Annual Report 2013

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)

Contents

Management Discussion & Analysis

On behalf of the board (the "Board") of directors (the "Director(s)") of Sino Prosper State Gold Resources Holdings Limited (the "Company"), the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2013 ("Reporting Period") are presented below.

OPERATIONAL REVIEW

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

Current Operations

Aohan Qi Mine, Inner Mongolia

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

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

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

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

Proposed Acquisitions and Connected Transactions

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

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

prepared by a domestic geological exploration institute at the request of the Target Company (as defined in the Company's announcement dated 30 December 2011). If consolidation and acquisition are completed, the potential economic value of the above metal and gold resources will increase significantly.

Proposed Acquisition of Treasure Join Limited

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

Money Lending Business

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

Development after the end of the Reporting Period

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

Outlook

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

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 Zhongyi-Weiye Project, in which certain details of the resources of certain mines as well as the exploration permits held by Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd. were disclosed.

Under Rule 18.15 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 on 7 June 2010 and up to the date of this annual report, there has not been any material change in the details of such resources other than the development as disclosed in page 2 of this annual report.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded total turnover of approximately HK$54,483,000 (year ended 31 March 2012: HK$50,287,000) which mainly comprises a turnover of (i) approximately HK$36,930,000 from the sales of gold (year ended 31 March 2012: HK$41,592,000); (ii) approximately HK$15,966,000 from the sales of gold concentrates and amalgam (year ended 31 March 2012: HK$8,261,000); and (iii) approximately HK$1,339,000 (year ended 31 March 2012: Nil) representing interest income from loan financing activities. Total Group's turnover increased by approximately 8% as compared to last year. Such increase was mainly attributable to the increase in sales of gold concentrates and amalgam and generation of interest income from loan financing activities which was partially offsetted by the decrease in sales of gold. During the Reporting Period, the Group's net loss attributable to owners of the Company was approximately HK$70,687,000 (year ended 31 March 2012: approximately HK$46,799,000). The increase in the Group's net loss attributable to owners of the Company was mainly due to (i) the decrease in other income and gains as the Group recorded gain on disposal of property, plant and equipment of approximately HK$9,680,000 and gain on disposal of subsidiaries of approximately HK$3,503,000 in the last financial year while no such gain was recorded during the Reporting Period; (ii) the increase in amortisation of mining rights of approximately HK$1,793,000 from the last financial year to approximately HK$7,065,000 in the Reporting Period; (iii) the increase in depreciation of property, plant and equipment recognised in consolidated statement of comprehensive income from approximately HK$5,153,000 in the last financial year to approximately HK$6,518,000 in the Reporting Period; and (iv) the increase in staff costs recognised in consolidated statement of comprehensive income from approximately HK$53,215,000 in the last financial year to approximately HK$57,563,000 in the Reporting Period.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

TREASURY POLICIES

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

CONTINGENT LIABILITIES

As at 31 March 2013 and 2012, the Group had no contingent liabilities.

CAPITAL COMMITMENTS

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

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

FOREIGN EXCHANGE EXPOSURE

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group employed 219 full-time employees in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and prevailing market prices. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

Directors' and Management Profile

Mr. LEUNG Ngai Man, 52, is the Chairman of the Group. He was appointed as an executive Director in 2001. Active in China since the 1980s, Mr. Leung has over two decades of experience in the areas of trading, investment, property development and management. Mr. Leung has an extensive network and relationship with numerous People's Republic of China ("PRC") companies and authorities. He is currently the Chairman and executive director of China Netcom Technology Holdings Limited ("China Netcom", stock code: 8071), the shares of which are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange.

Mr. SUNG Kin Man, 41, graduated from the University of Southern California and obtained a Bachelor's Degree of Science in Business Administration majoring in finance and minoring in marketing. Mr. Sung has been working in the finance industry and international capital markets in Hong Kong and other parts of Asia since 1994. He has extensive management experience and prior to his appointment at the Company, Mr. Sung was an executive director of UBS Securities Asia Ltd., responsible for business in Greater China and had been a director of Global Equity of Merrill Lynch Asia Inc. from 2005 to 2007.

Mr. YEUNG Kit, 50, joined the Group in 2001 and was appointed as an executive Director in 2002. Mr. Yeung is a Director of Konrich (Asia) Limited, Sino Prosper Medical Technology Limited, and Sino Prosper Coal Mining Investment Limited, all being wholly-owned subsidiaries of the Company. Mr. Yeung has over a decade of experience in banking and finance, and nearly two decades of experience in China trade and investment.

Mr. NG Kwok Chu, Winfield, 54, joined the Group as an executive Director in 2009. Mr. Ng has over 24 years' experience in consumer and commercial finance in the markets of Hong Kong and the PRC. Mr. Ng is an executive director of China Netcom and an independent non-executive director of China Uptown Group Company Limited (stock code: 2330, whose shares are listed on GEM). Mr. Ng was an independent non-executive director of Long Success International (Holdings) Limited (stock code: 8017, whose shares are listed on GEM) during the period from January 2006 to October 2012.

Mr. CAI Wei Lun, 57, joined the Group in June 2004 and was appointed as an independent non-executive Director in June 2004. Mr. Cai has over two decades of experience in China property. Mr. Cai is also an independent non-executive director of China Netcom.

Mr. NIU Zhihui, 41, was appointed as an independent non-executive Director in November 2012. In November 2012, Mr. Niu was also appointed as an independent non-executive director of China Netcom.

Mr. Niu graduated from Dongbei University of Finance and Economics in the Liaoning Province, the PRC, with a Bachelor's Degree in Finance. He is a PRC Certified Public Accountant. Mr. Niu has worked in a state-owned bank in the PRC and several accounting firms. He has a profound understanding on the laws of the PRC in relation to accounting and taxation and financial policy and accumulated extensive working experience in finance and accounting.

Directors' and Management Profile

Mr. ZHANG Qingkui, 45, joined the Group in 2011 and was appointed as an independent non-executive Director. Mr. Zhang graduated from the Faculty of Geology of China University of Mining and Technology in 1991 with a Bachelor's degree in water engineering and graduated from China University of Geosciences in 2004 with a Postgraduate's degree in geology. He has successively obtained the titles of and worked as assistant geology engineer, engineer and senior engineer. From 1995 to now, Mr. Zhang has worked with Liaoning Provincial Institute of Geological Exploration, mainly involving in the geological exploration of mines. Mr. Zhang has outstanding achievements in search for mines by geological means, discovering many mines such as Jinchanggou gold mine in Pulandian City, Muyufang gold mine in Zhuanghe City of Liaoning Province, Liangtun gold mine in Gaixian of Liaoning Province, Dalashan iron-copper mine in Zhuanghe City of Liaoning Province, Banzhagou gold mine in Chaoyang City of Liaoning Province, Bayan Huxu medium-sized nickel mine in Xi Ujimqin Qi of Inner Mongolia and Dashishan copper-lead-zinc mine in Keqi of Inner Mongolia etc., and these mines have made contribution to the local economy. In 2004, Mr. Zhang established the project department for market expansion in active response to the request of Liaoning Provincial Institute of Geological Exploration and cooperated with the local mining company, taking charge of many general survey and detailed survey projects. In 2008, Mr. Zhang was in charge of the "Four-Regional Geological Survey Project of 1314.4 Highlands in Inner Mongolia*" (內蒙古1314.4高地等四幅區域地質調查項目) and "Four-Regional Geological Survey Project of 1:50,000 Toudaoqiao of Inner Mongolia*" (內蒙古頭道橋等四幅1：5萬區域地質調查項目) organized by China Geological Survey. Such project is a subproject of a metallogenic belt survey project in the Greater Khingan Range and gets satisfactory initial achievements after checking and accepting by Northeast Project Office of China Geological Survey.

* for identification purpose only

MANAGEMENT

Ms. WU Wei Hua, aged 42, joined the Group in 1996. Ms. Wu is the Finance Director of the Group in the PRC. Ms. Wu holds a Bachelor's degree in Textile Engineering from Donghua University in the PRC. She has over 17 years of accounting experience.

Mr. LEE Kai Yat, Jackie, 32, joined the Group as Financial Controller in 2011. Mr. Lee graduated from the University of British Columbia with a Bachelor of Commerce Degree majoring in finance and accounting. Prior to joining the Group, he was employed at KPMG, an international accounting firm, from 2003 to 2010. Mr. Lee is a member of the Association of Chartered Certified Accountants.

Mr. LEUNG Kar Fai, aged 34, joined the Group as Chief Geologist in 2012. Mr. Leung graduated with Honours with a Bachelor's Degree of Science (majoring in Earth Sciences) and a Master of Philosophy Degree in Earth Sciences, both from The University of Hong Kong. He first started his career with Inco in 2004 as an exploration geologist. In 2007, he then joined Vale where he focused on projection generations for nickel and copper mineralizations and management for geological, geochemical and geophysical surveys. In 2010, he joined Behre Dolbear as a technical representative for the Asia-Pacific region, based in the Hong Kong office. He is the author of numerous technical publications related to geologic structures in the PRC. He is a member of the Australasian Institute of Mining and Metallurgy and Geological Society of Hong Kong and is a founding member and Chairman of the Hong Kong Mining Investment Professionals Association.

Ms. CHIU Ngan Ling Annie, 45, joined the Group as Company Secretary in 2006. Ms. Chiu holds a Bachelor's Degree in Arts majoring in Accountancy and a Master's Degree in Corporate Governance from the Hong Kong Polytechnic University. She has over two decades of experience in auditing, accounting, finance and company secretarial administration. She is a fellow member of The Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants, and an associate member of The Institute of Chartered Secretaries and Administration of London and The Hong Kong Institute of Chartered Secretaries.

Corporate Governance Report

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 from 1 January 2012, 1 April 2012 or 31 December 2012 respectively.

