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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The board (the "Board") of directors (the "Directors") of Sino Prosper State Gold Resources Holdings Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2012 ("Reporting Period") together with comparative figures for the previous period, which have been reviewed by the audit committee (the "Audit Committee") of the Board.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**34,079**	32,854
Cost of sales		**(35,043)**	(30,783)
Gross (loss)/profit		**(964)**	2,071
Other income and gains		**3,835**	5,926
General and administrative expenses		**(39,412)**	(25,455)
Loss before tax		**(36,541)**	(17,458)
Income tax credit	*4*	**305**	380
Loss for the period	*5*	**(36,236)**	(17,078)
Other comprehensive (expense)/income			
Exchange differences on translating foreign operations		**(3,769)**	36,210
Other comprehensive (expense)/income for the period, net of tax		**(3,769)**	36,210
Total comprehensive (expense)/income for the period		**(40,005)**	19,132

	Notes	Six months ended 30 September **2012** **(Unaudited)** ***HK$'000***	2011 (Unaudited) *HK$'000*
Loss attributable to:			
Owners of the Company		**(33,113)**	(16,111)
Non-controlling interests		**(3,123)**	(967)
		(36,236)	(17,078)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(36,518)**	16,584
Non-controlling interests		**(3,487)**	2,548
		(40,005)	19,132
Loss per share	*7*		(Restated)
Basic and diluted (HK cents per share)		**(4.27)**	(2.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2012 (Unaudited) HK$'000	At 31 March 2012 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	8	**94,597**	79,437
Mining rights	8	**144,320**	147,531
Exploration and evaluation assets	8	**1,138,628**	1,139,157
Goodwill		**93,286**	93,547
		1,470,831	1,459,672
Current assets			
Inventories		**17,107**	16,054
Trade and other receivables	9	**169,175**	161,243
Amount due from a non-controlling interest of a subsidiary		**1**	–
Bank balances and cash		**435,587**	477,218
		621,870	654,515
Current liabilities			
Other payables and accruals	10	**31,665**	24,648
Amount due to a non-controlling interest of a subsidiary		**9,115**	9,140
		40,780	33,788
Net current assets		**581,090**	620,727
Total assets less current liabilities		**2,051,921**	2,080,399
Non-current liabilities			
Provision for restoration costs		**389**	390
Deferred tax liabilities		**35,921**	36,723
		36,310	37,113
Net assets		**2,015,611**	2,043,286
Capital and reserves			
Share capital	11	**77,579**	77,579
Reserves		**1,812,515**	1,836,703
Equity attributable to owners of the Company		**1,890,094**	1,914,282
Non-controlling interests		**125,517**	129,004
Total equity		**2,015,611**	2,043,286

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash used in operating activities	**(25,423)**	(27,273)
Net cash used in investing activities	**(158,453)**	(10,759)
Net cash generated by financing activities	**1,420**	370,244
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(182,456)**	332,212
Cash and cash equivalents at the beginning of period	**477,218**	311,810
Effect of foreign exchange rate changes	**200**	295
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**294,962**	644,317
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**435,587**	644,317
Short-term bank deposits	**(140,625)**	–
	294,962	644,317

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital *HK$'000*	Treasury shares *HK$'000*	Share premium *HK$'000*	Share options reserve *HK$'000*	Shareholder's contribution *HK$'000*	Foreign currency translation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Subtotal *HK$'000*	Attributable to non-controlling interests *HK$'000*	Total *HK$'000*
Balance at 1 April 2011 (Audited)	67,599	–	1,247,579	63,286	12,640	64,631	–	249,089	(173,791)	1,531,033	129,311	1,660,344
Loss for the period (Unaudited)	–	–	–	–	–	–	–	–	(16,111)	(16,111)	(967)	(17,078)
Other comprehensive income for the period (Unaudited)	–	–	–	–	–	32,695	–	–	–	32,695	3,515	36,210
Total comprehensive income for the period (Unaudited)	–	–	–	–	–	32,695	–	–	(16,111)	16,584	2,548	19,132
Issue of new ordinary shares (Unaudited)	11,000	–	407,000	–	–	–	–	–	–	418,000	–	418,000
Transaction costs attributable to issue of new ordinary shares (Unaudited)	–	–	(17,756)	–	–	–	–	–	–	(17,756)	–	(17,756)
Recognition of equity-settled share-based payments (Unaudited)	–	–	–	551	–	–	–	–	–	551	–	551
Repurchase of ordinary shares (Unaudited)	(455)	(3,891)	(7,929)	–	–	–	455	–	–	(11,820)	–	(11,820)
Transaction costs attributable to repurchase of ordinary shares (Unaudited)	–	–	(66)	–	–	–	–	–	–	(66)	–	(66)
Balance at 30 September 2011 (Unaudited)	78,144	(3,891)	1,628,828	63,837	12,640	97,326	455	249,089	(189,902)	1,936,526	131,859	2,068,385

