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## 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 2010

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 2010 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 2010

	Notes	2010 HK\$'000	2009 HK\$'000
Revenue	3	41,824	31,335
Cost of sales		<u>(40,708)</u>	<u>(30,774)</u>
Gross profit		1,116	561
Other income and gains	5	5,035	6,147
General and administrative expenses		(23,610)	(16,275)
Loss on early redemption of promissory note	15	(30,218)	–
Finance costs	6	<u>(11,809)</u>	<u>(40)</u>
Loss before tax		(59,486)	(9,607)
Income tax	7	<u>355</u>	<u>(355)</u>
<b>Loss for the year</b>	8	<b><u>(59,131)</u></b>	<b><u>(9,962)</u></b>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations		<u>1,909</u>	<u>1,546</u>
Other comprehensive income for the year, net of tax		<u>1,909</u>	<u>1,546</u>
<b>Total comprehensive loss for the year</b>		<b><u>(57,222)</u></b>	<b><u>(8,416)</u></b>

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
<b>Loss attributable to:</b>			
Owners of the Company		(58,882)	(9,764)
Minority interests		<u>(249)</u>	<u>(198)</u>
		<b><u>(59,131)</u></b>	<b><u>(9,962)</u></b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(57,637)	(7,996)
Minority interests		<u>415</u>	<u>(420)</u>
		<b><u>(57,222)</u></b>	<b><u>(8,416)</u></b>
<b>Loss per share</b>	<i>10</i>		
Basic and diluted (HK cents per share)		<b><u>(2.80)</u></b>	<b><u>(0.74)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		1,956	733
Exploration and evaluation assets	11	<u>1,021,072</u>	<u>–</u>
		<u>1,023,028</u>	<u>733</u>
<b>Current assets</b>			
Inventories		3,294	–
Trade and other receivables	12	7,022	81,870
Amounts due from minority shareholders		22	2,815
Bank balances and cash		<u>216,030</u>	<u>230,232</u>
		<u>226,368</u>	<u>314,917</u>
<b>Current liabilities</b>			
Trade and other payables	13	26,121	40,951
Obligation under a hire-purchase contract		–	124
Tax liabilities		<u>–</u>	<u>355</u>
		<u>26,121</u>	<u>41,430</u>
<b>Net current assets</b>		<u>200,247</u>	<u>273,487</u>
Total assets less current liabilities		<u>1,223,275</u>	<u>274,220</u>
<b>Non-current liabilities</b>			
Convertible bonds	14	47,072	–
Promissory note	15	<u>105,370</u>	<u>–</u>
		<u>152,442</u>	<u>–</u>
<b>Net assets</b>		<u><u>1,070,833</u></u>	<u><u>274,220</u></u>
<b>Capital and reserves</b>			
Share capital		26,621	15,674
Share premium and reserves		<u>687,864</u>	<u>257,461</u>
Equity attributable to owners of the Company		714,485	273,135
Minority interests		<u>356,348</u>	<u>1,085</u>
<b>Total equity</b>		<u><u>1,070,833</u></u>	<u><u>274,220</u></u>

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 (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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.

## **New and revised HKFRSs affecting presentation and disclosure only**

### *HKAS 1 (Revised) Presentation of Financial Statements*

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

### *HKFRS 8 Operating Segments*

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 4).

### *Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)*

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

		<i>Notes</i>
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008	<i>1</i>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009	<i>2</i>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010	<i>3</i>
HKAS 24 (Revised)	Related Party Disclosures	<i>7</i>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	<i>1</i>
HKAS 32 (Amendment)	Classification of Rights Issues	<i>5</i>
HKAS 39 (Amendment)	Eligible Hedged Items	<i>1</i>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters	<i>4</i>
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 disclosures for First-time Adopters	<i>6</i>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions (relating to the classification and measurement of financial assets)	<i>4</i>
HKFRS 3 (Revised)	Business Combinations	<i>1</i>