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

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

Revised Code Provision A.5.1

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

Revised Code Provision E.1.2

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

Independence of Mr. Cai Wei Lun

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

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

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

The Board noted that (which is also disclosed in the Company's interim report for the six months ended 30 September 2012 dated 28 November 2012), options ("Options") were granted by the Company to Mr. Cai to subscribe for (i) 340,000 shares in the Company ("Shares") pursuant to the Company's old share option scheme (which was adopted by the Company on 25 April 2002 and terminated on 20 April 2012) ("Old Share Option Scheme"); and (ii) 7,700,000 Shares pursuant to the Company's current share option scheme (which was adopted and approved by the Shareholders on 20 April 2012) ("New Share Option Scheme").

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

In order to rectify the situation, on 23 May 2013, Mr. Cai agreed with the Company to cancel the Options granted to him in respect of the rights to subscribe Shares under both the Old Share Option Scheme and the New Share Option Scheme. The cancellation would decrease Mr. Cai's holding of total issued share capital of the Company to nil. Please refer to the Company's announcement of 23 May 2013 for details.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

The composition of the Board during the Reporting Period and up to the date of this annual report is as follows:

Executive Directors

Mr. Leung Ngai Man *(Chairman)*
Mr. Sung Kin Man *(Chief Executive Officer)*
Mr. Ng Kwok Chu, Winfield
Mr. Yeung Kit

Independent Non-Executive Directors

Mr. Niu Zhihui
(appointed on 6 November 2012)
Dr. Leung Wai Cheung
(resigned on 6 November 2012)
Mr. Cai Wei Lun
Mr. Zhang Qingkui

The biographical details of the current Directors are set out on pages 7 to 8 of this annual report. The Board possesses a balance of skills and experience which is appropriate for the requirements of the business of the Group. The opinions raised by the independent non-executive Directors in the Board meetings facilitate the maintenance of good corporate governance practices. A balanced composition of executive Directors and independent non-executive Directors also provides a strong independent element on the Board, which allows for independent and objective decision making in the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent during the Reporting Period and up to the date of this report.

As at the date of this annual report, there is no financial relationship between any of the Directors and the members of the senior management, nor is there any business, family or other material or relevant relationships among the members of the Board.

BOARD MEETINGS

It is intended that regular Board meetings should be held at least four times a year, at approximately quarterly intervals to discuss and formulate the overall strategies of the Group, to approve annual and interim results, as well as to review the business operation and the internal control system of the Group. The meeting schedule is fixed at the beginning of each year. Apart from these regular Board meetings, the Board will meet on other occasions when a board-level decision on a particular matter is required, such as material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the power to oversee the daily operational matters of the Group to senior management under the supervision of the Board.

During the Reporting Period, 18 Board meetings were held and the individual attendance of Directors is set out below:–

	Attendance
Executive Directors	
Mr. Leung Ngai Man	14/18
Mr. Sung Kin Man	15/18
Mr. Ng Kwok Chu, Winfield	15/18
Mr. Yeung Kit	16/18
Independent Non-Executive Directors	
Mr. Niu Zhihui (appointed on 6 November 2012)	6/7
Dr. Leung Wai Cheung (resigned on 6 November 2012)	9/11
Mr. Cai Wei Lun	18/18
Mr. Zhang Qingkui	15/18

The Directors attended Board meetings in person or through electronic means in accordance with the Articles.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills. From time to time, the Directors are provided with written training materials to develop and refresh their professional skills.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Revised Code on continuous professional development during the Reporting Period:

	Corporate Governance/ Updates on Laws, Rules & Regulations		**Accounting/ Finance/Management/ Other Professional Skills**	
Directors	**Read Materials**	**Attended Seminars/ Briefings**	**Read Materials**	**Attended Seminars/ Briefings**
Executive Directors				
Mr. Leung Ngai Man		✓	✓	
Mr. Sung Kin Man	✓	✓		✓
Mr. Ng Kwok Chu, Winfield		✓	✓	
Mr. Yeung Kit		✓	✓	
Independent Non-Executive Directors				
Mr. Niu Zhihui (appointed on 6 November 2012)	✓			✓
Dr. Leung Wai Cheung (resigned on 6 November 2012)	✓	✓	✓	✓
Mr. Cai Wei Lun	✓		✓	
Mr. Zhang Qingkui	✓			✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer (the "CEO"). The Chairman determines the board strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. The CEO, with support of the executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group. The Chairman is Mr. Leung Ngai Man and the CEO is Mr. Sung Kin Man throughout the Reporting Period.

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee.

The Board is empowered under the Articles to appoint any person as a Director either to fill a casual vacancy or as an additional member of the Board. New Directors appointed by the Board must retire and be re-elected at the first general meeting after his appointment under the requirements of the Articles.

The selection criteria of new Directors are mainly based on the professional qualification and experience of the candidate for directorship. Nomination procedure has been in place, pursuant to which (i) an interview/meeting will be conducted with the candidates for Directors; and (ii) Board meeting may be held to consider and if thought fit, to approve the appointment of the new Directors. The Chairman of the Board is responsible for nominating any suitable person to join the Board if considered necessary, such nomination will have to be approved by the Board.

On 26 March 2012, a policy statement ("Policy Statement") of the Board regarding nomination of Directors and senior officers, was adopted by the Board. Under the Policy Statement, the functions reserved by the Board on nomination matters included, among others, (a) to review and assess the performance of the Directors and the independence of independent non-executive Directors in relation to their appointment or reappointment as Directors; and (b) to review at least annually the structure, size and composition (including the skills, knowledge and experience) of the Board and to consider and (if necessary) make changes to complement the Company's corporate strategy.

REMUNERATION COMMITTEE

The Remuneration Committee was established with its terms of reference prepared in accordance with the provisions set out in the Code. The roles and functions of the Remuneration Committee is to make recommendation to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance, having regard to the interests of shareholders of the Company. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all executive Directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No Director or any of his associates should be involved in any decision as to his own remuneration.

During the Reporting Period, 3 Remuneration Committee meetings were held and the individual attendance of its members is set out below:–

		Attendance
Independent Non-Executive Directors		
Mr. Niu Zhihui	Chairman (appointed on 6 November 2012)	0/1
Dr. Leung Wai Cheung	Chairman (resigned on 6 November 2012)	1/2
Mr. Cai Wei Lun	Member	3/3
Mr. Zhang Qingkui	Member	3/3
Executive Directors		
Mr. Leung Ngai Man	Member	3/3
Mr. Sung Kin Man	Member	2/3

To keep the Remuneration Committee's terms of reference in line with the Amendments, the Board adopted new terms of reference of the Remuneration Committee with effect from 1 April 2012.

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.

During the Audit Committee meetings, members of the Audit Committee reviewed the Group's annual results for the last financial year and interim results for the six months period ended 30 September 2012, and reviewed the internal control system of the Group. Both aforesaid meetings were held with representatives of the Company's auditors being in attendance.

To keep the Audit Committee's terms of reference in line with the Amendments, the Board adopted new terms of reference of the Audit Committee with effect from 1 April 2012.

During the Reporting Period, 2 Audit Committee meetings were held and the individual attendance of its members is set out below:–

		Attendance
Independent Non-Executive Directors		
Mr. Niu Zhihui	Chairman (appointed on 6 November 2012)	0/0
Dr. Leung Wai Cheung	Chairman (resigned on 6 November 2012)	2/2
Mr. Cai Wei Lun	Member	2/2
Mr. Zhang Qingkui	Member	1/2

The accounts for the year ended 31 March 2013 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be re-appointed as the auditors of the Company at the forthcoming annual general meeting.

AUDITORS' REMUNERATION

During the Reporting Period, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

Services rendered	Fees paid/payable (HK$'000)
Audit services	1,180
Non-audit services relating to review on financial disclosures of interim financial report	238

ACCOUNTABILITY

The Directors acknowledge their responsibility for preparing the accounts for the Reporting Period which are prepared in accordance with statutory requirements and applicable accounting standards. The Company's auditors acknowledge their reporting responsibilities in the independent auditors' report on the consolidated financial statements for the Reporting Period.

There were no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for the Reporting Period.

INTERNAL CONTROLS

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management system, which is designed to provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Group has in place an effective internal control system which encompasses sound control environment, appropriate segregation of duties, well-defined policies and procedures, close monitoring and is reviewed and enhanced by the management at regular intervals.

The Group is committed to maintaining and upholding good corporate governance practices and internal control system. The Group has engaged external consultants, CT Partners Consultants Limited, to conduct an annual review of the mining business in Inner Mongolia Autonomous Region, operation in Dalian, and Hong Kong head office under COSO Framework, and make recommendations for improvement and strengthening of the internal control system. In respect of the Reporting Period, the Board considered the internal control system effective and adequate. No significant areas of concern which might affect shareholders were identified.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an extraordinary general meeting ("EGM")

Pursuant to the Articles of Association of the Company, one or more Shareholders ("Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition.

If the Directors fail to proceed to convene such meeting within 21 days of such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary whose main address is Units 1702-04, 17/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for Putting forward Proposals at a General Meeting

Pursuant to the Articles of Association of the Company, to put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her proposal ("Proposal") with his/her detailed contact information at the Company's principal place of business in Hong Kong at Units 1702-04, 17th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The Proposal must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution, signed by all the Shareholders concerned. The Proposal may consist of several documents in like form (which between them contain the signatures of all the Shareholders concerned).

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(a) At least 14 days' notice in writing if the Proposal is subject to approval by way of an ordinary resolution of the Company;

(b) At least 21 days' notice in writing if the Proposal is subject to approval by way of a special resolution of the Company in an extraordinary general meeting of the Company or an ordinary resolution of the Company in an annual general meeting of the Company.

Directors' Report

The Board of (the "Board") of Directors (the "Director(s)") of Sino Prosper State Gold Resources Holdings Limited (the "Company") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2013 ("Reporting Period").

PRINCIPAL ACTIVITIES

During the last financial year, the principal activity of the Company is investment holding. The principal activities of the Group are investment holding, investment in energy and natural resources (including precious metals) related projects in the PRC and loan financing activities. Details of the subsidiaries are set out in note 17 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the Reporting Period and the state of affairs of the Group as at that date are set out on pages 28 to 110 of this annual report.

