SINO PROSPER (GROUP) HOLDINGS LIMITED
中盈(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 766)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of Directors (the "**Board**") of Sino Prosper (Group) Holdings Limited (the "**Company**") is pleased to announce and to present the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2014 (the "**Reporting Period**") together with the comparative figures for the previous year, which have been reviewed by the audit committee (the "**Audit Committee**") of the Company, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014	2013
		HK$'000	*HK$'000*
Revenue	3	**53,830**	54,483
Cost of sales		**(32,493)**	(51,718)
Gross profit		**21,337**	2,765
Other income and gains	5	**15,274**	10,357
Gain on waiver of contingent consideration for acquisition of subsidiaries		**191,220**	–
General and administrative expenses		**(77,335)**	(91,750)
Impairment loss of exploration and evaluation assets	12	**(164,010)**	–
Loss on early redemption of promissory notes		**(60,827)**	–
Finance costs	6	**(8,884)**	–
Loss before tax		**(83,225)**	(78,628)
Income tax (expense)/credit	7	**(816)**	1,038
Loss for the year	8	**(84,041)**	(77,590)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**21,746**	9,015
Other comprehensive income for the year, net of income tax		**21,746**	9,015
Total comprehensive expense for the year		**(62,295)**	(68,575)
Loss attributable to:			
Owners of the Company		**(66,314)**	(70,687)
Non-controlling interests		**(17,727)**	(6,903)
		(84,041)	(77,590)
Total comprehensive expense attributable to:			
Owners of the Company		**(46,854)**	(62,515)
Non-controlling interests		**(15,441)**	(6,060)
		(62,295)	(68,575)
Loss per share	10		
Basic and diluted (HK cents per share)		**(8.32)**	(9.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**102,719**	104,116
Other intangible assets	11	**140,364**	141,419
Exploration and evaluation assets	12	**1,009,530**	1,151,082
Goodwill	13	**675,767**	94,177
		1,928,380	1,490,794
Current assets			
Inventories		**4,602**	9,244
Loans receivables	14	**134,347**	15,632
Trade and other receivables	15	**17,931**	358,641
Bank balances and cash		**93,193**	186,499
		250,073	570,016
Current liabilities			
Other payables and accruals	16	**19,603**	26,837
Amount due to a non-controlling interest of a subsidiary		**9,372**	9,205
Tax payable		**2,138**	979
		31,113	37,021
Net current assets		**218,960**	532,995
Total assets less current liabilities		**2,147,340**	2,023,789
Non-current liabilities			
Convertible bonds	17	**82,889**	–
Promissory notes	18	**17,429**	–
Provision for restoration costs		**400**	393
Deferred tax liabilities		**52,878**	35,194
		153,596	35,587
Net assets		**1,993,744**	1,988,202
Capital and reserves			
Share capital	19	**8,446**	77,579
Reserves		**1,877,795**	1,787,679
Equity attributable to owners of the Company		**1,886,241**	1,865,258
Non-controlling interests		**107,503**	122,944
Total equity		**1,993,744**	1,988,202

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.

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These consolidated financial statements comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

HKFRS 13 ***Fair Value Measurement***

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

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

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "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 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 adoption of HK (IFRIC) – Int 20 has had no material impact on the Group's consolidated financial statements for the current and prior year.

The directors consider that other than the additional disclosures, 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:

HKFRS 9	*Financial Instruments* [3]
HKFRS 14	*Regulatory Deferral Accounts* [6]
Amendments to HKFRS 9 and HKFRS 7	*Mandatory Effective Date of HKFRS 9 and Transition Disclosures* [3]
Amendments to HKFRS 9 HKFRS 7 and HKAS 39	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39* [5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities* [1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [6]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortization* [6]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions* [2]
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities* [1]
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets* [1]
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting* [1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010 – 2012 Cycle* [4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011 – 2013 Cycle* [2]
HK(IFRIC) – Int 21	*Levies* [1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[3] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized.
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[5] No mandatory effective date yet determined but is available for adoption.
[6] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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.

- 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. 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.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge accounting and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the application 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 ***Investment Entities***

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to HKAS 32 ***Offsetting Financial Assets and Financial Liabilities***

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 directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 ***Recoverable Amount Disclosures for Non-Financial Assets***

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related cash-generating unit. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or cash-generating unit was determined based on its fair value less costs of disposal.

The directors do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 39 ***Novation of Derivatives and Continuation of Hedge Accounting***

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK (IFRIC) – Int 21 *Levies*

HK (IFRIC) – Int 21 *Levies* addresses the issue of when to recognize a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements.

Annual Improvements to HKFRSs 2010 – 2012 Cycle and HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2010 – 2012 Cycle and the Annual Improvements to HKFRSs 2011 – 2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. 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.

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:

	2014	2013
	HK$'000	*HK$'000*
Revenue from sales of gold concentrates	**6,249**	15,966
Revenue from sales of silver concentrates	**106**	248
Revenue from sales of gold	**24,041**	36,930
Interest income from loan financing activities	**8,137**	1,339
Consultancy services income	**15,297**	–
	53,830	54,483

4. SEGMENT INFORMATION

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

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

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

(b) the money lending segment represents provision of loan financing and investment and management consultation services ("Money lending").

