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 2011

The board ("Board") of directors (the "Directors") of Sino Prosper State Gold Resources Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2011 together with comparative figures for the previous year, which have been reviewed by the audit committee of the Board, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	3	**47,692**	41,824
Cost of sales		**(50,799)**	(40,708)
Gross (loss)/profit		**(3,107)**	1,116
Other income and gains	5	**37,122**	5,035
General and administrative expenses		**(60,224)**	(23,610)
Loss on early redemption of promissory note	17	**(18,414)**	(30,218)
Finance costs	6	**(3,562)**	(11,809)
Loss before tax		**(48,185)**	(59,486)
Income tax credit	7	**198**	355
Loss for the year	8	**(47,987)**	(59,131)
Other comprehensive income			
Exchange differences on translating foreign operations		**40,296**	1,909
Other comprehensive income for the year, net of tax		**40,296**	1,909
Total comprehensive expense for the year		**(7,691)**	(57,222)

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Loss attributable to:			
Owners of the Company		**(44,040)**	(58,882)
Non-controlling interests		**(3,947)**	(249)
		(47,987)	(59,131)
Total comprehensive expense attributable to:			
Owners of the Company		**(11,112)**	(57,637)
Non-controlling interests		**3,421**	415
		(7,691)	(57,222)
Loss per share	*10*		
Basic and diluted (HK cents per share)		**(0.70)**	(2.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**78,977**	1,956
Mining rights	*11*	**144,211**	–
Exploration and evaluation assets	*12*	**1,083,902**	1,021,072
Goodwill	*13*	**90,333**	–
		1,397,423	1,023,028
Current assets			
Inventories		**6,815**	3,294
Trade and other receivables	*14*	**8,688**	7,022
Amount due from a non-controlling interest of a subsidiary		**1**	22
Bank balances and cash		**311,810**	216,030
		327,314	226,368
Current liabilities			
Trade and other payables	*15*	**18,956**	26,121
Amount due to a non-controlling interest of a subsidiary		**8,826**	–
Amounts due to related companies		**337**	–
		28,119	26,121
Net current assets		**299,195**	200,247
Total assets less current liabilities		**1,696,618**	1,223,275
Non-current liabilities			
Convertible bonds	*16*	**–**	47,072
Promissory note	*17*	**–**	105,370
Provision for restoration costs		**376**	–
Deferred tax liabilities		**35,898**	–
		36,274	152,442
Net assets		**1,660,344**	1,070,833
Capital and reserves			
Share capital		**67,599**	26,621
Reserves		**1,463,434**	687,864
Equity attributable to owners of the Company		**1,531,033**	714,485
Non-controlling interests		**129,311**	356,348
Total equity		**1,660,344**	1,070,833

Notes:

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. 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 standards, amendments and interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning 1 April 2010.

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

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

HKFRS 3 (as revised in 2008) Business Combinations

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKAS 17 Leases

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

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HK(IFRIC)–Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

Notes:

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

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

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

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

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

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

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

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

3. REVENUE

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

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

4. SEGMENT INFORMATION

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

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

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

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

Details of interest income, interest expenses and depreciation in relation to the operating segment are disclosed in notes 5, 6 and 8 below respectively.

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong and the PRC. Total turnover and revenue as disclosed in note 3 above represented the revenue from external customers.

Revenue from major products and services

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

Geographical information

The Group principally operates in Hong Kong and the PRC.

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

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

Information about major customers

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

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

5. OTHER INCOME AND GAINS

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

6. FINANCE COSTS

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

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

7. INCOME TAX CREDIT

Income tax recognized in profit or loss

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

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

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

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

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

Notes:

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

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

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year (2010: 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:

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

Number of shares

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

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

11. MINING RIGHTS

	HK$'000
Cost	
Acquired on acquisition of subsidiaries	139,861
Effect of foreign currency exchange differences	5,162
At 31 March 2011	145,023
Accumulated amortization	
Charged for the year	793
Effect of foreign currency exchange differences	19
At 31 March 2011	812
Carrying values	
At 31 March 2011	144,211

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

12. EXPLORATION AND EVALUATION ASSETS

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

Note:

The Group's exploration and evaluation assets were acquired mainly through the acquisition of Nice Think Group Limited during the year ended 31 March 2010.

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

13. GOODWILL

	HK$'000
COST	
Amount recognized on acquisition of subsidiaries occurring during the year	87,435
Effect of foreign currency exchange differences	2,898
Balance at 31 March 2011	90,333

14. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

Included in the balance of prepayments, deposits and other receivables of the Group at 31 March 2010 was a deposit of approximately HK$4,136,000 in relation to the acquisition of the entire equity interest of Favour South Limited.

15. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**286**	181
Other payables and accruals	**18,670**	25,940
	18,956	26,121

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

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

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

16. CONVERTIBLE BONDS

On 30 September 2009, the Company issued zero coupon convertible bonds at a total principal amount of HK$136,363,636 (equivalent to approximately RMB120,000,000) in connection with the acquisition of Nice Think Group Limited. These convertible bonds have a maturity period of 5 years from the issue date and may be convertible into 1 ordinary share of the Company at HK$0.01 each at the conversion price of HK$0.075 upon exercise of the conversion rights attaching to the convertible bonds at the holder's option.