The Directors do not recommend payment of any dividend in respect of the Reporting Period.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 111 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the Reporting Period are set out in notes 28 and 29 respectively, to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out on page 32 and in note 30 to the consolidated financial statements, respectively.

Under the Companies Law of the Cayman Islands, share premium as received in the share premium account is distributable to shareholders of the Company provided that immediately following the distribution or payment of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 March 2013, the reserves of the Company available for distribution to shareholders amounted to approximately HK$1,224,090,000 (2012: approximately HK$1,278,582,000).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 98.66% of the total sales for the year and sales to the largest customer included therein amounted to 51.55%. Purchases from the Group's five largest suppliers accounted for 97.48% of the total purchases for the year and purchases from the largest supplier included therein amounted to 87.21%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's largest customer or supplier.

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors:

Mr. Leung Ngai Man *(Chairman)*
Mr. Sung Kin Man *(Chief Executive Officer)*
Mr. Ng Kwok Chu, Winfield
Mr. Yeung Kit

Independent Non-Executive Directors:

Mr. Niu Zhihui
(appointed on 6 November 2012)
Dr. Leung Wai Cheung
(resigned on 6 November 2012)
Mr. Cai Wei Lun
Mr. Zhang Qingkui

In accordance with Article 108(A) of the articles of association ("Articles") of the Company, Mr. Yeung Kit, an executive Director and Messrs Cai Wei Lun and Zhang Qingkui, both being independent non-executive Directors, will retire from their office of Directors by rotation at the forthcoming annual general meeting ("Annual General Meeting") of the Company. Being eligible, Messrs Cai Wei Lun and Zhang Qingkui will offer themselves for re-election as Directors. Mr. Yeung Kit, though being eligible, will not offer himself for re-election because he would like to spend more time in pursuing his own business development.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 7 to 9 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Leung Ngai Man entered into a service contract with the Group for an initial term of one year commencing from 3 September 2010 which was automatically renewable for the successive terms of one year but not more than an aggregate of three years from the date of initial commencement, unless terminated by either party giving not less than three months' notice in writing to the other party.

Mr. Sung Kin Man entered into a service contract with the Group on 4 November 2009 without a definite term of appointment, and may be terminated by either party giving not less than three month's notice in writing to the other party.

Mr. Ng Kwok Chu, Winfield entered into a service contract with the Group on 25 June 2012 for an initial term of two years commencing from 26 June 2012, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Yeung Kit entered into a service contract with the Group on 25 April 2013 for an initial term of two years commencing from 1 January 2013, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing served by either party on the other. As disclosed above, Mr. Yeung will not offer himself for re-election as a Director in the Annual General Meeting.

Mr. Cai Wei Lun signed an appointment letter with the Group on 31 March 2012 for an initial term of two years commencing from 1 April 2012, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Zhang Qingkui signed an appointment letter with the Group on 31 January 2013 for an initial term of two years commencing from 31 January 2013, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Niu Zhihui has signed an appointment letter with the Group on 6 November 2012 for an initial term of 1 year commencing from 6 November 2012, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

None of the Directors proposed for re-election at the Annual General Meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Details of the related party transactions are set out in note 37 to the consolidated financial statements.

Save as disclosed above and the acquisition agreements as mentioned in note 23 to the consolidated financial statements (namely, (i) the proposed acquisition by the Group from Mr. Leung Ngai Man ("Mr. Leung" or the "Vendor") of the equity and loan interests in Success State Development Limited at a consideration of RMB550 million; and (ii) the proposed acquisition by the Group from Mr. Leung of the equity interest of Treasure Join Limited at a maximum consideration of HK$850 million), no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year, nor are there any other connected transactions which are subject to reporting or announcement requirements under the Listing Rules.

Deposits paid to Mr. Leung Ngai Man

As disclosed in note 23 to the consolidated results of the Company as contained in this annual report, the Vendor (i.e. Mr. Leung) was paid by the Group refundable deposits (together the "Refundable Deposits") of (i) HK$200 million for the proposed acquisition of the entire interest in Treasure Join Limited; and (ii) RMB$120 million for the proposed acquisition of the entire equity interest of Success State Development Limited. Such Refundable Deposits were paid to Mr Leung a few days after the respective acquisition agreements were entered into between the parties. Please refer to the Company's announcements dated 30 December 2011 and 21 December 2012 respectively for the brief details of the above acquisition agreements. The Directors considered that the Refundable Deposits were paid to secure the Vendor's agreement to enter into the acquisition agreements, so that the Vendor would not agree to sell to other party(ies) the projects concerned. The Directors are of the view that it was not the intention of the Company to give financial assistance to the Vendor under or in connection with the proposed acquisitions, and the Refundable Deposits should not be construed as financial assistance to the Vendor under the Listing Rules.

During the Reporting Period, the Group paid to Mr. Leung the Refundable Deposits in respect of the proposed acquisition of Treasure Join Limited as well as the remunerations to which Mr. Leung under the service agreement made by the Company with him as an executive Director. No other monies were paid or advanced nor financial assistance were given by the Group to Mr. Leung during the Reporting Period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:–

(i) Interests and Short Positions in Shares of the Company ("Shares") as at 31 March 2013

Name	**Capacity**	**Number of ordinary shares** *(Note 1)*	**Approximate percentage of total issued shares** *(Note 2)*
Executive Director:			
Leung Ngai Man	Beneficial owner	213,663,000 (L) *(Note 3)*	27.54%

Notes:

1. The letter "L" represents the Director's long position in the Shares of the Company.

2. This percentage is calculated on the basis of 775,787,497 Shares in issue as at 31 March 2013 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any options which remained outstanding as at 31 March 2013.

3. These 213,663,000 Shares were attributable to Mr. Leung Ngai Man. Among these shares, (a) 212,863,000 Shares were beneficially owned by Mr. Leung Ngai Man; and (b) 800,000 Shares represented underlying Shares for which Mr. Leung was entitled to subscribe upon exercise of certain options granted to him under the Old Share Option Scheme.

Directors' Report

(ii) Interests and Short Positions in Underlying Shares as at 31 March 2013

Name	Capacity	Number of underlying Shares	Approximate percentage of total issued Shares *(Note 1)*
Leung Ngai Man	Beneficial owner	800,000 *(Note 2)*	0.10%
Sung Kin Man	Beneficial owner	7,000,000 *(Note 3)*	0.90%
Yeung Kit	Beneficial owner	640,000 *(Note 4)*	0.08%
Cai Wei Lun	Beneficial owner	8,040,000 *(Note 5)*	1.04%
Zhang Qingkui	Beneficial owner	7,700,000 *(Note 6)*	0.99%
Wu Wei Hua	Beneficial owner	8,800,000 *(Note 7)*	1.13%

Notes:

1. This percentage is calculated on the basis of 775,787,497 Shares in issue as at 31 March 2013 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any options which remained outstanding as at 31 March 2013.

2. Share options carrying rights to subscribe for 8,000,000 Shares were granted to Mr. Leung Ngai Man on 3 January 2005 pursuant to the Old Share Option Scheme. 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 then 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$0.1 per share (the "Share Consolidation"). Every 10 of the then options were consolidated into 1 consolidated option and the exercise prices were adjusted accordingly.

3. Share options carrying rights to subscribe for 10,000,000 and 60,000,000 Shares were granted to Mr. Sung Kin Man on 4 May 2010 and 27 January 2012, respectively pursuant to the Old Share Option Scheme, which has been adjusted by the Share Consolidation as stated in Note 2 above.

4. Share options carrying rights to subscribe for 1,400,000 and 6,600,000 Shares were granted to Mr. Yeung Kit on 1 November 2004 and 12 January 2005, respectively pursuant to the Old Share Option Scheme. Mr. Yeung Kit exercised 1,600,000 share options on 7 February 2006 and, which has been adjusted by the Share Consolidation as stated in Note 2 above. As at 31 March 2013, he had 640,000 outstanding share options.

5. Share options carrying rights to subscribe for 3,400,000 Shares were granted to Mr. Cai Wei Lun on 8 May 2006 pursuant to the Old Share Option Scheme, which has been adjusted by the Share Consolidation as stated in Note 2 above.

   Share options carrying rights to subscribe for 7,700,000 Shares were granted to Mr. Cai Wei Lun on 26 April 2012 pursuant to the New Share Option Scheme.

   In order to ensure Mr. Cai's independence as an independent non-executive Director under the Listing Rules, all share options granted to Mr. Cai were cancelled on 23 May 2013, a date falling after the Reporting Period. For details, please refer to page 11 of this annual report.

6. Share options carrying rights to subscribe for 7,700,000 Shares were granted to Mr. Zhang Qingkui on 26 April 2012 pursuant to the New Share Option Scheme.

7. Share options carrying rights to subscribe for 3,000,000 Shares, 8,000,000 Shares and 60,000,000 Shares were granted to Ms. Wu Wei Hua on 8 May 2006, 4 May 2010 and 27 January 2012, respectively pursuant to the Old Share Option Scheme, which has been adjusted by the Share Consolidation as stated in Note 2 above.

   Share options carrying rights to subscribe for 1,700,000 Shares were granted to Ms. Wu Wei Hua on 24 September 2012 pursuant to the New Share Option Scheme.

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain Directors in trust for the Group, as at 31 March 2013, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares" and "Share Option Scheme" of this annual report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in and debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period and up to the date of the annual report, Mr. Leung Ngai Man (the Chairman of the Board, an executive Director and a substantial Shareholder) is a substantial shareholder of China Netcom Technology Holdings Limited (stock code: 8071) ("China Netcom"). Mr. Ng Kwok Chu, Winfield is also an executive director of China Netcom. One of the principal activities of China Netcom and its subsidiaries is exploration of mining resources business in the PRC, which is in actual or potential competition with the mining business of the Group. However, the subsidiary, whose principal activity is exploration of mining resources business, was disposed by China Netcom in July 2012.

Save as disclosed above, during the year and up to the date of this annual report, no Director and his associates are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses of which the Directors were nominated and appointed as directors and/or senior management to represent the interests of the Company and/or the Group.