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**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Revenue from external customers	**30,396**	53,144	**23,434**	1,339	**53,830**	54,483
Segment (loss)/profit	**(176,598)**	(20,612)	**18,677**	1,201	**(157,921)**	(19,411)
Interest on bank deposits, other income and gains					**15,274**	10,357
Gain on waiver of contingent consideration for acquisition of subsidiaries					**191,220**	–
Loss on early redemption of promissory notes					**(60,827)**	–
Finance costs					**(8,884)**	–
Central administration costs					**(62,087)**	(69,574)
Loss before tax					**(83,225)**	(78,628)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: Nil).

Segment (loss)/profit represents the (loss)/profit incurred by each segment without allocation of central administration costs, gain on waiver of contingent consideration for acquisition of subsidiaries, loss on early redemption of promissory notes, finance costs and interest on bank deposits, other income and gains. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,354,131**	1,508,950	**747,739**	25,906	**2,101,870**	1,534,856
Corporate and unallocated assets					**76,583**	525,954
Consolidated assets					**2,178,453**	2,060,810
Segment liabilities	**48,556**	58,451	**3,747**	199	**52,303**	58,650
Corporate and unallocated liabilities					**132,406**	13,958
Consolidated liabilities					**184,709**	72,608

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

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

- all liabilities are allocated to operating segments other than convertible bonds, promissory notes and other unallocated head office and corporate liabilities.

Other segment information

	Investment in energy and natural resources (including precious metals) related projects		Money lending		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss:						
Depreciation	**5,697**	5,373	**66**	–	**5,763**	5,373
Unallocated depreciation					**780**	1,145
					6,543	6,518
Amortization of other intangible assets	**4,244**	7,065	**15**	–	**4,259**	7,065
Impairment loss of inventories	**–**	250	**–**	–	**–**	250
Impairment loss of exploration and evaluation assets	**164,010**	–	**–**	–	**164,010**	–
Additions to non-current assets	**6,852**	35,953	**582,826**	–	**589,678**	35,953
Unallocated					**111**	104
Total additions to non-current assets					**589,789**	36,057

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong and the People's Republic of China (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	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**20,874**	29,044	**578**	795
PRC	**32,956**	25,439	**1,927,802**	1,489,999
	53,830	54,483	**1,928,380**	1,490,794

Information about major customers

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

	2014 HK$'000	2013 HK$'000
Customer A	**18,694**	27,706
Customer B	**6,361**	16,214
Customer C	**N/A[1]**	9,224
	25,055	53,144

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

For the year ended 31 March 2014, there were two (2013: three) 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

	2014 HK$'000	2013 HK$'000
Interest income on bank deposits	**3,515**	8,425
Net foreign exchange gains	**6,331**	1,818
Sundry income	**5,428**	114
	15,274	10,357

6. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Effective interest on convertible bonds	**4,135**	–
Effective interest on promissory notes	**4,749**	–
	8,884	–

No interest was capitalized during the year ended 31 March 2014 (2013: Nil).

7. INCOME TAX EXPENSE/(CREDIT)

Income tax recognized in profit or loss

	2014	2013
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**2**	199
PRC Enterprise Income Tax	**1,760**	529
Deferred tax	**(946)**	(1,766)
Total income tax expense/(credit) recognized in profit or loss	**816**	(1,038)

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for both years.

Under the prevailing tax law in the PRC, 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.

Notwithstanding the above, certain PRC subsidiaries have obtained written approvals from the local government authorities, the PRC subsidiaries were subject to PRC Enterprise Income Tax at the effective rate of 2.5% on revenue for the year ended 31 March 2014.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Directors' and chief executive's emoluments	**19,777**	26,656
Employee benefits expense (excluding directors' and chief executive's emoluments):		
– Salaries and other benefits *(Note (i))*	**11,126**	24,326
– Contributions to retirement benefits schemes *(Note (i))*	**681**	779
– Equity-settled share-based payments	**1,163**	5,802
Total staff costs	**32,747**	57,563
Amortization of other intangible assets included in general and administrative expenses	**4,259**	7,065
Cost of inventories recognized as expense	**32,493**	51,718
Depreciation of property, plant and equipment *(Note (ii))*	**6,543**	6,518
Loss on disposal of property, plant and equipment	**94**	7
Expenses in relation to share options granted to consultants	**7,979**	2,710
Impairment loss of inventories included in general and administrative expenses	**–**	250
Minimum lease payments paid under operating leases in respect of land and buildings	**2,290**	3,892

Notes:

(i) Amount excluded expenses capitalized in construction in progress of approximately HK$27,000 for the year ended 31 March 2014 (2013: HK$1,119,000). Salaries and other benefits of approximately HK$1,529,000 were capitalized in inventories for the year ended 31 March 2014 (2013: HK$7,299,000).

(ii) Amount excluded expenses capitalized in construction in progress of approximately HK$1,583,000 for the year ended 31 March 2014 (2013: HK$835,000). Depreciation of property, plant and equipment of approximately HK$4,938,000 was capitalized in inventories for the year ended 31 March 2014 (2013: HK$2,570,000).