HKFRS 9	Financial Instruments (relating to classification and measurement of financial assets)	8
HK(IFRIC) – Int 14 (Amendment)	Prepayments to a Minimum Funding Requirement	7
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners	1
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments	6

*Notes:*

1. Effective for annual periods beginning on or after 1 July 2009
2. Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3. Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4. Effective for annual periods beginning on or after 1 January 2010
5. Effective for annual periods beginning on or after 1 February 2010
6. Effective for annual periods beginning on or after 1 July 2010
7. Effective for annual periods beginning on or after 1 January 2011
8. Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Group is in the process of making an assessment of the impact of the other new and revised standards, amendments and interpretations upon initial application. So far, it has concluded that the other new and revised standards, amendments and interpretations are unlikely to have significant impact on the Group's results of operations and financial position.

### 3. REVENUE

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenue from sales of fuel oil and chemicals	23,705	21,817
Revenue from sales of steel products	–	9,518
Revenue from sales of gold	18,119	–
	<u>41,824</u>	<u>31,335</u>

### 4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. The directors of the Company consider that the adoption of HKFRS 8 has not resulted in a redesignation of the reportable segment for the Group compared with the primary reportable segment determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the Company's directors, being 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 PRC and other countries. 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 loss 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. The CODM considers that substantially all the assets of the Group are located in the PRC.

### 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 and other countries.

### 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		Non-current assets	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>18,119</b>	–	<b>1,386</b>	70
PRC	<b>23,705</b>	31,335	<b>1,021,642</b>	640
Other Asia Pacific countries	–	–	–	23
	<b><u>41,824</u></b>	<b><u>31,335</u></b>	<b><u>1,023,028</u></b>	<b><u>733</u></b>



## Information about major customers

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Customer A	18,119	–
Customer B	9,750	–
Customer C	–	12,372
Customer D	–	5,972
Customer E	–	4,139
Customer F	–	3,584
	<u>27,869</u>	<u>26,067</u>

## 5. OTHER INCOME AND GAINS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest income on bank deposits	900	1,321
Net foreign exchange gains	155	3,476
Gain on disposal of property, plant and equipment	93	–
Gain on disposal of subsidiaries	3,886	–
Sundry income	1	1,350
	<u>5,035</u>	<u>6,147</u>

## 6. FINANCE COSTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest on:		
Hire-purchase obligation	7	40
Effective interest expense on convertible bonds	3,526	–
Effective interest expense on promissory note	8,276	–
	<u>11,809</u>	<u>40</u>

No interest was capitalized during the year ended 31 March 2010 (2009: Nil).

## 7. INCOME TAX

### Income tax recognized in profit or loss

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
PRC Enterprise Income Tax:		
Charge for the year	–	355
Overprovision in prior year	<u>(355)</u>	<u>–</u>
	<u><b>(355)</b></u>	<u><b>355</b></u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5%, which is effective from the year of assessment 2008/2009. 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.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The tax (credit)/charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Loss before tax	<u><b>(59,486)</b></u>	<u><b>(9,607)</b></u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	<b>(9,815)</b>	(1,585)
Tax effect of expenses not deductible for tax purpose	<b>9,978</b>	608
Tax effect of income not taxable for tax purpose	<b>(670)</b>	(614)
Overprovision in prior year	<b>(355)</b>	–
Tax effect of deductible temporary differences not recognized	–	3
Tax effect of estimated tax losses not recognized	<b>655</b>	1,828
Utilization of deductible temporary differences previously not recognized	<b>(148)</b>	–
Utilization of tax losses previously not recognized	–	(6)
Effect of different tax rates of group entities operating in other jurisdictions	<u>–</u>	<u>121</u>
Tax (credit)/charge for the year	<u><b>(355)</b></u>	<u><b>355</b></u>

No deferred tax assets and liabilities are recognized in the consolidated financial statements as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at 31 March 2009 and 2010.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately HK\$1,115,000 (2009: approximately HK\$1,709,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$1,101,000 (2009: HK\$578,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