ANNUAL CONFIRMATIONS FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange. The Company considers that all of the independent non-executive Directors are independent.

Regarding the Directors' view of the independence of Mr. Cai Wei Lun, please refer to page 11 of this annual report.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AS AT 31 MARCH 2013

As at 31 March 2013, the interests or short positions of persons, other than a Director or the chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, and so far as was known to the Directors or chief executive of the Company, were as follows:

Name of Shareholder	Capacity	Number of ordinary Shares *(Note 1)*	Approximate percentage of shareholding *(Note 2)*
Matterhorn Investment Management (Asia) Limited	Investment manager *(Note 3)*	54,645,300 (L)	7.04%
Somercourt Investments Limited	Nominee for another person (other than a bare trustee) *(Note 4)*	54,645,300 (L)	7.04%
Somercourt Services	Interest of a controlled corporation	54,645,300 (L)	7.04%
George Robinson	Interest of a controlled corporation	54,645,300 (L)	7.04%

Notes:

1. The letter "L" represents the entity's long position in the Shares of the Company.

2. This percentage is calculated on the basis of 775,787,497 Shares in issue as at 31 March 2013 but does not take into account of any Shares which may fall to be allotted and issued upon the exercise of any options which remained outstanding as at 31 March 2013.

3. Matterhorn Investment Management (Asia) Limited was appointed as non-beneficial discretionary investment manager to Somercourt Investments Limited.

4. Somercourt Investments Limited was interested in 54,645,300 Shares of the Company. It was a wholly owned subsidiary of Somercourt Services which in turn was 69.05% controlled by George Robinson.

Save as disclosed above, as at 31 March 2013, no person, other than the Directors whose interests are set out in the section headed "Directors' interests and short positions in Shares and Underlying Shares" above, had interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

EMOLUMENT POLICY

The Group's emolument policy, including salaries and bonuses, are in line with the local practices where the Company and its subsidiaries operate, and is reviewed and determined by the Directors regularly with reference to the duties, responsibility and performance of individual employees, the legal framework and the market conditions.

The emolument of the Directors is subject to review by the Remuneration Committee of the Board. Their emoluments are determined with reference to their roles and responsibilities in the Group and the prevailing market conditions.

Details of Directors' and employees' emoluments are set out in notes 10, 11 and 12, respectively to the consolidated financial statements.

SHARE OPTION SCHEME

The Old Share Option Scheme was adopted by the Company on 25 April 2002 to grant share options to eligible participants for the purpose of providing incentives and rewards to those who contribute to the success of the Group's operations. As the Old Share Option Scheme would expire on 15 May 2012, the Old Share Option Scheme was terminated and the New Share Option Scheme was adopted by the Company on 20 April 2012. The terms of the New Share Option Scheme largely follow those of the Old Share Option Scheme, and the New Share Option Scheme will expire on 20 April 2022. Details of the two share option schemes are set out in note 29 to the consolidated financial statements.

Details of the Company's share option scheme are set out in note 29 to the consolidated financial statements.

As at 31 March 2013, the Company had 91,660,000 share options outstanding under the share option scheme, which represented 11.82% of the shares in issue as at 31 March 2013. No share options has been exercised during the year.

CONTRACT OF SIGNIFICANCE

Saved as disclosed in this annual report, during the Reporting Period, the Group did not enter into any contract of significance with the controlling Shareholder or any of its subsidiaries, nor was there any contract of significance for the provision of services to the Group by the controlling Shareholder or any of its subsidiaries.

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

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

During last financial year, the Company repurchased a total of 101,970,000 shares of HK$0.01 each at a total consideration of approximately HK$16,571,000. The highest and lowest prices paid for such repurchases are HK$0.214 and HK$0.115 per share of HK$0.01 each, respectively.

MATERIAL ACQUISITIONS OR DISPOSALS

Saved as disclosed in this annual report, there were no material acquisitions or disposals of subsidiaries or associates during the Reporting Period.

TAXATION RELIEF

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float during the Reporting Period.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

AUDIT COMMITTEE'S REVIEW

The annual results of the Group for the Reporting Period have been reviewed by the Audit Committee.

AUDITORS

The accounts for the year ended 31 March 2013 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the Annual General Meeting. The accounts for the years ended 31 March 2011 and 2012 were audited by HLB Hodgson Impey Cheng. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years.

On behalf of the Board
Leung Ngai Man
Chairman

Hong Kong, 24 May 2013

Independent Auditors' Report

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
SINO PROSPER STATE GOLD RESOURCES HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sino Prosper State Gold Resources Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 28 to 110, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447

Hong Kong, 21 May 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	5	54,483	50,287
Cost of sales		(51,718)	(49,020)
Gross profit		2,765	1,267
Other income and gains	7	10,357	25,997
General and administrative expenses		(91,750)	(78,400)
Finance costs	8	–	(19)
Loss before tax		(78,628)	(51,155)
Income tax credit/(expense)	9	1,038	(566)
Loss for the year	10	(77,590)	(51,721)
Other comprehensive income			
Exchange differences on translating foreign operations		9,015	47,799
Reclassification adjustment relating to foreign operation disposed of during the year		–	(2,651)
Other comprehensive income for the year, net of income tax		9,015	45,148
Total comprehensive expense for the year		(68,575)	(6,573)
Loss attributable to:			
Owners of the Company		(70,687)	(46,799)
Non-controlling interests		(6,903)	(4,922)
		(77,590)	(51,721)
Total comprehensive expense attributable to:			
Owners of the Company		(62,515)	(6,266)
Non-controlling interests		(6,060)	(307)
		(68,575)	(6,573)
Loss per share	14		
Basic and diluted (HK cents per share)		(9.11)	(6.08)

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	16	104,116	79,437
Mining rights	18	141,419	147,531
Exploration and evaluation assets	19	1,151,082	1,139,157
Goodwill	20	94,177	93,547
		1,490,794	1,459,672
Current assets			
Inventories	21	9,244	16,054
Loans receivables	22	15,632	–
Prepayments, deposits and other receivables	23	358,641	161,243
Bank balances and cash	24	186,499	477,218
		570,016	654,515
Current liabilities			
Other payables and accruals		26,837	24,648
Amount due to a non-controlling interest of a subsidiary	25	9,205	9,140
Tax payable		979	–
		37,021	33,788
Net current assets		532,995	620,727
Total assets less current liabilities		2,023,789	2,080,399
Non-current liabilities			
Provision for restoration costs	26	393	390
Deferred tax liabilities	27	35,194	36,723
		35,587	37,113
Net assets		1,988,202	2,043,286
Capital and reserves			
Share capital	28	77,579	77,579
Reserves		1,787,679	1,836,703
Equity attributable to owners of the Company		1,865,258	1,914,282
Non-controlling interests		122,944	129,004
Total equity		1,988,202	2,043,286

The consolidated financial statements were approved and authorized for issue by the board of directors on 21 May 2013 and are signed on its behalf by:

Leung Ngai Man	Ng Kwok Chu, Winfield
Director	*Director*

Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Investments in subsidiaries	17	656,554	656,554
Current assets			
Amounts due from subsidiaries	17	873,460	923,859
Bank balances		29,611	121
		903,071	923,980
Current liabilities			
Accruals		2,032	1,389
Amounts due to subsidiaries	17	158,823	139,374
		160,855	140,763
Net current assets		742,216	783,217
Net assets		1,398,770	1,439,771
Capital and reserves			
Share capital	28	77,579	77,579
Reserves	30	1,321,191	1,362,192
Total equity		1,398,770	1,439,771

Leung Ngai Man	Ng Kwok Chu, Winfield
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company										
	Share capital 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	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 year	–	–	–	–	–	–	–	(46,799)	(46,799)	(4,922)	(51,721)
Other comprehensive income for the year	–	–	–	–	40,533	–	–	–	40,533	4,615	45,148
Total comprehensive income/(expense) for the year	–	–	–	–	40,533	–	–	(46,799)	(6,266)	(307)	(6,573)
Issue of new ordinary shares *(Note 28 (i))*	11,000	407,000	–	–	–	–	–	–	418,000	–	418,000
Transaction costs attributable to issue of new ordinary shares	–	(18,464)	–	–	–	–	–	–	(18,464)	–	(18,464)
Recognition of equity-settled share-based payments	–	–	6,664	–	–	–	–	–	6,664	–	6,664
Repurchase of ordinary shares *(Note 28 (ii))*	(1,020)	(16,571)	–	–	–	1,020	–	–	(16,571)	–	(16,571)
Transaction costs attributable to repurchase of ordinary shares	–	(114)	–	–	–	–	–	–	(114)	–	(114)
Balance at 31 March 2012	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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Warrants reserve 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 2012	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 year	–	–	–	–	–	–	–	–	(70,687)	(70,687)	(6,903)	(77,590)
Other comprehensive income for the year	–	–	–	–	–	8,172	–	–	–	8,172	843	9,015
Total comprehensive income/(expense) for the year	–	–	–	–	–	8,172	–	–	(70,687)	(62,515)	(6,060)	(68,575)
Recognition of equity-settled share-based payments	–	–	–	12,071	–	–	–	–	–	12,071	–	12,071
Issue of unlisted warrants *(Note 31)*	–	–	1,520	–	–	–	–	–	–	1,520	–	1,520
Transaction costs attributable to issue of unlisted warrants	–	–	(100)	–	–	–	–	–	–	(100)	–	(100)
Balance at 31 March 2013	77,579	1,619,430	1,420	82,021	12,640	113,336	1,020	249,089	(291,277)	1,865,258	122,944	1,988,202

Notes:

(i) Other reserve represents the difference between the consideration paid for the additional interests in a subsidiary and the non-controlling interests' share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the non-controlling interests.

