	HK$'000	*HK$'000*
Directors' and chief executive's emoluments	**26,656**	26,046
Employee benefits expense (excluding directors' and chief executive's emoluments):		
– Salaries and other benefits *(Note (i))*	**24,326**	22,725
– Contributions to retirement benefits schemes *(Note (i))*	**779**	943
– Equity-settled share-based payments	**5,802**	3,501
Total staff costs	**57,563**	53,215
Amortization of mining rights	**7,065**	1,793
Cost of inventories recognized as expense	**51,718**	49,020
Depreciation of property, plant and equipment *(Note (ii))*	**6,518**	5,153
Loss on disposal of property, plant and equipment	**7**	–
Provision for impairment of other receivables	**–**	3,606
Impairment loss of inventories	**250**	717
Minimum lease payments paid under operating leases in respect of land and buildings	**3,892**	3,541

Notes:

(i) Amount excluded expenses capitalized in construction in progress of approximately HK$1,119,000 for the year ended 31 March 2013 (2012: HK$979,000). Salaries and other benefits of approximately HK$7,299,000 were capitalized in inventories for the year ended 31 March 2013 (2012: HK$6,774,000).

(ii) Amount excluded expenses capitalized in construction in progress of approximately HK$835,000 for the year ended 31 March 2013 (2012: HK$189,000). Depreciation of property, plant and equipment of approximately HK$2,570,000 was capitalized in inventories for the year ended 31 March 2013 (2012: HK$2,220,000).

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2013 (2012: 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:

	2013	2012
	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	**(70,687)**	(46,799)

Number of shares

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**775,787**	769,426

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 and outstanding warrants since their exercise would have an anti-dilutive effect.

11. MINING RIGHTS

	HK$'000
Cost	
Balance at 1 April 2011	145,023
Effect of foreign currency exchange differences	5,159
Balance at 31 March 2012	150,182
Effect of foreign currency exchange differences	1,012
Balance at 31 March 2013	151,194
Accumulated amortization	
Balance at 1 April 2011	812
Charged for the year	1,793
Effect of foreign currency exchange differences	46
Balance at 31 March 2012	2,651
Charged for the year	7,065
Effect of foreign currency exchange differences	59
Balance at 31 March 2013	9,775
Carrying values	
Balance at 31 March 2013	**141,419**
Balance at 31 March 2012	147,531

12. EXPLORATION AND EVALUATION ASSETS

	HK$'000
Cost	
Balance at 1 April 2011	1,083,902
Additions	16,537
Effect of foreign currency exchange differences	38,718
Balance at 31 March 2012	1,139,157
Additions	4,226
Effect of foreign currency exchange differences	7,699
Balance at 31 March 2013	**1,151,082**

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

13. GOODWILL

	HK$'000
Cost and carrying amounts	
Balance at 1 April 2011	90,333
Effect of foreign currency exchange differences	3,214
Balance at 31 March 2012	93,547
Effect of foreign currency exchange differences	630
Balance at 31 March 2013	**94,177**

14. LOANS RECEIVABLES

	2013 *HK$'000*	2012 *HK$'000*
Loans receivables from money lending operations	**15,632**	–

The Group seeks to maintain strict control over its outstanding loans receivables so as to minimize credit risk. The granting of loans is subject to approval by the Directors of the Company and/or its subsidiary, where appropriate, whilst overdue balances are reviewed regularly by senior management. Loans receivables are charging on effective interest rate mutually agreed with the contracting parties, ranging from 18% to 24% per annum.

The following is an aging analysis of loans receivables based on the repayment schedule date at the end of the Reporting Period:

	2013 *HK$'000*	2012 *HK$'000*
Within 1 month	**632**	–
3 months or less but over 1 month	**3,501**	–
6 months or less but over 3 months	**7,500**	–
1 year or less but over 6 months	**3,999**	–
	15,632	–

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

	2013 *HK$'000*	2012 *HK$'000*
Neither past due nor impaired	**15,632**	–

Loans receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default. The Directors are of the opinion that no provision for impairment is necessary in respect of the loans receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Prepayments	**434**	916
Deposits	**356,999**	157,041
Other receivables	**1,208**	3,286
Total prepayments, deposits and other receivables	**358,641**	161,243

Included in the balance of deposits of the Group at 31 March 2013 were refundable deposits of HK$200,000,000 (2012: Nil) in relation to the proposed acquisition of the entire equity interest of Treasure Join Limited and approximately RMB120,000,000, equivalent to approximately HK$147,240,000 (2012: RMB120,000,000, equivalent to approximately HK$147,240,000) in relation to the proposed acquisition of the entire equity interest of Success State Development Limited.