## 8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Depreciation for property, plant and equipment	442	293
Auditors' remuneration	620	520
Cost of inventories recognized as expense	40,708	30,774
Operating lease rentals in respect of:		
– Land and buildings	1,982	1,621
– Equipment	13	–
Employee benefits expense (including directors' emoluments)		
– Salaries and other benefits	12,911	6,451
– Contributions to retirement benefits schemes	201	112
	<u>13,112</u>	<u>6,563</u>
Expense in relation to share options granted to consultants	<u>–</u>	<u>1,560</u>

## 9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year (2009: 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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>58,882</u>	<u>9,764</u>

### Number of shares

	2010 <i>'000</i>	2009 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,100,601</u>	<u>1,314,972</u>

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

## 11. EXPLORATION AND EVALUATION ASSETS

	<i>HK\$'000</i>
<b>COST</b>	
Acquired on acquisition of subsidiaries	1,016,859
Additions	2,828
Effect of foreign currency exchange differences	<u>1,385</u>
<b>Balance at 31 March 2010</b>	<u>1,021,072</u>

The Group's exploration and evaluation assets were mainly arising from the acquisition of Nice Think Group Limited.

Nice Think Group Limited through its subsidiary, Victor Bright Investment Limited, owns 65% of the registered and paid up capital of Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd ("Heilongjiang Zhongyi Weiye") which was a non-state owned enterprise and has become an equity joint venture established under the PRC laws on 1 April 2009. The current business scope of Heilongjiang Zhongyi Weiye includes the wholesale of steel, building materials, sunflower seeds, green beans, red beans and kidney beans and carrying out exploration work at the places in respect of which exploration permits have been obtained. Heilongjiang Zhongyi Weiye is the holder of certain exploration permits of the mines located at Hulin City, Heilongjiang Province, the PRC. The exploration permits are valid for a period of three years. In the opinion of the Directors, the Group will be able to renew the mining right with the relevant government authorities continuously at minimal charges.

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

Subsequent to the end of the reporting period, pursuant to the acquisition agreement entered into among Victor Bright Investment Limited (as purchaser), Ms. Gao Liyan (as first vendor) and Mr. Song Yang (as second vendor) (collectively as vendors) on 17 May 2010 (the "Acquisition Agreement II"), the purchaser has agreed to acquire from the vendors an aggregate of 27% equity interests in Heilongjiang Zhongyi Weiye, of which 13% equity interests is acquired from the first vendor and 14% equity interests is acquired from the second vendor. The consideration payable to the vendors under the Acquisition Agreement II is RMB24,000,000 (equivalent to approximately HK\$27,273,000) in aggregate (subject to adjustment), of which RMB11,560,000 (equivalent to approximately HK\$13,136,000) will be payable to the first vendor and RMB12,440,000 (equivalent to approximately HK\$14,137,000) will be payable to the second vendor. The consideration is payable in the form of cash only. Immediately after completion of the acquisition under Acquisition Agreement II, Heilongjiang Zhongyi Weiye will be owned as to 92% by the Group and 8% by the first vendor respectively. The Group also plans to make some further contribution to the additional registered capital of Heilongjiang Zhongyi Weiye, as disclosed in the Company's circular dated 7 June 2010. The ordinary resolution for approving the Acquisition Agreement II (which constituted a discloseable and connected transaction) was duly passed by way of poll by the shareholders of the Company at the extraordinary general meeting held on 24 June 2010. Up to the date of approval of these Financial Statements, the acquisition under the Acquisition Agreement II has not yet been completed.