(ii) Capital redemption reserve represents the nominal value of the share capital of the Company repurchased and canceled.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Loss for the year		(77,590)	(51,721)
Adjustments for:			
Income tax (credit)/expense recognized in profit or loss		(1,038)	566
Finance costs recognized in profit or loss		–	19
Interest income on bank deposits		(8,425)	(9,598)
Loss/(gain) on disposal of property, plant and equipment		7	(9,680)
Gain on disposal of subsidiaries	34	–	(3,503)
Depreciation of property, plant and equipment		6,518	5,153
Amortization of mining rights		7,065	1,793
Provision for impairment of other receivables		–	3,606
Impairment loss of inventories		250	717
Expense recognized in respect of equity-settled share-based payments		12,071	6,664
		(61,142)	(55,984)
Movements in working capital			
Decrease/(increase) in inventories		6,560	(9,956)
Increase in loans receivables		(15,632)	–
Decrease/(increase) in trade and other receivables		136	(6,272)
Decrease in amount due from a non-controlling interest of a subsidiary		–	1
Increase in trade and other payables		2,418	5,304
Increase in amount due to a non-controlling interest of a subsidiary		3	–
Decrease in amounts due to related companies		–	(337)
Cash used in operations		(67,657)	(67,244)
Interest paid		–	(19)
Net cash used in operating activities		(67,657)	(67,263)
Cash flows from investing activities			
Interest received on bank deposits		10,891	6,924
Payments for property, plant and equipment		(30,974)	(30,160)
Proceeds from disposal of property, plant and equipment		460	36,237
Deposit paid for acquisition of subsidiaries		(200,000)	(144,740)
Payments for exploration and evaluation assets		(4,226)	(16,537)
Net cash inflow on disposal of subsidiaries	34	–	282
Net cash used in investing activities		(223,849)	(147,994)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from financing activities			
Proceeds from issue of new ordinary shares	28	–	418,000
Payment for transaction costs attributable to issue of new ordinary shares		–	(18,464)
Proceed from issue of unlisted warrants	31	1,520	–
Payment for transaction costs attributable to issue of unlisted warrants		(100)	–
Payment for repurchase of ordinary shares	28	–	(16,571)
Payment for transaction costs attributable to repurchase of ordinary shares		–	(114)
Net cash generated by financing activities		1,420	382,851
Net (decrease)/increase in cash and cash equivalents		(290,086)	167,594
Cash and cash equivalents at the beginning of year		477,218	311,810
Effect of foreign exchange rate changes, net		(633)	(2,186)
Cash and cash equivalents at the end of year		186,499	477,218
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		186,499	477,218

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

1. General

Sino Prosper State Gold Resources Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business in Hong Kong of the Company are disclosed in the corporate information section of the annual report.

During the year ended 31 March 2013, the Company and its subsidiaries (together referred to as the "Group") were involved in the following principal activities:

– investment holding, investment in energy and natural resources (including precious metals) related projects in China

– loan financing activities

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), HKFRS(s), amendments and interpretations ("HK(IFRIC) – Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

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

The application of the new and revised HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective

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

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

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

HKFRS 9 *Financial Instruments*

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 9 *Financial Instruments (continued)*

Key requirements of HKFRS 9 are described below:

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

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

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

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

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

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

Key requirements of these five standards are described below.

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

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

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

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

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

HKFRS 13 *Fair Value Measurement*

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

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

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

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

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

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

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

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

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

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

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

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

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

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

Amendments to HKAS 1

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

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

Amendments to HKAS 16

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

Amendments to HKAS 32

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

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

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

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

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

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

3. Significant Accounting Policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognizes the carrying amount of any non-controlling interest in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognizes the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognized as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings/accumulated losses as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. Significant Accounting Policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

3. Significant Accounting Policies (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

3. Significant Accounting Policies (continued)

Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

3. Significant Accounting Policies (continued)

Revenue recognition (continued)

- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant Accounting Policies (continued)

Leasing (continued)

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. Significant Accounting Policies (continued)

Foreign currencies (continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity under the heading of foreign currency translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to accumulated losses.

Share options granted to suppliers of service in an equity-settled share-based payment transactions

Share options issued in exchange for goods or services are measured at fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of goods or services received are recognized as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3. Significant Accounting Policies (continued)

Taxation (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. Significant Accounting Policies (continued)

Taxation (continued)

Deferred tax (continued)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write-off the cost of assets (other than construction in progress and mining structures) less their residual values over their useful lives, using the straight-line method, as follows:

Leasehold land	:	Over the term of the lease
Buildings	:	Over the shorter of the term of lease or 50 years
Buildings at the mining site	:	5 – 7 years
Leasehold improvements	:	5 years
Plant and machinery	:	2 – 7 years
Motor vehicles	:	3 – 8 years
Furniture, fixtures and equipment	:	3 – 5 years

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Mining structures are included in property, plant and equipment and are depreciated on the unit of production method utilizing only recoverable reserves as the depletion base and a proportion of resources available to be mined by the production equipment to the extent that such resources are considered to be economically recoverable.

Construction in progress represents buildings, mining structures, and plant and equipment in the course of construction for its own use purposes. Construction in progress is stated at cost less any identified impairment loss. Cost comprises construction expenditure and other direct costs attributable to such projects. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. Significant Accounting Policies (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Mining rights

Mining rights are initially measured at cost. The carrying amount of exploration and evaluation assets is reclassified to mining rights when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Mining rights with finite useful lives are carried at costs less accumulated amortization and any identified impairment losses. The mining rights with finite useful lives are amortized on a unit of production basis over the estimated economic reserve of the mine.

Exploration and evaluation assets

Exploration and evaluation assets are recognized at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognized exploration and evaluation assets are reclassified as either intangible assets or property, plant and equipment. These assets are assessed for impairment before reclassification, and any impairment loss is recognized in profit or loss.

3. Significant Accounting Policies (continued)

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 *Impairment of Assets* whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment of tangible and intangible assets other than goodwill and exploration and evaluation assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3. Significant Accounting Policies (continued)

Impairment of tangible and intangible assets other than goodwill and exploration and evaluation assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of finished goods are determined using the first-in, first-out method. The costs of raw materials and work in progress, mainly comprising purchase costs, direct labour, other direct costs and an appropriate proportion of related production overheads, are determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and the costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. Significant Accounting Policies (continued)

Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for restoration costs

The Group is required to incur costs for restoration of the land after the underground sites have been mined. Provision for restoration costs is recognized when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured by reference to relevant rules and regulations applicable in the People's Republic of China (the "PRC") at the end of the reporting period, and is discounted to their present value where the effect is material.

Restoration cost is provided in the period in which the obligation is identified and is capitalized to the cost of mining structures. The cost is charged to profit or loss through depreciation of the assets, which are depreciated using the unit of production method based on actual production volume over the estimate economic reserve of the mine.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss.

Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognized in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including loans receivables, deposits and other receivables and bank balances and cash) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as loans receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans receivables, where the carrying amount is reduced through the use of an allowance account. When a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL (continued)

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities (including other payables and accruals and amount due to a non-controlling interest of a subsidiary) are subsequently measured at amortized cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. Significant Accounting Policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

- (i) has controls or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Renewal of exploration and mining right permits

The Group owns certain exploration permits and a mining right permit with licence period of 2 to 3 years at date of issue which will be expired in year 2013 to 2015, the renewal is subject to the approval by the relevant PRC authorities. In the opinion of the directors, after obtaining opinion from its legal counsel, the Group will be entitled to renew its exploration and mining right permits upon the expiration at minimal costs.

If the Group is not able to obtain approval for renewal upon the expiration of its exploration and mining right permits, the carrying amounts of the exploration and evaluation assets and mining rights of approximately HK$1,151,082,000 (2012: HK$1,139,157,000) and HK$141,419,000 (2012: HK$147,531,000) respectively as at 31 March 2013 might be significantly reduced and the Group will increase amortization charges of mining rights and depreciation charges where useful lives are less than previously estimated lives, or it will write-off or write-down the carrying amounts of the exploration and evaluation assets and the mining rights, which significant impairment loss might be recognized.

Carrying value of mining rights

The Group tests whether the mining rights have been impaired due to events or changes in circumstances indicate that the carrying value of the mining rights exceeds its recoverable amount, in accordance with accounting policies stated in Note 3 to the consolidated financial statements.

As at 31 March 2013 and 2012, there was no impairment indication noted for the mining rights. Had impairment test been performed, the recoverable amounts of the cash-generating unit to which the mining rights belong, would have been determined based on value in use calculations using cash flow projections, which would have been compiled based on financial budgets approved by senior management and management's assumptions and estimates including forecast of selling price, discount rate and inflation rate.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Critical judgments in applying accounting policies (continued)

Impairment of exploration and evaluation assets

The carrying amount of exploration and evaluation assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group considers all facts and circumstances occurred to judge whether these facts and circumstances would suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount (i.e. impaired). Based on the judgment of the directors there was no impairment on the exploration and evaluation assets and no impairment loss is recognized for the years ended 31 March 2013 and 2012. Management reassesses the impairment of exploration and evaluation assets at the end of the reporting period.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment loss of other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of other receivables may be required.

Impairment loss of loans receivables

The Group reviews its portfolios of loans receivables to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated statement of comprehensive income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans receivables before the decrease can be identified with an individual loan receivable in those portfolios. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group.

For loans receivables for which no individual impairment are observed, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the loan portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of property, plant and equipment

The Group evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates.

Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Ore reserve and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of future operating performance, future capital requirements, short and long term commodity prices, and short and long term exchange rates. Changes in reserves and resources estimates impact the carrying amounts of property, plant and equipment, provision for restoration costs, as well as the amounts of depreciation and amortization recognized.

Impairment review of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2013, the carrying amount of goodwill is approximately HK$94,177,000 (2012: HK$93,547,000). Details of the recoverable amount calculation are disclosed in Note 20.

Provision for restoration costs

Provision for restoration costs has been estimated by the directors by reference to the current regulatory requirements and the area affected estimated by the management. Significant changes in the regulatory requirements in relation to such costs will result in changes to the provision amount from period to period. In addition, the expected timing of cash outflows of such restoration costs are estimated based on the expected completion date of the mines and is subject to any significant changes to the production plan. As at 31 March 2013, the balance of provision for restoration costs was approximately HK$393,000 (2012: HK$390,000).