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2014 (2013: 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:

	2014	2013
	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	**(66,314)**	(70,687)

Number of shares

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**797,358**	775,787

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 schemes, convertible bonds and outstanding warrants since their exercise would have an anti-dilutive effect.

11. OTHER INTANGIBLE ASSETS

	Mining rights *HK$'000*	License *HK$'000*	Total *HK$'000*
Cost			
Balance at 1 April 2012	150,182	–	150,182
Effect of foreign currency exchange differences	1,012	–	1,012
Balance at 31 March 2013	151,194	–	151,194
Acquired on acquisition of subsidiaries	–	625	625
Effect of foreign currency exchange differences	2,754	(2)	2,752
Balance at 31 March 2014	153,948	623	154,571
Accumulated amortization			
Balance at 1 April 2012	2,651	–	2,651
Charged for the year	7,065	–	7,065
Effect of foreign currency exchange differences	59	–	59
Balance at 31 March 2013	9,775	–	9,775
Charged for the year	4,244	15	4,259
Effect of foreign currency exchange differences	173	–	173
Balance at 31 March 2014	14,192	15	14,207
Carrying amounts			
Balance at 31 March 2014	**139,756**	**608**	**140,364**
Balance at 31 March 2013	141,419	–	141,419

12. EXPLORATION AND EVALUATION ASSETS

	HK$'000
Cost	
Balance at 1 April 2012	1,139,157
Additions	4,226
Effect of foreign currency exchange differences	7,699
Balance at 31 March 2013	1,151,082
Additions	1,493
Effect of foreign currency exchange differences	20,965
Balance at 31 March 2014	1,173,540
Accumulated impairment losses	
Balance at 1 April 2012 and 31 March 2013	–
Impairment loss recognized during the year	(164,010)
Effect of foreign currency exchange differences	–
Balance at 31 March 2014	(164,010)
Carrying amounts	
Balance at 31 March 2014	**1,009,530**
Balance at 31 March 2013	1,151,082

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

13. GOODWILL

	HK$'000
Cost and carrying amounts	
Balance at 1 April 2012	93,547
Effect of foreign currency exchange differences	630
Balance at 31 March 2013	94,177
Amount recognized on acquisition of subsidiaries occurred during the year	581,995
Effect of foreign currency exchange differences	(405)
Balance at 31 March 2014	**675,767**

14. LOANS RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Loans receivables from money lending operations	**134,347**	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 subsidiaries, 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 12% to 36% (2013: 18% to 24%) per annum.

A maturity profile of the loans receivables as at the end of the reporting period, based on the maturity date is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**69,965**	632
3 months or less but over 1 month	**20,135**	3,501
6 months or less but over 3 months	**44,247**	7,500
1 year or less but over 6 months	**–**	3,999
	134,347	15,632

15. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**2,663**	–
Prepayments	**689**	434
Deposits	**14,339**	356,999
Other receivables	**240**	1,208
	17,931	358,641

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. No interest is charged on overdue trade receivables. The management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

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

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**1,811**	–
31 – 60 days	**607**	–
61 – 90 days	**245**	–
	2,663	–

Included in the balance of deposits of the Group at 31 March 2013 were deposit paid of HK$200,000,000 in relation to the acquisition of the entire equity interest of Treasure Join Limited (Note 20) and refundable deposit of approximately Renminbi ("**RMB**") 120,000,000 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. The Target BVI through its subsidiary was 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 business scope of the Target PRC included 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 held mining permit for mining of gold in a mining site located at Xiongwu Village, Xingyi City, Guizhou Province, the PRC. The proposed acquisition constituted a connected transaction under Chapter 14A of the Listing Rules. On 7 January 2014, the Purchaser and the Vendor entered into a termination deed to terminate the acquisition and the deposit of RMB120,000,000 was fully refunded to the Group during the year.

16. OTHER PAYABLES AND ACCRUALS

	2014	2013
	HK$'000	*HK$'000*
Accrued expenses and other payables	**8,738**	8,498
Deposit received for construction in mining sites	**26**	759
Payables for acquisition of property, plant and equipment and exploration of mines	**1,400**	9,400
PRC business tax and other levies payable	**8,909**	8,180
Receipt in advance	**530**	–
	19,603	26,837

17. CONVERTIBLE BONDS

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

	HK$'000
Issued during the year	83,840
Effective interest expense charged (note 6)	4,135
Arising from conversion of convertible bonds	(5,086)
Balance at 31 March 2014	82,889

18. PROMISSORY NOTES

During the year ended 31 March 2014, the Group issued promissory notes with principal amount of HK$150,000,000 ("T1 P-Note") and HK$50,000,000 ("T2 P-Note") respectively as part of the consideration to the acquisition of Treasure Join Limited (Note 20). Under the terms of the promissory notes, the promissory notes with aggregate principal amount of HK$200,000,000 are unsecured, interest bearing at 1.5% per annum and has a maturity period of 5 years from the date of issue but can be repaid in whole or in part before maturity at the discretion of the Company at its principal amount and accrued interest up to the redemption date. The promissory notes were fair valued at initial recognition with an effective interest rate of 12.38% per annum for T1 P-Note and 12.40% per annum for T2 P-Note respectively.