## 12. TRADE AND OTHER RECEIVABLES

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade receivables	1,142	16,962
Prepayments, deposits and other receivables	<u>5,880</u>	<u>64,908</u>
Total trade and other receivables	<u><u>7,022</u></u>	<u><u>81,870</u></u>

The Group allows an average credit period ranging from 30 to 90 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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 – 90 days	1,028	16,895
91 – 120 days	–	67
121 – 365 days	<u>114</u>	<u>–</u>
	<u><u>1,142</u></u>	<u><u>16,962</u></u>

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:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Neither past due nor impaired	777	15,219
Past due but not impaired		
1 – 90 days	251	1,743
91 – 120 days	114	–
	<u>1,142</u>	<u>16,962</u>

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 which was completed subsequent to the end of the reporting period.

Included in the balance of prepayments, deposits and other receivables of the Group at 31 March 2009 was an initial deposit of RMB50,000,000 (equivalent to approximately HK\$56,776,000) paid by the Group upon entering into an acquisition agreement on 10 June 2008 (which was amended and supplemented by a supplemental agreement dated 27 August 2008 and made by the same parties) (the “Acquisition Agreement”). Pursuant to the Acquisition Agreement, Sino Prosper Minerals Investment Limited (“SPML”, a wholly owned subsidiary of the Company) had agreed to acquire and Mr. Leung Ngai Man (the “Vendor”, being a director and substantial shareholder of the Company), had agreed to dispose of the entire issued capital of Agortex Development Limited (a company wholly and beneficially owned by the Vendor), at a total consideration of RMB230,000,000. On the date of the Acquisition Agreement, an aggregate amount of RMB50,000,000 (equivalent to approximately HK\$56,776,000) was paid by SPML to the Vendor as a deposit. During the year ended 31 March 2010, the Vendor and SPML entered into a termination deed, whereby SPML and the Vendor have mutually agreed to terminate the Acquisition Agreement with effect from 11 May 2009 in accordance with its terms. The said deposit was repaid by the Vendor to the Group.

### 13. TRADE AND OTHER PAYABLES

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade payables	181	15,312
Other payables and accruals	25,940	25,639
	<u>26,121</u>	<u>40,951</u>

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

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 – 90 days	<b>181</b>	15,148
91 – 120 days	<u>–</u>	<u>164</u>
	<b><u>181</u></b>	<b><u>15,312</u></b>

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

#### 14. 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 can be convertible into 1 ordinary share of the Company at HK\$0.01 each for every HK\$0.075 convertible bonds at the holder's option.

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

During the year ended 31 March 2010, convertible bonds with aggregate principal amount of 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 608,400,000 ordinary shares were issued.

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

	<i>HK\$'000</i>
Initial recognition	65,559
Interest expense ( <i>Note 6</i> )	3,526
Conversion into shares during the year	<u>(22,013)</u>
Liability component at 31 March 2010	<b><u>47,072</u></b>

The fair value of the equity component of the convertible bonds is determined by using Trinomial model by reference to an independent professional valuation. The inputs into the model were as follows:

Share price	HK\$0.247
Expected volatility ( <i>Note (i)</i> )	92.63%
Risk-free rate ( <i>Note (ii)</i> )	1.73%
Expected dividend yield	0%

*Notes:*

- (i) The expected volatility was determined by using the historical volatility of the Company's share price over the previous 260 days.
- (ii) The risk-free interest rate was determined by reference to the yield of Hong Kong Exchange Fund Note.

## **15. PROMISSORY NOTE**

Under the terms of the promissory note, the promissory note with principal amount of RMB240,000,000 (equivalent to approximately HK\$272,727,000) 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, in relation to Nice Think Group Limited, 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. Subsequent to the end of the reporting period, the Company early repaid the remaining part of the promissory note and the accrued interests.

## **OPERATIONAL REVIEW**

The Group has been transforming to focus on the mining and production of precious metals in China. The Group is paving its way of becoming a major Chinese precious metals producer with significant expansion and exploration potential. The following sets out briefly the progress of the projects.