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Valuation of share options granted

The fair value of share options granted to employees were calculated using the Black-Scholes Option Pricing Model and based on the Group's management's significant inputs into calculation including an estimated life of share options granted, exercise restrictions and behavioral consideration, the volatility of share price, weighted average share prices and exercise price of the share options granted. Furthermore, the calculation assumes nil future dividends.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price for inventories less all estimated costs of completion and the costs necessary to make the sale. These estimates are based on the current market condition as at the end of the reporting period and the historical experience of manufacturing and selling of products of similar nature.

5. Revenue

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

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

6. Segment Information

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Segment Information (continued)

Segment revenue and results

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

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment (loss)/profit represents the (loss)/profit incurred by each segment without allocation of central administration costs, interest on bank deposits, other income and gains and interest on bank overdraft. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

6. Segment Information (continued)

Segment assets and liabilities

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Segment Information (continued)

Other segment information

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

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations in Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Hong Kong	29,044	41,592	795	1,760
PRC	25,439	8,695	1,489,999	1,457,912
	54,483	50,287	1,490,794	1,459,672

6. Segment Information (continued)

Information about major customers

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

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

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

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

7. Other Income and Gains

	2013 HK$'000	2012 HK$'000
Interest income on bank deposits	8,425	9,598
Net foreign exchange gains	1,818	2,742
Gain on disposal of property, plant and equipment – net	–	9,680
Gain on disposal of subsidiaries *(Note 34)*	–	3,503
Sundry income	114	474
	10,357	25,997

8. Finance Costs

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

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

9. Income Tax (Credit)/Expense

Income tax recognized in profit or loss

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

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

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

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

	2013 HK$'000	2012 HK$'000
Loss before tax	(78,628)	(51,155)
Tax at the Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	(12,974)	(8,441)
Tax effect of expenses not deductible for tax purpose	9,581	7,882
Tax effect of income not taxable for tax purpose	(1,922)	(4,583)
Tax effect of deductible temporary differences not recognized	950	(171)
Tax effect of estimated tax losses not recognized	4,945	6,793
Utilization of tax losses previously not recognized	(39)	–
Effect of different tax rates of group entities operating in other jurisdictions	(2,108)	(1,928)
PRC Enterprise Income Tax	529	1,014
Income tax (credit)/expense for the year	(1,038)	566

10. Loss for the Year

Loss for the year has been arrived at after charging:

	2013 HK$'000	2012 HK$'000
Directors' and chief executive's emoluments *(Note 11)*	26,656	26,046
Employee benefits expense (excluding directors' and chief executive's emoluments):		
– Salaries and other benefits *(Note (i))*	24,326	22,725
– Contributions to retirement benefits schemes *(Note (i))*	779	943
– Equity-settled share-based payments	5,802	3,501
Total staff costs	57,563	53,215
Auditors' remuneration	1,180	980
Amortization of mining rights included in general and administrative expenses	7,065	1,793
Cost of inventories recognized as expense	51,718	49,020
Depreciation of property, plant and equipment *(Note (ii))*	6,518	5,153
Loss on disposal of property, plant and equipment	7	–
Provision for impairment of other receivables	–	3,606
Impairment loss of inventories	250	717
Minimum lease payments paid under operating leases in respect of land and buildings	3,892	3,541

Notes:

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

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

11. Directors' and Chief Executive's Emoluments

The emoluments paid or payable to each of the eight (2012: seven) directors and the chief executive were as follows:

For the year ended 31 March 2013

	Fees HK$'000	Salaries and other benefits HK$'000	Equity-settled share-based payments HK$'000	Contributions to retirement benefits schemes HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors						
Mr. Leung Ngai Man	–	6,960	–	15	5,000	11,975
Mr. Sung Kin Man	–	5,000	43	15	5,000	10,058
Mr. Yeung Kit	–	480	–	15	40	535
Mr. Ng Kwok Chu, Winfield	–	240	–	12	240	492
Independent non-executive directors						
Mr. Niu Zhihui	–	–	–	–	–	–
Mr. Cai Wei Lun	–	–	1,758	–	–	1,758
Mr. Zhang Qingkui	–	–	1,758	–	–	1,758
Dr. Leung Wai Cheung	80	–	–	–	–	80
Total emoluments	80	12,680	3,559	57	10,280	26,656

For the year ended 31 March 2012

	Fees HK$'000	Salaries and other benefits HK$'000	Equity-settled share-based payments HK$'000	Contributions to retirement benefits schemes HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors						
Mr. Leung Ngai Man	–	6,960	–	12	5,000	11,972
Mr. Sung Kin Man	–	5,000	3,128	12	5,000	13,140
Mr. Yeung Kit	–	480	–	12	40	532
Mr. Ng Kwok Chu, Winfield	–	240	–	12	20	272
Independent non-executive directors						
Mr. Cai Wei Lun	–	–	–	–	–	–
Mr. Zhang Qingkui	–	–	–	–	–	–
Dr. Leung Wai Cheung	120	–	–	–	10	130
Total emoluments	120	12,680	3,128	48	10,070	26,046

The chief executive of the Company, Mr. Sung Kin Man, is also a director of the Company for the years ended 31 March 2013 and 2012.

Neither the chief executive nor any of the directors waived any emoluments in the year ended 31 March 2013 (2012: Nil).

12. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, three (2012: two) were directors of the Company whose emoluments are included in the disclosures in Note 11 above. The emoluments of the remaining two (2012: three) individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	3,597	5,314
Contributions to retirement benefits schemes	34	68
Equity-settled share-based payments	1,416	3,501
Discretionary bonus	3,000	2,040
	8,047	10,923

Their emoluments fell within the following bands:

	Number of employees	
	2013	2012
HK$1,500,001 – HK$2,000,000	–	1
HK$2,500,001 – HK$3,000,000	1	–
HK$4,000,001 – HK$4,500,000	–	1
HK$5,000,001 – HK$5,500,000	1	1

During the year ended 31 March 2013, no emoluments were paid by the Group to any of the five highest paid individuals including directors and the chief executive, as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil).

13. Retirement Benefits Schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

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For the year ended 31 March 2013

13. Retirement Benefits Schemes (continued)

During the year ended 31 March 2013, the total amount contributed by the Group to the schemes and charged to the consolidated statement of comprehensive income amounted to approximately HK$836,000 (2012: HK$991,000). At 31 March 2013, there were no forfeited contributions available for the Group to offset contributions payable in future years (2012: Nil).

14. Loss Per Share

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

	2013 HK$'000	2012 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(70,687)	(46,799)

Number of shares

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

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

15. Loss Attributable to Owners of the Company

The consolidated loss attributable to owners of the Company for the year ended 31 March 2013 includes a loss of approximately HK$27,612,000 (2012: HK$24,246,000) which has been dealt with in the financial statements of the Company.

16. Property, Plant and Equipment

Group

	Leasehold land	Buildings	Buildings at the mining site	Leasehold improvements	Mining structures	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost										
Balance at 1 April 2011	22,960	3,693	15,818	207	13,024	6,248	6,662	725	12,311	81,648
Additions	–	–	236	99	27	2,104	1,782	477	25,624	30,349
Disposals	(22,960)	(3,693)	(88)	–	–	(18)	(219)	–	–	(26,978)
Transferred from construction in progress	–	–	1,616	–	33	3	–	–	(1,652)	–
Derecognized on disposal of subsidiaries	–	–	–	(52)	–	–	–	(223)	–	(275)
Effect of foreign currency exchange differences	–	–	580	–	464	242	167	15	668	2,136
Balance at 31 March 2012	–	–	18,162	254	13,548	8,579	8,392	994	36,951	86,880
Additions	–	–	2,328	–	–	8,442	–	109	20,952	31,831
Disposals	–	–	–	(155)	–	–	(1,406)	(147)	–	(1,708)
Transferred from construction in progress	–	–	1,689	–	8,455	–	–	–	(10,144)	–
Effect of foreign currency exchange differences	–	–	146	–	140	107	40	4	312	749
Balance at 31 March 2013	–	–	22,325	99	22,143	17,128	7,026	960	48,071	117,752

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16. Property, Plant and Equipment (continued)

Group (continued)

	Leasehold land	Buildings	Buildings at the mining site	Leasehold improvements	Mining structures	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Accumulated depreciation and impairment										
Balance at 1 April 2011	272	44	397	207	9	475	868	399	–	2,671
Eliminated on disposals of assets	(272)	(44)	(31)	–	–	(17)	(57)	–	–	(421)
Eliminated on disposal of subsidiaries	–	–	–	(52)	–	–	–	(192)	–	(244)
Depreciation expense	–	–	2,602	13	21	1,315	1,234	157	–	5,342
Effect of foreign currency exchange differences	–	–	39	–	1	29	20	6	–	95
Balance at 31 March 2012	–	–	3,007	168	31	1,802	2,065	370	–	7,443
Eliminated on disposals of assets	–	–	–	(155)	–	–	(939)	(147)	–	(1,241)
Depreciation expense	–	–	3,027	20	107	2,626	1,379	194	–	7,353
Effect of foreign currency exchange differences	–	–	38	–	1	27	13	2	–	81
Balance at 31 March 2013	–	–	6,072	33	139	4,455	2,518	419	–	13,636
Carrying amounts										
Balance at 31 March 2013	–	–	16,253	66	22,004	12,673	4,508	541	48,071	104,116
Balance at 31 March 2012	–	–	15,155	86	13,517	6,777	6,327	624	36,951	79,437

Notes:

(i) Amongst the depreciation expense of HK$7,353,000 (2012: HK$5,342,000), approximately HK$835,000 (2012: HK$189,000) and HK$2,570,000 (2012: HK$2,220,000) were capitalized in construction in progress and inventories respectively, and approximately HK$3,948,000 (2012: HK$2,933,000) was included in general and administrative expenses.

(ii) Buildings at the mining site are located in the PRC.