On 29 January 2014, Mr. Leung has executed a deed of waiver ("Deed of Waiver") in favor of the Group, pursuant to which Mr. Leung irrevocably and unconditionally waived, released and discharged the Group from the obligation to pay the (i) T3 Price (as defined in the Company's circular dated 24 September 2013 ("**Circular**")) and T4 Price (as defined in the Company's circular dated 24 September 2013 ("**Circular**")); and (ii) the obligation to pay the entirety of interest accrued and accruing on the T1 P-Note and the T2 P-Note, conditional upon a sum of HK$170 million (being a portion of the aggregate principal amounts owing by the Group to Mr. Leung under the T1 P-Note and the T2 P-Note in connection with the acquisition of Treasure Join Limited) being paid to Mr. Leung on or before 28 February 2014. As the Deed of Waiver involves the waiving of the payment obligations of the Group in respect of the T3 Price, the T4 Price and the obligation to pay the entirety of interest accrued and accruing on the T1 P-Note and the T2 P-Note, it constitutes financial assistance provided by Mr. Leung and it therefore constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the financial assistance provided by Mr. Leung was on terms better to the Company and no security over any assets of the Group was granted in respect of such financial assistance, the execution of the Deed of Waiver was exempted from the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

During the year ended 31 March 2014, the Company early redeemed part of the promissory notes with principal amount of approximately HK$170,000,000 and incurred loss on early redemption of promissory notes of approximately HK$60,827,000 and has been recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014.

19. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorized:		
At 1 April 2012 and 31 March 2013, ordinary shares of HK$0.10 each	2,000,000,000	200,000
Increased during the year *(Note (i))*	2,000,000,000	200,000
Share subdivision *(Note (ii))*	36,000,000,000	–
At 31 March 2014, ordinary shares of HK$0.01 each	**40,000,000,000**	**400,000**
Issued and fully paid:		
At 1 April 2012 and 31 March 2013, ordinary shares of HK$0.10 each	775,787,497	77,579
Exercise of share options *(Note (iv))*	37,800,000	3,780
Exercise of convertible bonds *(Note (v))*	31,000,000	3,100
Capital reduction *(Note (iii))*	–	(76,013)
At 31 March 2014, ordinary shares of HK$0.01 each	**844,587,497**	**8,446**

Notes:

(i) Pursuant to an ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting held on 11 October 2013, the authorized share capital of the Company was approved to be increased with effect from 11 October 2013 from HK$200,000,000 (divided into 2,000,000,000 shares of HK$0.10 each) to HK$400,000,000 (divided into 4,000,000,000 shares of HK$0.10 each) by the creation of an additional 2,000,000,000 ordinary shares of HK$0.10 each in the share capital of the Company.

(ii) Pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting held on 11 December 2013, a share subdivision was approved and became effective on 25 March 2014 in which every of the authorized but unissued ordinary shares with par value of HK$0.10 each in the share capital of the Company was subdivided into 10 unissued ordinary shares with par value of HK$0.01 per share (the "Share Subdivision"). Immediately after the Share Subdivision, the authorized share capital of the Company comprised 40,000,000,000 ordinary shares of HK$0.01 each.

(iii) Pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting held on 11 December 2013 and became effective on 25 March 2014, the par value of each of the issued existing shares was reduced from HK0.10 to HK$0.01 per share by canceling paid-up capital of HK$0.09 per share by way of a reduction of capital, so as to form ordinary shares with par value of HK$0.01 each (the "Capital Reduction"). The credit arising from the capital reduction of approximately HK$76,013,000 was applied towards canceling the accumulated losses of the Company.

(iv) During the year ended 31 March 2014 and prior to the Share Subdivision and Capital Reduction set out in Notes (ii) and (iii) above, subscription rights attaching to options to subscribe for 30,800,000 and 7,000,000 shares of the Company were exercised at the subscription price of HK$0.200 per share and HK$0.192 per share respectively, resulting in the issuance of 37,800,000 ordinary shares of HK$0.10 each for a total cash consideration of approximately HK$7,504,000.

(v) During the year ended 31 March 2014 and prior to the Share Subdivision and Capital Reduction set out in Notes (ii) and (iii) above, 31,000,000 ordinary shares of HK$0.10 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds issued in connection with the acquisition of Treasure Join Limited at a conversion price of HK$0.37 per share.

20. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION

On 27 September 2012, Favour South Limited, a wholly-owned subsidiary of the Group, entered into an acquisition agreement ("Agreement") (as supplemented by three supplemental agreements dated 19 November 2012, 19 December 2012 and 23 September 2013 respectively) with Mr. Leung, for the acquisition of the entire issued share capital in Treasure Join Limited and the related sale debts.

The acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The acquisition also constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Agreement was approved by independent shareholders at the extraordinary general meeting of the Company held on 11 October 2013 and the completion took place on 11 October 2013.