On 19 December 2011, Sino Prosper State Gold HK Limited, a wholly-owned subsidiary of the Company (the "Purchaser") and Mr. Leung Ngai Man ("Mr. Leung"), being the chairman, an executive director and substantial shareholder of the Company (the "Vendor") has entered into an acquisition agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has agreed to dispose of: (i) the sale share, being the entire issued share capital of Success State Development Limited (the "Target BVI"), a company incorporated in the British Virgin Islands ("BVI"), wholly and beneficially owned by Mr. Leung and (ii) the sale loan of the Target BVI, at a total consideration of RMB550 million (equivalent to approximately HK$674.85 million). The Target BVI through its subsidiary is expected to contribute and own 77% of the registered and paid up capital of 貴州省黔西南州龍宇礦業有限責任公司 (transliterated as Guizhou Qianxi'nan Prefecture Longyu Mining Co., Ltd.) (the "Target PRC"). The current business scope of the Target PRC includes the gold mines exploration, selection of gold and sale of mineral products (which are permitted by law, rules, and regulations, requirement by State Office of the PRC and cannot engage in those not allowed as said). The Target PRC holds mining permit for mining of gold in a mining site located at Xiongwu Village, Xingyi City, Guizhou Province, the PRC. The proposed acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules. Up to the date of this announcement, the aforesaid acquisition has not yet completed.

On 27 September 2012, Favour South Limited, being a wholly-owned subsidiary of the Company, and Mr. Leung entered into an agreement ("Agreement") (as supplemented by the 1st supplemental agreement dated 19 November 2012 ("1st Supplemental Agreement") and the 2nd supplemental agreement dated 19 December 2012 ("2nd Supplemental Agreement")), pursuant to which Favour South Limited has agreed to acquire, and Mr. Leung has agreed to sell, or procure the sale of, the entire issued share capital of Treasure Join Limited ("Sale Shares"), a company incorporated in the BVI and wholly-owned by Mr. Leung, and the sale debts subject to the terms and conditions of the Agreement (as supplemented by the 1st Supplemental Agreement and the 2nd Supplemental Agreement). The consideration shall be a maximum of HK$850 million, subject to the respective closing conditions and payment conditions as stated in the Agreement (as supplemented by the 1st Supplemental Agreement and 2nd Supplemental Agreement) being fulfilled or waived (to the extent waivable). The proposed acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules. Up to the date of this announcement, the aforesaid acquisition has not yet completed.

16. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Authorized:		
Ordinary shares of HK$0.01 each at 31 March 2011	20,000,000,000	200,000
Share consolidation *(Note (iii))*	(18,000,000,000)	–
Ordinary shares of HK$0.10 each at 31 March 2012 and 2013	**2,000,000,000**	**200,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2011	6,759,844,971	67,599
Issue of new ordinary shares *(Note (i))*	1,100,000,000	11,000
Repurchase of ordinary shares *(Note (ii))*	(101,970,000)	(1,020)
Share consolidation *(Note (iii))*	(6,982,087,474)	–
Ordinary shares of HK$0.10 each at 31 March 2012 and 2013	**775,787,497**	**77,579**

Notes:

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

On 27 April 2011, Mr. Leung, an executive director, the chairman and substantial shareholder of the Company, entered into a placing agreement with the Company and the 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.

The 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.

(ii) During the year ended 31 March 2012 and prior to the Share Consolidation set out in note (iii) below, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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: Highest	Repurchase price per ordinary share of HK$0.01 each: Lowest	Aggregate consideration paid
	'000	*HK$*	*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 year ended 31 March 2012, 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.