17. Investments in Subsidiaries

Company

	2013 HK$'000	2012 HK$'000
Unlisted shares, at cost	78	78
Capital contributions	656,476	656,476
	656,554	656,554

The amounts due from and due to subsidiaries are unsecured, interest-free and have no fixed dates of repayment.

Particulars of the Company's principal subsidiaries at 31 March 2013 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Particulars of issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company Direct	Indirect	Principal activities
Sino Prosper Group Limited	British Virgin Islands ("BVI")	10,000 ordinary shares of 1 United States Dollar ("US$") each	100%	–	Investment holding
Nice Think Group Limited	BVI	1 ordinary share of US$1	–	100%	Investment holding
Favour South Limited	BVI	1 ordinary share of US$1	–	100%	Investment holding
Sino Prosper (States Gold) Investment Limited	Hong Kong	10 ordinary shares of HK$1 each	–	100%	Investment holding
Sino Prosper Management Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Provision of administrative services
Sino Prosper Mineral Products Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding and sale of gold
Victor Bright Investment Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Sino Prosper Medical Technology Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Investment holding and sale of gold

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17. Investments in Subsidiaries (continued)

Company (continued)

Name of subsidiary	Place of incorporation/ registration/ operations	Particulars of issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company Direct	Indirect	Principal activities
Sino Prosper State Gold HK Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Great Surplus Investment Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Sino Prosper Credit Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Loan financing activities
黑龍江中誼偉業經貿有限公司 (transliterated as Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd.) *(Note (i))*	PRC	Renminbi ("RMB") 23,310,854	–	98.04%	Exploration and mining of gold
大連廣泓礦業技術咨詢有限公司 *(Note (ii))*	PRC	RMB9,000,000 (2012: RMB6,500,000)	–	100%	Investment holding
敖漢旗鑫瑞恩礦業有限責任公司 (transliterated as Aohanqi Xinrui En Industry Co., Ltd. *(Note (iii))*	PRC	RMB50,000,000	–	70%	Exploration, mining and sale of gold

Notes:

(i) Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd. ("Heilongjiang Zhongyi Weiye") was a Sino-foreign equity joint venture company established in the PRC and was amended to become a Sino-foreign cooperative joint venture enterprise. The current business scope includes 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.

(ii) 大連廣泓礦業技術咨詢有限公司 is a limited liability company established in the PRC. The current business scope includes mining exploration, technical advise, economic and information consultancy services.

(iii) Aohanqi Xinrui En Industry Co., Ltd. is a Sino-foreign cooperative joint venture established under the PRC law. The current business scope includes gold mine exploitation, selection of gold and sale of mineral products (which are permitted by law, rules and regulations, requirements by State Affairs Office of the PRC and cannot engage in those not allowed as said).

(iv) None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

18. Mining Rights

Group

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

The mining rights represent the rights to conduct mining activities pertains to gold mine ores in the PRC. The mining rights are amortized on a unit of production basis over the estimated economic reserve of the mine. Effective amortization rate for the year approximate to 4.8% (2012: 1.2%).

The mining rights will be expired in May 2015. In the opinion of the directors, after obtaining opinion from its legal counsel, the Group will be entitled to renew the mining rights upon the expiration at minimal costs.

19. Exploration and Evaluation Assets

Group

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

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

The Group through its non-wholly-owned subsidiary, Heilongjiang Zhongyi Weiye, is the holder of the exploration permits of five mines located in the PRC with licence period of 2 years at date of issue which will be expired in year 2013 and 2014, the renewal is subject to the approval by the relevant PRC authorities. In the opinion of the directors, after obtaining opinion from its legal counsel, the Group will be entitled to renew its exploration permits upon the expiration at minimal costs.

20. Goodwill

Group

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

Impairment testing of goodwill

For the purpose of impairment review, goodwill set out above is allocated to the cash-generating unit ("CGU"), the subsidiaries operating gold mining activities in the PRC as follows:

	2013 HK$'000	2012 HK$'000
Gold mining activities	94,177	93,547

The recoverable amount of the gold mining activities' CGU is determined on the basis of value in use calculation. Value in use calculation is based on a discount rate of 39.0% (2012: 46.9%) and cash flow projections prepared from financial forecasts approved by the directors covering a period of 5 years until the mine reserve run out. The cash flows beyond the 5-year period are extrapolated using a zero percent growth rate. The directors consider that this assumption is applicable as after obtaining opinion from its legal counsel, the Group will be entitled to renew its mining rights upon the expiration at minimal cost.

Key assumptions used in the value in use calculation are as follows:

Gold output

The basis used to determine the values assigned to the future revenues is estimated based on the annual ore output and gold production, which is in line with the processing capacity of the CGU, taking into consideration of the expected future capital expenditure and capacity expansion.

20. Goodwill (continued)

Group (continued)

Impairment testing of goodwill (continued)

Mining costs

The basis used to determine the values assigned to the mining costs is the input requirements in accordance with the mining plan at unit costs.

Commodity price

Future commodity prices in the valuation model are estimated by management based on their industry experience and historic price trends.

Discount rates

The discount rates used are based on a weighted average cost of capital, and are real rates, before tax reflecting specific risks relating to the CGU.

The values assigned to key assumptions are consistent with external information sources.

The directors are of the view that, based on its assessment, there was no impairment of goodwill as of 31 March 2013 and 2012.

In the opinion of the directors, any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the gold mining activities' CGU to exceed the aggregate recoverable amount of the gold mining activities' CGU.

21. Inventories

Group

	2013 HK$'000	2012 HK$'000
Raw materials	4,771	10,927
Work in progress	–	192
Finished goods	4,473	4,935
	9,244	16,054

22. Loans Receivables

Group

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

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

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

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

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

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

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

23. Prepayments, Deposits and Other Receivables

Group

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

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

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

23. Prepayments, Deposits and Other Receivables (continued)

Group (continued)

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

24. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group, bank balances that earn interest at floating rate based on daily bank deposit rates and short term time deposits that earn interest at the respective short term deposit rates. The bank balances and short term time deposits are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the bank balances and cash of the Group denominated in RMB amounted to approximately HK$169,293,000 (2012: HK$419,850,000). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

25. Amount Due to a Non-controlling Interest of a Subsidiary

The amount due is unsecured, interest-free and repayable on demand.

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26. Provision for Restoration Costs

Group

	HK$'000
Balance at 1 April 2011	376
Effect of foreign currency exchange differences	14
Balance at 31 March 2012	390
Effect of foreign currency exchange differences	3
Balance at 31 March 2013	393

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and mine closures for the Group's existing mines. The provision for restoration cost has been determined by the directors based on their best estimates by reference to relevant PRC rules and regulations.

27. Deferred Taxation

The following are the major deferred tax liabilities recognized and movements thereon during the year:

Group

	Mining rights HK$'000
Balance at 1 April 2011	35,898
Credit to profit or loss	(448)
Effect of foreign currency exchange differences	1,273
Balance at 31 March 2012	36,723
Credit to profit or loss	(1,766)
Effect of foreign currency exchange differences	237
Balance at 31 March 2013	35,194

27. Deferred Taxation (continued)

Group (continued)

Under the Enterprise Income Tax 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. At 31 March 2013 and 2012, no deferred tax liabilities for withholding tax have been recognized as the Group's PRC subsidiaries incurred accumulated losses for the period since 1 January 2008.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$44,165,000 (2012: HK$23,917,000) arising from subsidiaries operating outside Hong Kong which is available for setting off against future taxable profit of that subsidiary and is due to expire within one to five years and estimated unused tax losses of approximately HK$3,898,000 (2012: HK$3,349,000) 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.

28. Share Capital

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

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28. Share Capital (continued)

Notes:

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

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

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

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

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

Month of repurchase	No. of ordinary shares of HK$0.01 each repurchased	Repurchase price per ordinary share of HK$0.01 each		Aggregate consideration paid
		Highest	Lowest	
	’000	HK$	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 as set out in the consolidated statement of changes in equity.

28. Share Capital (continued)

Notes: (continued)

(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.

29. Share-Based Payment Transactions

The Company's share option scheme (the "2002 Scheme") was adopted pursuant to a resolution passed on 25 April 2002 for the primary purpose of providing incentives to eligible participants. As the 2002 Scheme would expire on 15 May 2012, during the year ended 31 March 2013, the 2002 Scheme was terminated and a new share option scheme (the "2012 Scheme") was adopted by the Company on 20 April 2012. Similar to the 2002 Scheme, the primary purpose of the 2012 Scheme is to provide incentives to eligible participants.

2002 Scheme

Under the 2002 Scheme, the directors of the Company may at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for shares:

(i) any employee or proposed employee (whether full time or part time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, any of such subsidiaries or any Invested Entity;

(ii) any non-executive directors or proposed non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(iii) any supplier or potential supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer or potential customer of the Group or any Invested Entity;

(v) any person or entity that provides or will provide research, development or other technological support to the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity;

29. Share-Based Payment Transactions (continued)

2002 Scheme (continued)

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the directors from time to time on the basis of their contribution to the development and growth of the Group.

The total number of shares in respect of which options may be granted under the 2002 Scheme and any other share option scheme of the Company is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with an aggregate value in excess of HK$5 million must be approved in advance by the Company's shareholders. Options granted must be taken up within 21 days from the date of the offer of grant of the share option. Options may be exercised at any time not later than 10 years from the date of grant of the share option. The exercise price is determined by the directors of the Company, and shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

2012 Scheme

Under the 2012 Scheme, the directors of the Company may at their discretion in accordance with the provisions of the 2012 Scheme and the Listing Rules, to make an offer for the grant of share options to any of the following classes of participants:

(i) any employee or proposed employee (whether full time or part time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any Invested Entity;

(ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

29. Share-Based Payment Transactions (continued)

2012 Scheme (continued)

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The eligibility of any of the above classes of participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the 2012 Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, independent non-executive directors or any of their respective associates in excess of 0.1% of the Company's shares in issue and with an aggregate value in excess of HK$5 million must be approved by the Company's shareholders. Options granted must be taken up within 21 days from the date of the offer of grant of the share option. Options may be exercised at any time not later than 10 years from the offer date of that share option. The subscription price is at the discretion by the directors of the Company, provided that it shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for trade on one or more board lots of the shares on the offer date; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date; and (iii) the nominal value of a share. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

The 2012 Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options granted. The 2012 Scheme shall be valid and effective for ten years after its adoption date.