### **Current Operations**

#### ***CNPC Sino Prosper Petroleum and Gas Company Ltd ("CNPC")***

CNPC, a 95%-owned subsidiary of the Group, is principally engaged in the wholesale and commission agency of fuel oil and related supporting and consultation services in the PRC. During the year ended 31 March 2010, a total of approximately RMB1.4 million was further injected by the joint venture parties as part of CNPC's entire registered capital of RMB50 million. Up to 31 March 2010, an aggregate of RMB13.5 million was injected by the joint venture parties. During the year ended 31 March 2010, CNPC recorded a turnover of approximately RMB20.9 million (equivalent to approximately HK\$23.7 million).



### ***Hainan Tairui Mining Development Company Limited (“Hainan Tairui”)***

Hainan Tairui, a 95%-owned subsidiary of the Group, has the requisite licence for processing of minerals and the mining, smelting as well as the sales of ferrous and non-ferrous products in the PRC. Due to the economic downturn since late 2008, customers’ demands for industrial metals generally dropped. The sales teams therefore suspended the trading of industrial metal and commenced to explore business opportunity in trading of other ferrous and non-ferrous products.

### ***Proposed Investment and Termination of Investment in Iron Mines Project in Hebei Province, PRC***

On 10 June 2008 (a date which falls before the commencement of the Reporting Period), Sino Prosper Minerals Investment Limited (the “Purchaser”), a wholly-owned subsidiary of the Group, entered into an acquisition agreement (“2008 Acquisition Agreement”) (and supplemented by a supplemental agreement dated 27 August 2008) with Mr. Leung Ngai Man (the “Vendor” or “Mr. Leung”), an executive Director and a substantial shareholder of the Company, for the acquisition of, amongst other, Agortex Development Limited (“Agortex”), at a total consideration of RMB230 million (equivalent to approximately HK\$258 million).

The sole asset of Agortex was the entire issued share capital of Fordtec Investment Limited, which in turn owned 中連盈(大連)實業有限公司 (Zhonglianying (Dalian) Industry Co., Ltd.) (“WFOE”).

Under the 2008 Acquisition Agreement, the acquisition would only be completed conditional upon, amongst others, the obtaining of a valuation report showing the value of the project of WFOE, comprising a mining portion, an exploration portion and a product processing portion, to be not less than RMB370 million.

The Vendor is a connected person by virtue of him being a Director and a substantial shareholder of the Company. As such, the acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The acquisition also constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules.

On 8 May 2009 before the despatch of any circular to shareholders concerning the 2008 Acquisition Agreement, the Company received a letter from an independent valuer which stated that the worth of the project of WFOE would be significantly lower than the estimation made in 2008. After careful consideration, the Directors (including the independent non-executive Directors) were of the view that it would not be in the interest of the Company to pursue the 2008 Acquisition Agreement. The Vendor and the Purchaser thus entered into a termination deed, whereby the Purchaser and the Vendor had mutually agreed to terminate the 2008 Acquisition Agreement with effect from 11 May 2009.

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

On 17 April 2009, Sino Prosper (States Gold) Investment Limited (the “Purchaser SG”), a wholly-owned subsidiary of the Group, entered into an acquisition agreement (“2009 Acquisition Agreement”) with Mr. Leung for the acquisition (“2009 Acquisition”) of Nice Think Group Limited, a company incorporated in the British Virgin Islands (“Target BVI”), and the indebtedness owing by Target BVI to the Vendor on or prior to completion of the 2009 Acquisition at a total consideration of RMB360 million (equivalent to approximately HK\$409.1 million) (after adjustment). Part of the consideration in the sum of RMB120 million (equivalent to approximately HK\$136.4 million) was agreed to be settled by Purchaser SG procuring the Company to issue convertible bonds to the Vendor and the remaining consideration of RMB240 million (equivalent to approximately HK\$272.7 million) was agreed to be settled by Purchaser SG (or the Company) issuing a two-year 1.5% per annum promissory note to the Vendor.