(iii) 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 following sets out the major developments of the Group during the Reporting Period.

Current Operations

Aohan Qi Mine, Inner Mongolia

In order to ramp up production capacity, Aohanqi Xinrui En Industry Co., Ltd. ("Aohanqi"), an indirect non-wholly-owned subsidiary of the Company, completed its construction on the main shafts for the four vertical access shafts in August 2012. Since September 2012, exploration work and related construction have commenced across and parallel to the ore body. As at March 2013, the accumulated prospect tunnels under construction reached 1,911.3 metres. It is expected that the progress of the exploration work will provide the basis for mining high-grade ore body at depth.

The main objective under this project in 2013 is to carry out the construction of the tunnels for four vertical access shafts and its related exploration and mining work. To materialise the above work targets and conduct in-depth exploration and extraction activities, Aohanqi needs sufficient liquidity support. Aohanqi plans to apply for an increase in the aggregate investment amount with relevant government authorities.

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

In the year of 2012, the Zhongyi-Weiye Project mainly focused on document compilation and conducting related research. In the year of 2013, based on the achievement of previous work, drilling verification and geophysical and geochemical explorations will be conducted, so as to locate target area for mining as soon as possible. Currently, the Company has entered into work contracts with competent geological survey teams and drilling company in the PRC. It is expected that related work will commence by the end of May of 2013.

Proposed Acquisitions and Connected Transactions

Proposed Acquisition of Qing Jiao Gold Mine (箐脚金礦) & Other Opportunities

The original agreement for the acquisition of Qing Jiao Gold Mine was entered into in December 2011. Under the original schedule, the circular to the Company's shareholders ("Shareholders") in connection with such acquisition was planned to be despatched by September 2012. Additional time is required for the Company to prepare the information to be presented in the circular to be despatched to the Company's shareholders, especially the technical report on the Qing Jiao Gold Mine. The Directors currently expect that the despatch date of the said circular will be further postponed to a date on or before 30 August 2013. Please refer to the Company's announcements dated 28 December 2012 and 19 April 2013 for details. It was estimated that the potential quantity of metal content within the area of 0.6033 km^2 permitted by the mining right amounted to approximately 13.6 tonnes and the aggregate potential quantity of metal content of the remaining mining rights to be consolidated amounted to approximately 52 tonnes, as set out in an exploration and development report on the gold mine located in Xiongwu region, Xingyi City, Guizhou Province (貴州省興義市雄武地區), prepared by a domestic geological exploration institute at the request of the Target Company (as defined in the Company's announcement dated 30 December 2011). If consolidation and acquisition are completed, the potential economic value of the above metal and gold resources will increase significantly.

Proposed Acquisition of Treasure Join Limited

As disclosed in the Company's announcement dated 21 December 2012 in relation to the acquisition of the entire issued capital of Treasure Join Limited, the principal business of the target group is to provide micro-financing and investment and management consultation services in the PRC. Please refer to the said announcement for details of the acquisition. The auditing fieldwork and assessment work for valuation report on the Target PRC (as defined in the Company's announcement dated 21 December 2012) have been substantially completed, and the related circular to Shareholders on the acquisition is expected to be finalised by the end of June 2013.

Money Lending Business

The Group has been focusing on various businesses of exploration, development, mining and production of precious metals in the PRC. As set out in its 2011 and 2012 annual report, the Group then planned to operate finance business in addition to its existing exploration and production projects. In September 2012, the Group was granted a Hong Kong money lenders license and started the relevant operation in Hong Kong. This new segment recorded satisfactory results, and thereby brought profit to the Group.