	Attributable to owners of the Company											
	Share capital	**Share premium**	**Warrants reserve**	**Share options reserve**	**Shareholder's contribution**	**Foreign currency translation reserve**	**Capital redemption reserve**	**Other reserve**	**Accumulated losses**	**Subtotal**	**Attributable to non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2012 (Audited)	**77,579**	**1,619,430**	**–**	**69,950**	**12,640**	**105,164**	**1,020**	**249,089**	**(220,590)**	**1,914,282**	**129,004**	**2,043,286**
Loss for the period (Unaudited)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(33,113)**	**(33,113)**	**(3,123)**	**(36,236)**
Other comprehensive expense for the period (Unaudited)	**–**	**–**	**–**	**–**	**–**	**(3,405)**	**–**	**–**	**–**	**(3,405)**	**(364)**	**(3,769)**
Total comprehensive expense for the period (Unaudited)	**–**	**–**	**–**	**–**	**–**	**(3,405)**	**–**	**–**	**(33,113)**	**(36,518)**	**(3,487)**	**(40,005)**
Placing of warrants (Unaudited)	**–**	**–**	**1,420**	**–**	**–**	**–**	**–**	**–**	**–**	**1,420**	**–**	**1,420**
Recognition of equity-settled share-based payments (Unaudited)	**–**	**–**	**–**	**10,910**	**–**	**–**	**–**	**–**	**–**	**10,910**	**–**	**10,910**
Balance at 30 September 2012 (Unaudited)	**77,579**	**1,619,430**	**1,420**	**80,860**	**12,640**	**101,759**	**1,020**	**249,089**	**(253,703)**	**1,890,094**	**125,517**	**2,015,611**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" and other relevant HKAS and Interpretations and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). This unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2012, which have been prepared in accordance with HKFRSs.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012 except as described below.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA:

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The adoption of these amendments to standards has no significant impact on the results and financial positions of the Group.

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

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

Notes:

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

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

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

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

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

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2015 and that the application of HKFRS 9 might have impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

Key requirements of these five standards are described below.

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

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

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

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

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

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

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

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

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

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

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

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

2. REVENUE

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

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from sales of gold concentrates and amalgam	**10,971**	5,355
Revenue from sales of silver concentrates	**94**	407
Revenue from sales of gold	**23,005**	27,092
Interest income from loan financing activities *(Note 9)*	**9**	–
	34,079	32,854

3. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker ("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 segments under HKFRS 8 are as follows:

(a) Energy and natural resources segment – Operation in investment in energy and natural resources (including precious metals) related projects; and

(b) Money lending segment – Provision of loan financing.

The following tables present revenue and results for the six months ended 30 September 2012 and 2011 and total assets as at 30 September 2012 and 31 March 2012 for the Group's business segments. Certain prior period comparatives of segment information have been reclassified to conform to the current period presentation.

	Energy and natural resources *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Six months ended 30 September 2012 (Unaudited)			
Segment revenue	**34,070**	**9**	**34,079**
Segment loss	**(14,164)**	**(17)**	**(14,181)**
Interest and other income			**3,835**
Central administration costs			**(26,195)**
Loss before tax			**(36,541)**
Six months ended 30 September 2011 (Unaudited)			
Segment revenue	32,854	–	32,854
Segment loss	(4,831)	–	(4,831)
Interest and other income			5,926
Central administration costs			(18,553)
Loss before tax			(17,458)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current interim period (six months ended 30 September 2011: Nil).