Consideration transferred:

	HK$'000
Cash deposit paid	200,000
Fair value of convertible bonds	147,190
Fair value of promissory notes	121,853
Contingent consideration	191,220
	660,263

Assets acquired and liabilities recognized at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment	206
Other intangible assets	625
Current assets	
Loans receivables	59,532
Trade and other receivables	1,693
Bank balances and cash	17,663
Current liabilities	
Other payables and accruals	(354)
Amount due to a shareholder	(63,537)
Tax payables	(352)
Non-current liabilities	
Deferred tax liabilities	(745)
	14,731

Goodwill arising on acquisition

	HK$'000
Fair value of consideration transferred	660,263
Less: fair value of identifiable net assets acquired	(14,731)
Less: sale debts	(63,537)
Goodwill arising on acquisition	581,995

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

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

Current Operations

Aohan Qi Mine, Inner Mongolia

The key activities for Aohanqi Xinrui En Industry Co., Ltd. ("**Aohanqi**") in 2013 were the development and construction of the main tunnels for the four vertical access shafts and related exploration and mining operation. By the end of March 2014, the accumulated length of tunneling reached 2,770.64 metres with 420.55 metres of underground drilling, while the ore dressed by the processing plants totaled 26,252 tonnes. Besides, the procedures for approval of the tailing pond, reconstruction of explosive magazines and requisition of land and forest were further improved.

To further materialize the related construction work, such as exploration and mining of the mines, sufficient support of liquidity will be indispensable. As disclosed in the 2013 interim report of the Company, Aohanqi needs sufficient liquidity support. Aohanqi has applied to relevant government authorities for an increase of the total investment amount, in order to address the lack of working capital. However, the application is still pending approvals by the aforesaid authorities up to the date of this announcement. The Company, as a foreign shareholder of Aohanqi, also tried to propose to increase the registered capital of Aohanqi as working capital to the Chinese cooperative shareholder of Aohanqi, but no consent has been given by the Chinese cooperative shareholders regarding such proposal. If Aohanqi could not obtain working capital on a timely basis, it may pose significant adverse impacts on Aohanqi's future production and operation activities. The decline in gold price and the increase in production costs will also pose significant adverse impacts on its normal production and operation activities.

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

In 2013, Zhongyi Weiye Heilongjiang mainly conducted drilling verification on abnormity, thin section identification, polished section identification, basic analysis and other relevant work, and field work had been completed at the end of November 2013. As at the date of this announcement, data compilation, comprehensive research and report preparation were in progress based on achievements of this year and the previous year.

In 2013, the world's economy was in slow recovery, but the gold price experienced volatility and drop. For the year ended 31 March 2014, the gold price in the Shanghai Gold Exchange opened at RMB319.85 per gram and reached its highest price at RMB320.10 per gram and its lowest price at RMB236.39 per gram. The year-end closing price was RMB257.90 per gram, representing a decrease of approximately 19% as compared with that of the previous year. The average annual price also dropped by approximately 21% from RMB335.23 per gram last year to RMB264.52 per gram. The substantial drop in gold price impacted the potential profitability of the Zhongyi Weiye Heilongjiang gold mining project.

Accordingly, the management conducted an impairment review on the exploration and evaluation assets. For the purpose of impairment testing, the exploration and evaluation assets have been allocated to the cash-generating unit ("CGU") of Heilongjiang mines exploration CGU. The recoverable amount of the Heilongjiang mines exploration CGU has been determined based on value in use calculation. That calculation uses cash flow projections based on most recent financial budgets after taking into account the operation environment and market conditions at that point of time approved by the management covering a five-year period with pre-tax discount rate of 32.03%. The cash flows beyond the five year period are extrapolated using zero growth rate.

Income approach method of valuation is adopted by the Company to value the carrying amount of exploration and evaluation assets relating to the Zhongyi Weiye Heilongjiang gold mining project. Income approach method is adopted as the valuation method because it eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks and it is by looking at the perspective of the firm's investors including stockholders and bondholders in relation to its business operation and to view the free cash flow available to the business as a whole. In performing impairment testing, the directors of the Company have made reference to valuation performed by an independent professional valuer. Other key assumptions used in the value in use calculation relates to the estimate of cash inflows which included budgeted gold output, mining costs and commodity price, such estimations is based on management's plan and expections for the market development. Apart from the considerations that have been taken into account in determining the value in use of the CGU as describe above, the Group's management is not currently aware of other possible changes that would necessitate changes in its key estimates. There is no change in the methodology in assessing the value in use.

Based on the value in use assessment, the recoverable amount of the exploration and evaluation assets was lower than its carrying value, an impairment loss of exploration and evaluation assets of approximately HK$164,010,000 has been recognized to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014.

Termination of Proposed Acquisition of Qing Jiao Gold Mine

As disclosed in the Company's announcement dated 30 September 2013, the shareholders of the Company have approved the extension of the long stop date under the acquisition agreement (the "**Acquisition Agreement**") in relation to Qing Jiao Gold Mine (the "**Target Mine**") from 30 September 2013 to 31 December 2014 at the extraordinary general meeting held on 30 September 2013.