Development after the end of the Reporting Period

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

Outlook

In the view of significant price fluctuations in commodity markets during the first quarter of 2013 and uncertain prospects going forward, the Company is proactively identifying related projects or opportunities in relation to finance, natural gas and precious metals with investment potential in the PRC while consolidating its existing businesses. Meanwhile, the finance business in Hong Kong commenced in the second half of 2012 maintained good momentum, bringing impressive income to the Group. As a result, the Group will allocate more resources to these businesses with greater prospects.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded total turnover of approximately HK$54,483,000 (year ended 31 March 2012: HK$50,287,000) which mainly comprises a turnover of (i) approximately HK$36,930,000 from the sales of gold (year ended 31 March 2012: HK$41,592,000); (ii) approximately

HK$15,966,000 from the sales of gold concentrates and amalgam (year ended 31 March 2012: HK$8,261,000); and (iii) approximately HK$1,339,000 (year ended 31 March 2012: Nil) representing interest income from loan financing activities. Total Group's turnover increased by approximately 8% as compared to last year. Such increase was mainly attributable to the increase in sales of gold concentrates and amalgam and generation of interest income from loan financing activities which was partially offsetted by the decrease in sales of gold. During the Reporting Period, the Group's net loss attributable to owners of the Company was approximately HK$70,687,000 (year ended 31 March 2012: approximately HK$46,799,000). The increase in the Group's net loss attributable to owners of the Company was mainly due to (i) the decrease in other income and gains as the Group recorded gain on disposal of property, plant and equipment of approximately HK$9,680,000 and gain on disposal of subsidiaries of approximately HK$3,503,000 in the last financial year while no such gain was recorded during the Reporting Period; (ii) the increase in amortisation of mining rights of approximately HK$1,793,000 from last financial year to approximately HK$7,065,000 in the Reporting Period; (iii) the increase in depreciation of property, plant and equipment recognised in consolidated statement of comprehensive income from approximately HK$5,153,000 in last financial year to approximately HK$6,518,000 in the Reporting Period; and (iv) the increase in staff costs recognised in consolidated statement of comprehensive income from approximately HK$53,215,000 in last financial year to approximately HK$57,563,000 in the Reporting Period.

As at 31 March 2013, the Group recorded total assets of approximately HK$2,060,810,000 (as at 31 March 2012: approximately HK$2,114,187,000), and recorded total liabilities of approximately HK$72,608,000 (as at 31 March 2012: approximately HK$70,901,000). The Group's net asset value as at 31 March 2013 decreased by 2.7% to approximately HK$1,988,202,000 as compared to approximately HK$2,043,286,000 as at 31 March 2012. The decrease in the Group's net asset value was mainly attributable to the cash outflow from the operating activities.

LIQUIDITY AND FINANCIAL RESOURCES

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

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. Upon exercising the subscription rights attaching to the Warrants, the Company shall allot and issue new shares at a subscription price of HK$0.72 (subject to adjustment) per new share.

The completion of the 2012 Placing Agreement took place on 11 April 2012 in accordance with the terms and conditions of the 2012 Placing Agreement (as amended by a supplemental placing agreement dated 8 March 2012) and 152,000,000 Warrants were issued to not less than six placees.

The net proceeds (without taking into account of the exercise of subscription rights attaching to the Warrants), after taking into account the expenses in relation to the placing, amounted to approximately HK$1,420,000. Such proceeds are proposed for funding the general working capital of the Group and any investment opportunities of the Group in the future.

As at 31 March 2013, the Group had bank balances and cash of approximately HK$186,499,000 (as at 31 March 2012: approximately HK$477,218,000). As at 31 March 2013, the Group had outstanding borrowings of Nil (as at 31 March 2012: Nil). Its gearing ratio calculated as a ratio of net debt to total equity was Nil as at 31 March 2013 (as at 31 March 2012: Nil). As at 31 March 2013, net current assets totalled approximately HK$532,995,000 (as at 31 March 2012: approximately HK$620,727,000) and the current ratio was at a level of approximately 15.4 (as at 31 March 2012: approximately 19.4).

TREASURY POLICIES

The Group does not engage in any interest rates, currency speculation activities, and operates deposit banking accounts with principal bankers in Hong Kong and the PRC. The interest rates of these deposit banking accounts are determined 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 2013 and 2012, the Group had no contingent liabilities.