The sole asset of Target BVI is the entire issued capital of Victor Bright Investment Limited, a company incorporated in Hong Kong (“Target HK”), which owns 65% of the registered and paid up capital of 黑龍江中誼偉業經貿有限公司 (Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd) (“Zhongyi Weiye”). Zhongyi Weiye is the holder of the exploration permits of three mines in the PRC (referred to as “Target Mine No. 1, Target Mine No. 2 and Target Mine No. 3”). The predominant resources in Target Mine No. 1, Target Mine No. 2 and Target Mine No. 3 are various kinds of metals including copper and gold.

As all conditions precedent to completion of the 2009 Acquisition Agreement were fulfilled, the 2009 Acquisition was completed on 30 September 2009. Accordingly, Target BVI has become a wholly-owned subsidiary of the Company. At completion, the consideration was settled by the issue to the Vendor of (i) a two-year 1.5% per annum promissory note in the principal amount of RMB240 million and (ii) the convertible bonds (which carry, among other rights, the right to convert the convertible bonds into shares of the Company at the initial conversion price of HK\$0.075 per conversion share) in the aggregate principal amounts of HK\$136,363,636.

Mr. Leung is a connected person by virtue of him being a Director and a substantial shareholder of the Company. As such, the 2009 Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The 2009 Acquisition also constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. It was approved by independent Shareholders at the extraordinary general meeting held on 25 September 2009.

On 27 October 2009, Zhongyi Weiye obtained additional exploration permits of two copper and poly-metal mines. These two mines are located in Xinancha, Hulin City, Heilongjiang Province, the PRC and Sanchalu, Hulin City, Heilongjiang Province, the PRC, respectively, with area of approximately 76.12 square kilometers and 92.18 square kilometers, respectively. Taking into account the exploration permits of three mines originally held by Zhongyi Weiye, Zhongyi Weiye then became a holder of exploration permits of a total of 5 mines with total mining area of approximately 364.61 square kilometers.

The Company confirms that in connection with the 2009 Acquisition, it has complied with the applicable requirements under Chapter 14A of the Listing Rules.

## **Change of Company Name**

As the Group then planned expand its resources-related projects into those containing precious metal resources (such as gold) and in order to better reflect the principal activities of the Group, the Board proposed in October 2009 that the name of the Company be changed from “Sino Prosper Holdings Limited 中盈控股有限公司” to “Sino Prosper State Gold Resources Holdings Limited 中盈國金資源控股有限公司”.

The special resolution regarding the change of the name of the Company to “Sino Prosper State Gold Resources Holdings Limited 中盈國金資源控股有限公司” was passed by shareholders at an extraordinary general meeting held on 23 November 2009. The Certificate of Incorporation on change of name dated 24 November 2009 and issued by the Registrar of Companies in the Cayman Islands was received on behalf of the Company on 8 December 2009. The Company carried out the necessary filing procedures with the Companies Registry in Hong Kong, and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company dated 21 December 2009 was received by the Company on the same day. With effect from 28 December 2009, the shares of the Company have been traded under the new name. The English stock short name of the Company has been changed from “SINO PROSPER “ to “SINO PROSPER SG” and the Chinese stock short name has been changed from “中盈控股” to “中盈國金資源”. The stock code of the Company has remained unchanged as “766”.

## **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.

## **Investment in Gold Mine Project in Inner Mongolia, the PRC**

On 23 January 2010, 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, a company incorporated in the British Virgin Islands (“Target IM”), and the indebtedness owing by Target IM 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). The entire Consideration is agreed to be payable in cash.

The sole asset of Target IM is the entire issued capital of Target GS, which is expected to contribute and own 70% of the registered and paid up capital of the PRC Company. The PRC Company is the holder of a permit for the mining of gold at a mine located at Gouliang Town, Aohanqi, Inner Mongolia Autonomous Region, the PRC.