However subsequently, as disclosed in the Company's announcement dated 7 January 2014, taking into account that (i) the gold price has shown a downward trend from approximately USD1,700 per ounce around the date of the Acquisition Agreement to approximately USD1,400 per ounce in September 2013 and then to approximately USD1,200 per ounce in December 2013, representing an overall decrease of approximately 29.4% and such downward trend seems likely to continue in the future; (ii) the exploitation cost of gold mine (such as labour cost) in the PRC may not decrease and instead is expected to increase; (iii) the potential profit margin of gold mining business has been decreasing to a level that is no longer as attractive as before; and (iv) consequently the Target Mine is no longer as valuable and attractive to the Company as before, the Board (other than Mr. Leung Ngai Man, who is a director of the Company and is also the Vendor) therefore wished to terminate the Acquisition Agreement. Thereafter, the Company had entered into negotiations with the Vendor to try to convince the Vendor to terminate the Acquisition Agreement. After much negotiation, the Vendor, being the substantial shareholder, Chairman and director of the Company, agreed to cater to the Company's request to terminate the Acquisition Agreement. Subsequently, the purchaser namely, Sino Prosper State Gold HK Limited (being a wholly-owned subsidiary of the Company) and the Vendor entered into a termination deed (the "**Termination Deed**") on 7 January 2014 to terminate the Acquisition Agreement with immediate effect.

A deposit of RMB120 million paid to the Vendor in accordance with the Acquisition Agreement was refunded by the Vendor to the Group on the date of the Termination Deed.

Micro-Financing Business and Investment and Management Consultation Services

As disclosed in the Company's announcement dated 11 October 2013, the acquisition in relation to micro-financing business and investment and management consultation services in the PRC was completed on 11 October 2013. Following such completion, the Target Group (as defined in the Company's circular (the "**Circular**") dated 24 September 2013) have become wholly-owned subsidiaries of the Group (the "**PRC Subsidiaries**").

Pursuant to the Agreement (as defined in the Circular), the consideration shall be a maximum of HK$850 million, which shall be satisfied by Favour South Limited (being a wholly-owned subsidiary of the Company) (the "**Purchaser**") to Mr. Leung Ngai Man (being a substantial shareholder, an executive Director and the chairman of the Company) (the "**Vendor**") in the following manner:

(i) as to HK$425 million by the payment of the T1 Price (as defined in the Circular) (comprising the T1 CB (as defined in the Circular) of HK$75 million, the T1 P-Note (as defined in the Circular) of HK$150 million, and cash payment of HK$200 million by applying the refundable deposit paid by the Purchaser) upon Completion;

(ii) as to HK$170 million by the payment of the T2 Price (as defined in the Circular) (comprising the T2 CB (as defined in the Circular) of HK$120 million and the T2 P-Note (as defined in the Circular) of HK$50 million) subject to and upon the satisfaction of the T2 Payment Condition (as defined in the Circular);

(iii) as to HK$170 million by the payment of the T3 Price (as defined in the Circular) (comprising the T3 CB (as defined in the Circular) of HK$170 million) subject to and upon the satisfaction of the T3 Payment Conditions (as defined in the Circular); and

(iv) as to HK$85 million by the payment of the T4 Price (as defined in the Circular) (comprising the T4 CB (as defined in the Circular) of HK$85 million) subject to and upon the satisfaction of the T4 Payment Condition (as defined in the Circular).

On or prior to 22 November 2013, the T1 Price and the T2 Price have already been satisfied by the Purchaser to the Vendor in accordance with the Agreement.

Nevertheless, on 15 January 2014, the Company received advice from its corporate management advisor that it is in the interest of the Company to retain its financial resources for the development of its micro-finance business in Jilin City, the PRC in view of its prospect and one of the ways is to explore and negotiate with the Vendor for the possible cancellation of potential further payments payable by the Purchaser to the Vendor under the Agreement (being the T3 Price and the T4 Price) (the "**Cancellation**") given that the Vendor, being the single largest shareholder of the Company, will also benefit from the better performance of the Company's micro-finance business in Jilin City resulting from cancelling such payments.

On 22 January 2014, the Company commenced preliminary negotiation with the Vendor regarding such Cancellation. Further to such negotiations, the Vendor has, on 29 January 2014, executed a deed of waiver (the "**Deed of Waiver**") in favour of the Purchaser, pursuant to which:

(i) the Vendor irrevocably and unconditionally waives, releases and discharges the Purchaser from the obligations to pay:

    (a) the T3 Price, notwithstanding (and assuming) the T3 Payment Conditions being satisfied;

    (b) the T4 Price, notwithstanding (and assuming) the T4 Payment Conditions being satisfied; and

(ii) conditional upon a sum of HK$170 million (being a portion of the aggregate principal amounts owing by the Purchaser to the Vendor under the T1 P-Note and the T2 P-Note) being paid (whether by a single payment or a series of payments) to the Vendor by or on behalf of the Purchaser on or before 28 February 2014 (the "**Partial Early Repayment**"), the Vendor irrevocably waives, releases and discharges the Purchaser from the obligations to pay the entirety of the interest (the "**P-Note Interests**") accrued and accruing on the T1 P-Note and the T2 P-Note.