Segment loss represents the loss incurred by each segment without allocation of central administration costs, and interest and other income. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

	Energy and natural resources *HK$'000*	**Money lending** *HK$'000*	**Consolidated** *HK$'000*
As at 30 September 2012 (Unaudited)			
Segment assets	**1,717,852**	**24,033**	**1,741,885**
Corporate and unallocated assets			**350,816**
Total consolidated assets			**2,092,701**
As at 31 March 2012 (Audited)			
Segment assets	2,023,126	–	2,023,126
Corporate and unallocated assets			91,061
Total consolidated assets			2,114,187

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than other unallocated head office and corporate assets. Mining rights, exploration and evaluation assets and goodwill are allocated to reportable segments.

4. INCOME TAX CREDIT

Income tax recognized in profit or loss

	Six months ended 30 September **2012** **(Unaudited)** ***HK$'000***	2011 (Unaudited) *HK$'000*
Current tax:		
The People's Republic of China ("PRC") withholding tax	**395**	–
Deferred tax:		
Current period	**(700)**	(380)
Total income tax credit recognized in profit or loss	**(305)**	(380)

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2011: 16.5%) on the estimated assessable profit for the six months ended 30 September 2012. 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 the six months ended 30 September 2011 and 2012.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for PRC Enterprise Income Tax has been made as there were no assessable profits generated from the Group's PRC operations during the six months ended 30 September 2011 and 2012.

5. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging/(crediting):		
Directors' emoluments *(Note (iii))*	**9,986**	6,576
Employee benefits expense (excluding directors' emoluments):		
– Salaries and other benefits *(Note (i))*	**12,173**	9,875
– Contributions to retirement benefits schemes *(Note (i))*	**1,249**	346
– Equity-settled share-based payments *(Note (iii))*	**5,806**	378
Total staff costs	**29,214**	17,175
Auditors' remuneration	**490**	490
Amortization of mining rights	**2,800**	1,523
Cost of inventories recognized as expense	**35,043**	30,783
Gain on disposal of property, plant and equipment	**–**	(17)
Depreciation of property, plant and equipment *(Note (ii))*	**3,239**	2,220
Expense in relation to share options granted to consultants *(Note (iii))*	**1,545**	21
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	**1,893**	1,417
– Equipment	**18**	9
Expenses capitalized in construction in progress:		
– Salaries and other benefits	**656**	438
– Contributions to retirement benefits schemes	**118**	19
– Depreciation of property, plant and equipment	**443**	266

Notes:

(i) Amounts excluded expenses capitalized in construction in progress. Salaries and other benefits of approximately HK$5,804,000 were capitalized in inventories for the six months ended 30 September 2012 (six months ended 30 September 2011: HK$4,783,000).

(ii) Amount excluded expenses capitalized in construction in progress. Depreciation of property, plant and equipment of approximately HK$2,326,000 was capitalized in inventories for the six months ended 30 September 2012 (six months ended 30 September 2011: HK$1,413,000).

(iii) During the current interim period, the Company has granted 63,300,000 share options to eligible persons (including directors, employees and consultants of the Company) under the new share option scheme adopted on 20 April 2012.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

7. LOSS PER SHARE

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

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(33,113)**	(16,111)

Number of shares

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**775,787**	761,959

The weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share for the six months ended 30 September 2011 have been retrospectively adjusted for the effect of the consolidation of shares as detailed in note 11(iii).