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

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

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

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

	HK$'000
Initial recognition	65,559
Interest expense *(Note 6)*	3,526
Conversion during the year	(22,013)
Liability component at 31 March 2010	47,072
Interest expense *(Note 6)*	886
Conversion during the year	(47,958)
Liability component at 31 March 2011	–

17. PROMISSORY NOTE

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

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

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

OPERATIONAL REVIEW

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

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

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

Current Operations

Investment in Gold Mine Project in Inner Mongolia, PRC

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

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

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

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

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

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

1. *Ore Processing Plant and Refinery & Smelter*

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

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

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

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

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

2. *Expansion of Aohan Qi Operations*

   Initial expansion work at the Aohan Qi Mine (reconstruction of tunnels and supporting facilities) has been completed and mining capacity was increased from some approximately 200 tpd to about 600 tpd. Stage II of the mine expansion has advanced considerably. Construction of four new and larger vertical shafts (#2, #3, #6 and #8) have made good progress with the vertical shafts having reached depths of 274 meters, 100 meters, 125 meters and 208 meters, respectively.

Planned initial depths of the four shafts are 300 meters each. Upon completion of these vertical shafts, new connecting tunnels will be constructed. Construction of these new shafts and the expanded tunnel system will expand expected mine output capacity to an expected 2,500 tpd and will allow for access to a number of additional identified mineralized zones. This mine expansion is expected to be substantially completed in early 2012.

3. *Exploration of Aohan Qi*

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

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

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

4. *Expansion of the Current Mining License Area*

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

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

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

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

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

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

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

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

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

Disposal of Sino Prosper Gas Limited

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

Subsequent Developments

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

Framework Agreement Relating to Possible Acquisition

Hebei Province Framework Agreement

On 7 April 2011, Sino Prosper State Gold HK Limited, a wholly-owned subsidiary of the Group and a limited liability Company incorporated in the PRC, which is (and whose beneficial owner(s) are independent third party of the Company (the "Intended Hebei Vendor"), entered into the framework agreement ("Framework Agreement"), pursuant to which the parties expressed their common intent of sale and purchase of the whole or part of 85% equity holdings held by the Intended Hebei Vendor in a limited liability company incorporated in the PRC, which is an independent third party of the Company (the "Hebei Target Company"). The Hebei Target Company is the holder of a mining license and an exploration license in respect of silver and manganese mines located in Zhuolu County, Hebei province (河北省涿鹿縣), the PRC. Based on a geological report prepared in May 2010 and supplied by the Intended Hebei Vendor, the relevant mines contain mineral reserves of some 422 tons of silver and 129,685 tons of manganese, whose total selection and refining recovery rate (選冶總回收率) is 75%. The Hebei Target Company is principally engaged in the business of exploration and mining of silver and manganese minerals. Signing of the formal agreement is conditional upon satisfaction of various conditions precedent, and therefore may or may not proceed.

Aohan Banner Framework Cooperative Agreement

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

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

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

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

Outlook

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

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

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

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

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

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

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

Update on details of resources previously disclosed publicly

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

Under Rule 18.15 as contained in the new Chapter 18 of the Listing Rules, an update on those resources should be included once a year in its annual report. For the purpose of such rule, the Company would confirm that so far as it is aware after making all reasonable enquiries, since the issue of the said circular in June 2010 and up to the date of this announcement, there has not been any material change in the details of such resources other than the exploration works being conducted as disclosed in page 20 of this announcement.

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group recorded total turnover of approximately HK$47,692,000 which comprises a turnover of (i) approximately HK$1,855,000 from the sales of fuel oil and chemicals (year ended 31 March 2010: approximately HK$23,705,000), (ii) approximately HK$43,457,000 from the sales of gold (year ended 31 March 2010: HK$18,119,000); and (iii) approximately HK$2,380,000 from the sales of gold concentrate (year ended 31 March 2010: HK$Nil). Total Group turnover increased by approximately 14% as compared to last year. Such increase was mainly attributable to the increase of revenue from the sales of and gold and the generation of revenue from the sales of gold concentrate. The effect of such increases of revenue was reduced by the decrease of revenue from the sale of fuel oil and chemicals. For the year ended 31 March 2011, the Group's net loss attributable to owners of the Company was approximately HK$44,040,000 (year ended 31 March 2010: approximately HK$58,882,000). The decrease in the Group's net loss attributable to owners of the Company was mainly due to (i) the generation of net foreign exchange gains of HK$18,531,000 and (ii) the gain an disposal of subsidiaries of HK$16,158,000.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

(i) 1,209,781,813 ordinary shares were issued upon the conversion of convertible bonds at the conversion price of HK$0.075 per share, giving rise to an aggregate net proceeds of approximately HK$90.7 million.

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

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

FOREIGN EXCHANGE EXPOSURE

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

Transactional currency exposures arise from revenue or cost of sales by operating units in currencies other than the unit's functional currency. Substantially all the Group's revenue and cost of sales are denominated in the functional currency of the operating units making the revenue, and substantially all the cost of sales are denominated in the operating unit's functional currency. Accordingly, the directors consider that the Group is not exposed to significant foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

CORPORATE GOVERNANCE PRACTICES

Save and except as hereinafter mentioned, the Company was in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2011:

Code Provision E.1.2

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

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

NON-COMPLIANCE WITH REQUIREMENTS REGARDING INDEPENDENT NON-EXECUTIVE DIRECTOR AND MEMBER OF AUDIT COMMITTEE

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the Company's code of conduct for dealing in securities of the Company by the Directors. In response to the Company's specific enquiry made, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 March 2011.

AUDIT COMMITTEE

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

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

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2011 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the website of the Company at http://www.sinoprosper.com. An annual report for the year ended 31 March 2011 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

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

Hong Kong, 28 June 2011

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