The Partial Early Repayment was subsequently paid to the Vendor by the Group's internal resources within the prescribed time-limit.

As disclosed in the Company's announcement dated 23 June 2014, it was intended that Target PRC No.1 (as defined in the Circular) would apply for increase in its registered capital from RMB100 million to RMB200 million while the additional capital injection was expected to be made in 2014 in two tranches of RMB50 million each. In this connection, Target PRC No.1 received a written approval dated 17 June 2014 from Jilin Province Financial Affairs Office (吉林省金融工作辦公室) for the increase in the registered capital of Target PRC No.1 from RMB100 million to RMB150 million. The Board further obtained a PRC legal opinion advising that there is no legal obstacle for Target PRC No.1 to obtain approval for any further increase in its registered capital in the future. The additional capital of RMB50 million has been injected in Target PRC No.1 prior to the date of this announcement.

Furthermore, based on the Turnover Certificate (as defined in the Circular) for the T4 Period (as defined in the Circular), the audited consolidated turnover of the Target BVI and its subsidiaries arising from the business of providing micro-financing and investment and management consultation services (exclusive of any value added tax or business tax) for the T4 Period amounted to approximately RMB17,282,000 which has exceeded the threshold as required in the T4 Payment Condition.

Please refer to the Circular and the Company's announcements dated 11 October 2013, 13 November 2013, 22 November 2013, 22 January 2014, 29 January 2014 and 23 June 2014 for further details.

In addition, satisfactory performance was recorded and promising potential is expected for the micro-financing business in mainland China. The Group will continue to allocate financial resources to this business segment for its growth and expansion.

Money Lending Business

In September 2012, the Group was granted Hong Kong money lenders license and started the relevant operation in Hong Kong. This new business segment provided additional revenue to the Group.

Legal Proceedings

As disclosed in the Company's announcements dated 7 October 2013 and 13 January 2014 respectively, with a view to saving the Company from incurring further time, costs and resources in responding to the legal proceedings (the "Legal Proceedings") commenced by the Plaintiff (as defined in the Company's announcement dated 7 October 2013), the Company and Mr. Leung Ngai Man, being the substantial shareholder, the Chairman and an executive director of the Company ("Mr. Leung") have entered into a settlement agreement (the "Settlement Agreement") with the Plaintiff on 13 January 2014, whereby the parties agree, among other things, that subject to the terms and conditions of the Settlement Agreement, (i) any and all claims be waived and released; (ii) the Legal Proceedings be discontinued and dismissed with no order as to costs; and (iii) all of the ordinary shares held by the Plaintiff in the issued share capital of the Company be acquired by Mr. Leung. For further details, please refer to the abovementioned announcements of the Company.

Development from the end of the Reporting Period

On 26 May 2014, the Company announced that Mr. Ng Kwok Chu, Winfield has resigned as an executive director of the Company with effect from 26 May 2014 due to personal health reason.

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

Outlook

In view of substantial decrease in gold price and rising production costs in the PRC during 2013, the Company postponed its mining project in Aohan Qi Mine and exploration projects in Heilongjiang, pending clearer trends of international gold markets for further actions. The Group has invested more resources to micro-financing business in Jilin City, the PRC, which shows strong market demands.

Further progress shall be disclosed in announcements or the Company's interim report as and when appropriate.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded total turnover of approximately HK$53,830,000 (year ended 31 March 2013: HK$54,483,000) which mainly comprises a turnover of (i) approximately HK$24,041,000 from the sales of gold (year ended 31 March 2013: HK$36,930,000); (ii) approximately HK$6,249,000 from the sales of gold concentrates (year ended 31 March 2013: HK$15,966,000); (iii) approximately HK$106,000 from the sales of silver concentrates (year ended 31 March 2013: HK$248,000); (iv) approximately HK$8,137,000 (year ended 31 March 2013: HK$1,339,000) interest income from loan financing activities; and (v) approximately HK$15,297,000 representing consultancy services income (year ended 31 March 2013: Nil). The Group's total turnover decreased by approximately 1% as compared to last year. Such decrease was mainly attributable to the decrease in sales of gold and sales of gold concentrates; and generation of interest income from loan financing activities and consultancy services income which was partially offsetted by the decrease in sales of gold and sales of gold concentrates.

During the Reporting Period, the Group's net loss attributable to owners of the Company was approximately HK$66,314,000 (year ended 31 March 2013: approximately HK$70,687,000). The decrease in the Group's net loss attributable to owners of the Company was mainly due to (i) the decrease in general and administrative expenses; (ii) the gain on waiver of contingent consideration for acquisition in relation to micro-financing business of approximately HK$191,220,000; (iii) the impairment loss of exploration and evaluation assets of approximately HK$164,010,000 and (iv) the loss on early redemption of promissory note of approximately HK$60,827,000 while no such losses in (iii) and (iv) were recorded in the last financial year.