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

8. CAPITAL EXPENDITURE

	Property, plant and equipment (Unaudited) *HK$'000*	Mining rights (Unaudited) *HK$'000*	Exploration and evaluation assets (Unaudited) *HK$'000*
Six months ended 30 September 2012			
Net book amount at 1 April 2012	**79,437**	**147,531**	**1,139,157**
Additions	**19,068**	**–**	**2,645**
Amortization	**–**	**(2,800)**	**–**
Depreciation expense	**(3,682)**	**–**	**–**
Effect of foreign currency exchange differences	**(226)**	**(411)**	**(3,174)**
Net book amount at 30 September 2012	**94,597**	**144,320**	**1,138,628**
Six months ended 30 September 2011			
Net book amount at 1 April 2011	78,977	144,211	1,083,902
Additions	10,626	–	3,037
Amortization	–	(1,523)	–
Depreciation expense	(2,486)	–	–
Disposals	(160)	–	–
Reclassified as property classified as held for sale	(26,338)	–	–
Effect of foreign currency exchange differences	1,428	3,865	29,166
Net book amount at 30 September 2011	62,047	146,553	1,116,105

Note:

Amongst the depreciation expense of approximately HK$3,682,000 for the six months ended 30 September 2012 (six months ended 30 September 2011: HK$2,486,000), approximately HK$443,000 (six months ended 30 September 2011: HK$266,000) and HK$2,326,000 (six months ended 30 September 2011: HK$1,413,000) were capitalized in construction in progress and inventories respectively, and approximately HK$913,000 (six months ended 30 September 2011: HK$807,000) was included in general and administrative expenses.

9. TRADE AND OTHER RECEIVABLES

	At 30 September 2012 (Unaudited) *HK$'000*	At 31 March 2012 (Audited) *HK$'000*
Trade receivables	**1,816**	–
Loan receivable	**3,009**	–
Prepayments, deposits and other receivables	**164,350**	161,243
	169,175	161,243

Included in the balance of prepayments, deposits and other receivables of the Group at 30 September 2012 and 31 March 2012 was a refundable deposit of RMB120,000,000 (equivalent to approximately HK$147,240,000) in relation to the proposed acquisition of the entire equity interest of Success State Development Limited, further details of which are disclosed in note 15.

The Group allows an average credit period of 30 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:

	At 30 September 2012 (Unaudited) *HK$'000*	At 31 March 2012 (Audited) *HK$'000*
0 – 30 days	**1,816**	–

Loan receivable represents an interest-bearing loan to an independent third party at 27% per annum. The credit terms are mutually agreed between the contracting parties involved. An aged analysis of the loan receivable at the end of the Reporting Period, based on the settlement due date, is as follows:

	At 30 September 2012 (Unaudited) *HK$'000*	At 31 March 2012 (Audited) *HK$'000*
Current to 1 month	**9**	–
3 months to 1 year	**3,000**	–
	3,009	–

10. OTHER PAYABLES AND ACCRUALS

	At 30 September 2012 (Unaudited) *HK$'000*	At 31 March 2012 (Audited) *HK$'000*
Other payables and accruals	**31,665**	24,648

11. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorized:		
Ordinary shares of HK$0.10 each at 31 March 2012 and 30 September 2012	2,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2011	6,759,844,971	67,599
Issue of new ordinary shares *(Note (i))*	1,100,000,000	11,000
Repurchase of ordinary shares *(Note (ii))*	(101,970,000)	(1,020)
Share consolidation *(Note (iii))*	(6,982,087,474)	–
Ordinary shares of HK$0.10 each at 31 March 2012, 1 April 2012 and 30 September 2012	775,787,497	77,579

Notes:

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

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

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

On 9 May 2011, an aggregate of 1,100,000,000 shares of HK$0.01 each in the capital of the Company were allotted and issued to Mr. Leung at HK$0.38 per subscription share. The exercise gave rise to an aggregate net proceeds of approximately HK$400 million.

(ii) During the year ended 31 March 2012 and prior to the Share Consolidation set out in note (iii) below, the Company repurchased its own shares on the Stock Exchange as follows:

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

During the year ended 31 March 2012, 101,970,000 ordinary shares of HK$0.01 each were repurchased and canceled at an aggregate consideration of approximately HK$16,571,000. The issued share capital of the Company was reduced by the aggregate par value of the repurchased ordinary shares so canceled. The premium and related expenses paid for the repurchase of the ordinary shares of HK$0.01 each, which amounted to approximately HK$16,685,000 was charged to the share premium account. An amount equivalent to the aggregate par value of the ordinary shares canceled was transferred to the capital redemption reserve within equity.