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:

	2013	2012
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Capital commitment to the registered capital of a PRC subsidiary	**–**	32,763
– Exploration and evaluation expenditure	**714**	1,285
– Construction expenditure	**6,536**	18,448
– Purchase of property, plant and equipment	**168**	167
	7,418	52,663

FOREIGN EXCHANGE EXPOSURE

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

Transactional currency exposures arise from revenue or cost of sales by operating units in currencies other than the unit's functional currency. Substantially all of the Group's revenue and cost of sales are denominated in the functional currency of the operating units generating the revenue, and substantially all of the 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 2013, the Group employed 219 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 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 Reporting Period.

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 Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Stock Exchange has made certain amendments ("Amendments") to the Listing Rules, which are related to the Code, practices and the reporting. Such Amendments took effect from 1 January 2012, 1 April 2012 or 31 December 2012 respectively.

With the introduction of the Code as revised with effect from 1 April 2012 ("Revised Code"), the Board adopted a policy statement in line with the principles and code provisions of the Revised Code.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code and the Revised Code. Save and except as hereinafter mentioned, the Company was in compliance with the Code for the Reporting Period:

Revised Code Provision A.5.1

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

Revised Code Provision E.1.2

Pursuant to the Revised Code Provision E.1.2, 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 24 September 2012 due to other business commitments. A Director was present at the annual general meeting to chair the meeting. To ensure compliance with the Revised Code in the future, the Company has arranged and will continue to 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.

Independence of Mr. Cai Wei Lun

Mr. Cai Wei Lun ("Mr. Cai") has been an independent non-executive Director ("INED") of the Company since June 2004. He served on the Board for approximately 9 years, and will be due for retirement at the forthcoming annual general meeting. He offered himself to be re-elected.

During his service with the Company, Mr. Cai has not received any remuneration, nor exercised any option to subscribe for Shares granted by the Company to him.

Having regard to Mr. Cai's ability to provide an independent view to the Company's matters during his years of appointment, notwithstanding his having served the Company as INED for approximately 9 years and the matters mentioned below, the Board considered that Mr. Cai was able to continue to fulfill his role as INED and thus did not object to his offer for re-election at the forthcoming annual general meeting.

The Board notes that (which is also disclosed in the Company's interim report (dated 6 December 2012) for the six months ended 30 September 2012, options ("Options") were granted by the Company to Mr. Cai to subscribe for (i) 340,000 shares in the Company ("Shares") pursuant to the Company's old share option scheme (which was adopted by the Company on 25 April 2002 and terminated on 20 April 2012) ("Old Share Option Scheme"); and (ii) 7,700,000 Shares pursuant to the Company's current share option scheme (which was adopted and approved by the Shareholders on 20 April 2012) ("New Share Option Scheme").

The Company notes that Mr. Cai's entitlement to interests in Shares (on the assumption that all the Options had been exercised) would represent about 1.04% of the total number of issued Shares, which exceeds by 0.04% of the 1% guideline for purpose of Note 2 to Rule 3.13(1) of the Listing Rules. The increase in Mr. Cai's entitlement was due to the grant in April 2012 of the Option to subscribe for 7,700,000 Shares as mentioned in item (ii) in the immediately preceding paragraph. The Directors noted that the extent of grant which rendered Mr. Cai to become entitled to more than 1% of the total number of issued Shares at the relevant time was immaterial and was caused by an inadvertent oversight.

In order to rectify the situation, Mr. Cai indicated to the Company his intent to cancel all the above Options as soon as practicable after lapse of the black-out period applicable to the Directors. The said cancellation, once taking place, would decrease Mr. Cai's holding of total issued share capital of the Company to nil.

Having considered the factors mentioned above and the guidelines as set out in Rule 3.13 of the Listing Rules, the Directors are of the view that Mr. Cai's current holding of the Option did not (and does not) have any material impact on his independence during the Reporting Period and in the future.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

During last financial year, 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 repurchases are HK$0.214 and HK$0.115 per share of HK$0.01 each, respectively.

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 Reporting Period have been reviewed by the Audit Committee.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the Reporting Period is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at http://www.sinoprosper.com. An annual report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the shareholders of the Company 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, 21 May 2013

As at the date of this announcement, 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 Mr. Niu Zhihui, Mr. Cai Wei Lun and Mr. Zhang Qingkui.