As at 31 March 2014, the Group recorded total assets of approximately HK$2,178,453,000 (as at 31 March 2013: approximately HK$2,060,810,000), and recorded total liabilities of approximately HK$184,709,000 (as at 31 March 2013: approximately HK$72,608,000). The Group's net asset value as at 31 March 2014 increased by 0.28% to approximately HK$1,993,744,000 as compared to approximately HK$1,988,202,000 as at 31 March 2013.

CAPITAL REDUCTION

As disclosed in the Company's announcement dated 26 March 2014, all conditions of the capital reduction had been satisfied and accordingly, the capital reduction has become effective on 25 March 2014. As of 31 March 2014, the credit in the sum of approximately HK$76,013,000 arising from the capital reduction has been applied towards canceling accumulated losses of the Company during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2014, the Group had bank balances and cash of approximately HK$93,193,000 (as at 31 March 2013: approximately HK$186,499,000). As at 31 March 2014, the Group had outstanding amounts of HK$183,530,000 for the convertible bonds and HK$30,000,000 for the promissory notes respectively. Its gearing ratio calculated as a ratio of net debt (representing borrowings less bank balances and cash) to total equity was approximately 0.36% (as at 31 March 2013: nil). As at 31 March 2014, net current assets of the Group totaled approximately HK$218,960,000 (as at 31 March 2013: approximately HK$532,995,000) and the current ratio was maintained at a level of approximately 8 (as at 31 March 2013: approximately 15.4).

TREASURY POLICIES

As at 31 March 2014, the Group had cash and bank balances of approximately HK$93,193,000 (2013: HK$186,499,000), most of which were denominated in Renminbi and placed as short-term deposits. The Group has sufficient capital, and generally exercises caution when using cash and making capital commitments. As at 31 March 2014, the Group had loans receivable of approximately HK$134,347,000 (2013: HK$15,632,000). It also planned to invest more capital to the micro-financing business and financial management consultation services business of its PRC subsidiaries.

CONTINGENT LIABILITIES

As at 31 March 2014 and 31 March 2013, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2014, the Group had the following significant commitments which were not provided for in the consolidated financial statements:

	2014	2013
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Exploration and evaluation expenditure	**948**	714
– Construction expenditure	**–**	6,536
– Purchase of property, plant and equipment	**–**	168
	948	7,418

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 2014, the Group employed 76 full-time employees in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and the prevailing market salaries. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed elsewhere 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 have complied with the required standard set out in the Model Code throughout the Reporting Period.

CORPORATE GOVERNANCE & PRACTICES

The Board is committed to maintaining high standard of corporate governance within the Group at all times and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its performance.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules and strives to implement the best practices embodies in the Code where feasible and as far as practicable. Save as disclosed in this announcement, the Company was in compliance with the Code for the Reporting Period.

Code Provision A.5.1

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

Code Provision A.6.7

Pursuant to the Code Provision A.6.7, the three independent non-executive Directors of the Company should attend general meetings. However, three independent non-executive Directors were absent from (i) some of the extraordinary general meetings of the Company held on 28 June 2013, 30 September 2013, 11 October 2013 (only Mr. Cai attended) and 11 December 2013 due to other business commitments; and (ii) the annual general meeting of the Company held on 28 June 2013 due to other business commitments. To ensure compliance with the 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 can attend the general meetings.

Code Provision E.1.2

Pursuant to the 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 28 June 2013 due to other business commitments. 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 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 10 years, and was re-elected at the last annual general meeting. 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.

As disclosed in the Company's interim report dated 10 December 2013, the Company noted that the extent of the share options (the "**Options**") granted to Mr. Cai (on the assumption that all the Options had been exercised at the material time) rendered Mr. Cai to become entitled to more than 1% of the total number of issued shares of the Company (exceeding by 0.04% of the 1% guideline for purpose of Note 2 to Rule 3.13(1) of the Listing Rules). With a view to rectifying the situation, all the Options were cancelled on 23 May 2013, thus decreasing Mr. Cai's interest of total issued share capital of the Company to nil.

Having taken into consideration of the above and the guidelines as set out in Rule 3.13 of the Listing Rules, the Directors are of the view that Mr. Cai is able to continue to fulfill his role as INED, and his independence was not and will not be undermined 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.

AUDIT COMMITTEE

During the Reporting year, the composition of the Audit Committee has been changed as a result of the appointment of Ms. Xuan Hong and the resignation of Mr. Niu Zhihui as independent non-executive Director in in December 2013. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Ms. Xuan Hong (the chairlady of the Audit Committee), Mr. Cai Wei Lun and Mr. Zhang Qingkui. The Audit Committee has adopted the terms of reference in line with the Corporate Governance Code issued by the Stock Exchange. The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and reviewing of the Group's financial information as well as overseeing of the Group's financial reporting systems, internal control procedures and risk management frameworks. The Audit Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval.

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 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 and available on the above websites in due course.

By order of the Board
Sino Prosper (Group) Holdings Limited
Sung Kin Man
Chief Executive Officer and Executive Director

Hong Kong, 30 June 2014

As at the date of this announcement, the executive Directors are Mr. Leung Ngai Man and Mr. Sung Kin Man; and the independent non-executive Directors are Mr. Cai Wei Lun, Mr. Zhang Qingkui and Ms. Xuan Hong.