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

12. OPERATING LEASE COMMITMENTS

At the end of the Reporting Period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	At 30 September 2012 (Unaudited)	At 31 March 2012 (Audited)
	HK$'000	*HK$'000*
Within one year	**3,314**	3,402
In the second to fifth years inclusive	**1,323**	2,954
	4,637	6,356

13. CAPITAL COMMITMENTS

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

	At 30 September 2012 (Unaudited) *HK$'000*	At 31 March 2012 (Audited) *HK$'000*
Contracted but not provided for:		
– Capital commitment to the registered capital of a PRC subsidiary	**32,672**	32,763
– Exploration and evaluation expenditure	**578**	1,285
– Construction expenditure	**8,945**	18,448
– Purchase of property, plant and equipment	**156**	167
	42,351	52,663

14. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this announcement, the Group had the following significant transactions with related parties during the six months ended 30 September 2012:

Compensation of key management personnel

	Six months ended 30 September	
	2012 (Unaudited) *HK$'000*	2011 (Unaudited) *HK$'000*
Short-term employee benefits	**6,400**	6,400
Post-employment benefits	**27**	24
Equity-settled share-based payments	**3,559**	152
	9,986	6,576

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

15. EVENTS AFTER THE REPORTING PERIOD

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

OPERATIONAL REVIEW

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

Current Operations

Aohan Qi Mine, Inner Mongolia

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

The management team of Aohan Qi Mine, Inner Mongolia is further upgrading the existing facilities of the Aohanqi Mine to enhance production capacity and increase access to mineralized zones.

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

Further exploration is being carried out on top of the existing operation.

Based on the study results, further test drilling will be conducted at the end of 2012, supplemented by surface trenching and sampling programs. Latest updates can be found in the Company's voluntary announcement on quarterly operation update of 13 March 2012.

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

The project will be postponed to the end of 2012 as additional time is required for the Company to prepare the information to be presented in the circular to be despatched to the Company's shareholders, especially the technical report for the Qing Jiao Gold Mine which was originally expected to be available before August 2012. The Directors currently expect that the despatch date of the said circular will be further postponed to a date on or before 31 December 2012. Please refer to our announcement of 28 September 2012 for details.

Proposed Acquisition and Connected Transaction

As disclosed in an announcement of the Company dated 28 September 2012, trading of the Company's shares had been suspended pending the release of an announcement regarding a very substantial acquisition and connected transaction.

Finance Business

The Group focuses on various aspects of exploration, development, mining and production of precious metals in China. As set out in its 2011 annual report, the Group was planning to operate finance business in addition to its existing exploration and production projects. In September 2012, the Group obtained a Hong Kong money lenders license and the relevant operation has already commenced.

Development from the end of the Reporting Period

Save as disclosed 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

The Group continues to seek to improve its performance and capabilities while actively seeking for development projects which are in line with the economic development of the PRC.

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

FINANCIAL REVIEW

For the six months ended 30 September 2012, the Group recorded a total turnover of approximately HK$34,079,000 which mainly comprises a turnover of (i) approximately HK$23,005,000 from the sales of gold (six months ended 30 September 2011: HK$27,092,000), (ii) approximately HK$10,971,000 from the sales of gold concentrates and amalgam (six months ended 30 September 2011: HK$5,355,000), (iii) approximately HK$94,000 from the sales of silver concentrates (six months ended 30 September 2011: approximately HK$407,000) and (iv) approximately HK$9,000 from interest income from loan financing activities (six months ended 30 September 2011: Nil). For the six months ended 30 September 2012, the total turnover of the Group increased by approximately 4% as compared to the last corresponding period. Such increase was mainly attributable to the turnover from the sales of gold concentrates and amalgam of approximately HK$5,616,000. For the six months ended 30 September 2012, the Group's loss attributable to owners of the Company was approximately HK$33,113,000 (six months ended 30 September 2011: approximately HK$16,111,000). The increase in the Group's net loss attributable to owners of the Company was mainly due to the increase in total staff costs by approximately HK$12,039,000 and cost of inventories recognized as expense by approximately HK$4,260,000.