Save as disclosed in the 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 (which date falls after the Reporting Period). As at the date of this announcement, a portion of the Consideration in the sum of HK\$31.8 million has not yet been paid to Mr. Hong, and such portion will be paid in accordance with the Inner Mongolia Agreement within 10 business days after obtaining the approvals relating to the change of the directors and the legal representative of the PRC Company from the relevant PRC governmental department(s), the registration of particulars contained in the business licence issued by the Administration for Industry and Commerce (which licence states the paid-up capital of the PRC Company to be RMB10 million) and the approval obtained from the Department of Commerce of Inner Mongolia Autonomous Region to increase the registered capital of the PRC Company to RMB50 million.

The Inner Mongolia Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. It was approved by Shareholders at the extraordinary meeting held on 17 June 2010.

### **Additional Investment in Zhongyi Weiye**

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”) for the acquisition from the First Vendor and Second Vendor (“the Vendors”) an aggregate of 27% equity interest in Zhongyi Weiye, of which 13% equity interest was agreed to be acquired from the First Vendor and 14% equity interest from the Second Vendor, subject to the conditions and terms of the 2010 Acquisition Agreement. At the time of entering into the 2010 Acquisition Agreement, Zhongyi Weiye was a 65% equity owned subsidiary of the Company. The consideration for the 2010 Acquisition Agreement is RMB24 million in aggregate (subject to adjustment), of which RMB11.56 million will be payable to the First Vendor and RMB12.44 million will be payable to the Second Vendor. The consideration will be payable in the form of cash only.

As at the date of this announcement, some of conditions precedent to the completion of the 2010 Acquisition have been fulfilled, and the transaction has not been completed.

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

The Company confirms that in connection with the 2010 Acquisition Agreement, it has complied with all the applicable requirements under Chapter 14A of the Listing Rules.

## **Future direction**

The Group has been transforming to focus on the mining and production of precious metals in China. Following the completion of the 2009 Acquisition and the Inner Mongolia Acquisition, the Group took steps which lay foundations for preparing JORC-compliant reports on mineral resources for the mines in Heilongjiang, the exploration permits in respect of which are held by Heilongjiang Zhongyi Weiye. Steps have also been taken with the objective of expanding the processing capacity of the PRC subsidiary which holds a gold-mining permit in respect of a mine located at Gouliang Town, Aohanqi, Inner Mongolia. The Company plans to issue in the future periodic updates on the Group's operations (excluding financial information) and programmes, so as to increase transparency and to provide Shareholders with information on its corporate development.

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 of the Group or important events affecting the Group which have occurred since the publication of the Company's annual report for the year ended 31 March 2009.

## **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.

## **FINANCIAL REVIEW**

For the year ended 31 March 2010, the Group recorded total turnover of approximately HK\$41,824,000 which comprises a turnover of (i) approximately HK\$23,705,000 from the sale of fuel oil and chemicals (year ended 31 March 2009: approximately HK\$21,817,000); and (ii) approximately HK\$18,119,000 from the sale of gold (year ended 31 March 2009: HK\$Nil). For the year ended 31 March 2009, the Group recorded a turnover of approximately HK\$9,518,000 from the sale of steel products. Total Group turnover increased by approximately 33% as compared to last year. Such increase was mainly attributable to the generation of turnover from the sale of gold. For the year ended 31 March 2010, the Group's net loss attributable to shareholders was approximately HK\$58,882,000 (year ended 31 March 2009: approximately HK\$9,764,000). The increase in the Group's net loss attributable to shareholders was mainly due to (i) the loss on early redemption of promissory note of approximately HK\$30,218,000 and (ii) the finance costs on convertible bonds and promissory note of approximately HK\$11,802,000, which are mainly arising from adopting the effective interest rate method on calculating the amortized cost of a debt instrument and of allocating interest expenses and (iii) the increase in general and administrative expenses, as additional manpower was recruited and deployed to develop the Group's precious metal business.