As at 30 September 2012, the Group recorded total assets of approximately HK$2,092,701,000 (as at 31 March 2012: approximately HK$2,114,187,000), and recorded total liabilities of approximately HK$77,090,000 (as at 31 March 2012: approximately HK$70,901,000). The Group's net asset value as at 30 September 2012 decreased by 1.35% to approximately HK$2,015,611,000 as compared to approximately HK$2,043,286,000 as at 31 March 2012. The decrease in the Group's net asset value was mainly attributable to the decrease in bank balances and cash of approximately HK$41,631,000, which was mainly attributable to the purchase of property, plant and equipment of approximately HK$19,068,000 and net cash used in operating activities of approximately HK$25,423,000.

LIQUIDITY AND FINANCIAL RESOURCES

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

On 7 March 2012, the Company entered into a placing agreement (the "2012 Placing Agreement") with a placing agent (as amended by a supplementary placing agreement dated 8 March 2012) in relation to a placing of up to 152,000,000 warrants ("Warrants") to not less than six placees at a placing price of HK$0.01 per warrant. Upon exercising the subscription rights attaching to the Warrants, the Company shall allot and issue new shares at a subscription price of HK$0.72 (subject to adjustment) per new share.

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

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

As at 30 September 2012, the Group had bank balances and cash of approximately HK$435,587,000 (as at 31 March 2012: approximately HK$477,218,000). As at 30 September 2012 and 31 March 2012, the Group had no outstanding borrowings. Its gearing ratio calculated as a ratio of net debt to total equity was Nil (as at 31 March 2012: Nil). As at 30 September 2012, net current assets of the Group totalled approximately HK$581,090,000 (as at 31 March 2012: approximately HK$620,727,000) and the current ratio was maintained at a level of approximately 15.2 (as at 31 March 2012: approximately 19.4).

TREASURY POLICIES

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

CONTINGENT LIABILITIES

As at 31 March 2012 and 30 September 2012, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

At 30 September 2012, the Group had the following significant commitments which were not provided for in the consolidated interim financial statements:

	At 30 September 2012 (Unaudited) ***HK$'000***	At 31 March 2012 (Audited) *HK$'000*
Contracted but not provided for:		
– Capital commitment to the registered capital of a PRC subsidiary	**32,672**	32,763
– Exploration and evaluation expenditure	**578**	1,285
– Construction expenditure	**8,945**	18,448
– Purchase of property, plant and equipment	**156**	167
	42,351	52,663

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 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 30 September 2012, the Group employed 291 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 in this interim announcement, there were no material acquisitions or disposals of subsidiaries or associates during the six months ended 30 September 2012.

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 six months ended 30 September 2012.

CORPORATE GOVERNANCE & PRACTICES

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. The Company has adopted the Code Provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

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

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

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code and the Revised Code. Save and except as hereinafter mentioned, the Company was in compliance with the Code and the Revised Code for the six months ended 30 September 2012.

Revised Code Provision A.5.1

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

Revised Code Provision A.6.7

Pursuant to the Revised Code Provision A.6.7, the Independent Non-Executive Directors of the Company should attend general meetings. However, (i) three Independent Non-Executive Directors were absent from the special general meeting held on 20 April 2012 due to other business commitments; and (ii) two Independent Non-Executive Directors were absent from the annual general meeting held on 24 September 2012 due to other business commitments. To ensure compliance with the Revised Code in the future, the Company has arranged and will continue to arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all Directors can attend the general meetings.

Revised Code Provision E.1.2

Pursuant to the Revised Code Provision E.1.2, the chairman of the board should attend the annual general meeting. However, the Chairman of the Board was absent from the annual general meeting held on 24 September 2012 due to other business commitments. A Director was present at the annual general meeting to chair the meeting. To ensure compliance with the Revised Code in the future, the Company has arranged and will continue to arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all Directors (including the Chairman of the Board) can attend the annual general meeting.

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

The written terms of reference include, among others, 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 interim results of the Group for the six months ended 30 September 2012 have been reviewed by the Audit Committee.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results of the Group for the six months ended 30 September 2012 is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at http://www.sinoprosper.com. An interim report for the six months ended 30 September 2012 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

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

Hong Kong, 5 November 2012

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