As at 31 March 2010, the Group recorded total assets of approximately HK\$1,249,396,000 (as at 31 March 2009: approximately HK\$315,650,000), and recorded total liabilities of approximately HK\$178,563,000 (as at 31 March 2009: approximately HK\$41,430,000). The Group's net asset value as at 31 March 2010 increased by 290.50% to approximately HK\$1,070,833,000 as compared to approximately HK\$274,220,000 as at 31 March 2009. The significant increase in the Group's net asset value was mainly attributable to the exploration and evaluation assets of approximately HK\$1,021,072,000 arising from the acquisition of Nice Think Group Limited.

## **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 2010,

- (i) 36,000,000, 24,000,000, 24,000,000, 12,000,000, 24,000,000 and 24,000,000 ordinary shares were issued upon the exercise of share options at an exercise price of HK\$0.05, HK\$0.12, HK\$0.125, HK\$0.136, HK\$0.137 and HK\$0.150 per share, respectively, giving rise to an aggregate net proceeds of approximately HK\$16,200,000; and
- (ii) 342,270,000 ordinary shares were issued by way of placing of existing shares and top-up subscription of new shares pursuant to (a) a placing agreement dated 14 October 2009 entered into between the Company, Mr. Leung Ngai Man ("Mr. Leung") and the placing agent, whereby the placing agent has agreed to place on a best effort basis, up to 342,270,000 ordinary shares to not less than six places at an issue price of HK\$0.25 per share, and (b) a subscription agreement dated 14 October 2009 entered into between the Company and Mr. Leung, whereby Mr. Leung has conditionally agreed to subscribe for up to 342,270,000 shares at a subscription price of HK\$0.25 per share; giving rise to an aggregate net proceeds of approximately HK\$84.2 million, which are intended to be used as general capital of the Group and to finance any possible acquisition plan of the Group in the future.

As at 31 March 2010, the Group had cash and bank balances of approximately HK\$216,030,000 (as at 31 March 2009: approximately HK\$230,232,000). As at 31 March 2010, the Group had outstanding borrowings of approximately HK\$152,442,000 (as at 31 March 2009: approximately Nil). Its gearing ratio calculated as a ratio of net debt to total equity was Nil (as at 31 March 2009: Nil). As at 31 March 2010, net current assets totalled approximately HK\$200,247,000 (as at 31 March 2009: approximately HK\$273,487,000) and the current ratio was maintained at a level of approximately 8.7 (as at 31 March 2009: approximately 7.6).

## **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 2010, the Group employed 53 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 2010:

### **(i) Code Provision A.2.1**

Pursuant to Code Provision A.2.1 of the Code, the roles of chairman and chief executive officer of listed issuers should be separate and should not be performed by the same individual. A former Chief Executive Officer ("CEO") of the Group resigned with effect from 22 February 2008. Subsequent to 22 February 2008 and up to 31 October 2009, the Company did not appoint any individual to fill in the post of chief executive officer and the responsibilities of the chief executive officer were performed by the Chairman. A chief executive officer (namely, Mr. Sung Kin Man) was appointed with effect from 1 November 2009.

### **(ii) Code Provision B.1.3(b)**

Pursuant to Code Provision B.1.3(b) of the Code, the Remuneration Committee should have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and senior management and make recommendations to the Board of the remuneration of non-executive Directors. However, for the year ended 31 March 2010, a salaried Executive Director was appointed and his remuneration was mutually agreed between the Chairman of the Board and that Executive Director. To ensure compliance with the Code, Remuneration Committee meeting will be held to determine remuneration packages of all executive Directors and any newly appointed Directors in the future.

### **(iii) 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 25 September 2009 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.

### **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. Having made specific enquiry with all Directors, the Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2010.

### **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 2010 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 2010 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at <http://www.sinoproper.com>. An annual report for the year ended 31 March 2010 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, 27 July 2010

*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, Mr. Wong Wa Tak and Mr. Yeung Kit and the independent non-executive directors of the Company are Mr. Cai Wei Lun, Mr. Chan Sing Fai and Dr. Leung Wai Cheung.*