All equity-settled share-based payments will be settled in equity. The Group has no legal and constructive obligation to repurchase or settle the options.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

29. Share-Based Payment Transactions (continued)

The following table discloses movements of the Company's share options granted under the 2002 Scheme during the year ended 31 March 2012:

2002 Scheme

			Number of share options				
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1/4/2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/3/2012
1 November 2004	1 November 2004 to 31 October 2014	4.750*	220,000*	–	–	–	220,000*
29 November 2004	29 November 2004 to 28 November 2014	4.600*	300,000*	–	–	–	300,000*
3 January 2005	3 January 2005 to 2 January 2015	4.100*	800,000*	–	–	–	800,000*
12 January 2005	12 January 2005 to 11 January 2015	4.100*	500,000*	–	–	–	500,000*
23 March 2005	23 March 2005 to 22 March 2015	3.400*	400,000*	–	–	–	400,000*
8 May 2006	8 May 2006 to 7 May 2016	14.600*	2,640,000*	–	–	–	2,640,000*
1 September 2006	1 September 2006 to 31 August 2016	7.100*	3,600,000*	–	–	–	3,600,000*
4 September 2006	4 September 2006 to 3 September 2016	7.100*	600,000*	–	–	–	600,000*
1 June 2007	1 June 2007 to 31 May 2017	4.550*	1,400,000*	–	–	–	1,400,000*
14 May 2008	14 May 2008 to 13 May 2018	1.360*	1,200,000*	–	–	–	1,200,000*
4 May 2010	4 May 2010 to 3 May 2020	3.000*	4,700,000*	–	–	–	4,700,000*
27 January 2012	27 January 2012 to 26 January 2015	0.812*	–	12,000,000*	–	–	12,000,000*
			16,360,000*	12,000,000*	–	–	28,360,000*
Exercisable at the end of the year							27,185,000*
Weighted average exercise price			HK$6.087*	HK$0.812*	–	–	HK$3.855*

29. Share-Based Payment Transactions (continued)

The following table discloses movements of the Company's share options granted under the 2012 Scheme during the year ended 31 March 2013:

2012 Scheme

			Number of share options				
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1/4/2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/3/2013
26 April 2012	26 April 2012 to 25 April 2015	0.450	–	15,400,000	–	–	15,400,000
24 September 2012	24 September 2012 to 23 September 2015	0.335	–	47,900,000	–	–	47,900,000
			–	63,300,000	–	–	63,300,000
Exercisable at the end of the year							63,300,000
Weighted average exercise price			–	HK$0.363	–	–	HK$0.363

Under the 2012 Scheme, the options outstanding at 31 March 2013 had weighted average exercise price of HK$0.363 (2012: Nil) and a weighted average remaining contractual life of 2.4 years (2012: Nil).

The weighted average fair value of options granted under the 2012 Scheme during the year was HK$0.188 (2012: Nil).

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For the year ended 31 March 2013

29. Share-Based Payment Transactions (continued)

The following table discloses movements of the Company's share options granted under the 2002 Scheme during the year ended 31 March 2013:

2002 Scheme

			Number of share options				
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1/4/2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/3/2013
1 November 2004	1 November 2004 to 31 October 2014	4.750*	220,000*	–	–	–	220,000*
29 November 2004	29 November 2004 to 28 November 2014	4.600*	300,000*	–	–	–	300,000*
3 January 2005	3 January 2005 to 2 January 2015	4.100*	800,000*	–	–	–	800,000*
12 January 2005	12 January 2005 to 11 January 2015	4.100*	500,000*	–	–	–	500,000*
23 March 2005	23 March 2005 to 22 March 2015	3.400*	400,000*	–	–	–	400,000*
8 May 2006	8 May 2006 to 7 May 2016	14.600*	2,640,000*	–	–	–	2,640,000*
1 September 2006	1 September 2006 to 31 August 2016	7.100*	3,600,000*	–	–	–	3,600,000*
4 September 2006	4 September 2006 to 3 September 2016	7.100*	600,000*	–	–	–	600,000*
1 June 2007	1 June 2007 to 31 May 2017	4.550*	1,400,000*	–	–	–	1,400,000*
14 May 2008	14 May 2008 to 13 May 2018	1.360*	1,200,000*	–	–	–	1,200,000*
4 May 2010	4 May 2010 to 3 May 2020	3.000*	4,700,000*	–	–	–	4,700,000*
27 January 2012	27 January 2012 to 26 January 2015	0.812*	12,000,000*	–	–	–	12,000,000*
			28,360,000*	–	–	–	28,360,000*
Exercisable at the end of the year							28,360,000*
Weighted average exercise price			HK$3.855*	–	–	–	HK$3.855*

Under the 2002 Scheme, the options outstanding at 31 March 2013 had weighted average exercise price of HK$3.855* (2012: HK$3.855*) and a weighted average remaining contractual life of 3.3 years (2012: 4.3 years).

The weighted average fair value of options granted under the 2002 Scheme during the year was Nil (2012: HK$0.477*).

29. Share-Based Payment Transactions (continued)

No option has been exercised under the 2012 Scheme and 2002 Scheme during the years ended 31 March 2013 and 2012.

Options granted are fully vested at the date of grant except for 4,700,000* options granted under the 2002 Scheme on 4 May 2010 for which 25% are exercisable 9 months from the date of acceptance of offer; 25% are exercisable 15 months from the date of acceptance of offer; 25% are exercisable 21 months from the date of acceptance of offer and 25% are exercisable 27 months from the date of acceptance of offer.

The total consideration received during the year from grant of share options amounted to HK$9 (2012: HK$2).

None of the share options were forfeited and expired under the 2012 Scheme and 2002 Scheme during the years ended 31 March 2013 and 2012.

All share options have been accounted for under HKFRS 2. The fair values of share options granted to directors, employees and suppliers of service determined at the dates of grant are expensed over the vesting periods, with a corresponding adjustment to the Group's share options reserve.

The fair value of equity-settled share option granted to employees and directors during the year was estimated as at the date of grant, using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the years ended 31 March 2013 and 2012:

	2013(a)	2013(b)	2012
Option scheme type	2012 Scheme	2012 Scheme	2002 Scheme
Grant date share price	HK$0.410	HK$0.335	HK$0.800*
Exercise price	HK$0.450	HK$0.335	HK$0.812*
Expected volatility	92.170%	82.236%	96.940%
Expected exercise date	26 April 2012 to 25 April 2015	24 September 2012 to 23 September 2015	27 January 2012 to 26 January 2015
Risk-free interest rate	0.340%	0.268%	0.416%
Expected dividend yield	Nil	Nil	Nil

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The Company measures the fair values of share options granted to suppliers of service by reference to the fair values of services received. The fair values of the share options granted to suppliers of service amounted to approximately HK$2,710,000 (2012: HK$35,000) has been included in the consolidated statement of comprehensive income for the year ended 31 March 2013, the corresponding amount of which has been credited to share options reserve (Note 30).

* The above information had been adjusted to reflect the effect of the Share Consolidation on 27 February 2012 as set out in Note 28 (iii) pursuant to which every 10 of the existing issued and unissued shares of HK$0.01 each in the share capital of the Company were consolidated into 1 consolidated share of HK$0.10 each. Every 10 of the options were consolidated into 1 consolidated option and the exercise prices were adjusted accordingly.

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For the year ended 31 March 2013

30. Reserves

Company

	Share premium HK$'000	Warrants reserve HK$'000	Share options reserve HK$'000	Shareholder's contribution HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2011	1,247,579	–	63,286	12,640	–	(296,874)	1,026,631
Loss for the year	–	–	–	–	–	(43,974)	(43,974)
Total comprehensive expense for the year	–	–	–	–	–	(43,974)	(43,974)
Issue of new ordinary shares *(Note 28 (i))*	407,000	–	–	–	–	–	407,000
Transaction costs attributable to issue of new ordinary shares	(18,464)	–	–	–	–	–	(18,464)
Recognition of equity-settled share-based payments	–	–	6,664	–	–	–	6,664
Repurchase of ordinary shares *(Note 28 (ii))*	(16,571)	–	–	–	1,020	–	(15,551)
Transaction cost attributable to repurchase of ordinary shares	(114)	–	–	–	–	–	(114)
Balance at 31 March 2012	1,619,430	–	69,950	12,640	1,020	(340,848)	1,362,192
Loss for the year	–	–	–	–	–	(54,492)	(54,492)
Total comprehensive expense for the year	–	–	–	–	–	(54,492)	(54,492)
Recognition of equity-settled share-based payments	–	–	12,071	–	–	–	12,071
Issue of unlisted warrants *(Note 31)*	–	1,520	–	–	–	–	1,520
Transaction costs attributable to issue of unlisted warrants	–	(100)	–	–	–	–	(100)
Balance at 31 March 2013	**1,619,430**	**1,420**	**82,021**	**12,640**	**1,020**	**(395,340)**	**1,321,191**

31. Warrants

On 11 April 2012, an aggregate of 152,000,000 unlisted warrants were successfully placed by the Company to not less than six placees who are third parties independent of and not connected to the Company and its connected persons, at the placing price of HK$0.01 per warrant and the subscription price of HK$0.72 per warrant share. The subscription period for the warrants is from the date of issue of the warrants to 31 December 2014 (both dates inclusive).

Upon the exercise in full of the subscription rights attached to the warrants, a maximum of 152,000,000 shares will be allotted and issued. The net proceeds from the placing (without taking into account of the exercise of the subscription rights attaching to the warrants) after taking into account the expenses in relation to the placing and issue of unlisted warrants amounted to approximately HK$1.4 million.

As at 31 March 2013, the Company had 152,000,000 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 152,000,000 additional shares of HK$0.10 each.

32. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity (comprising issued share capital, reserves and non-controlling interests).

Gearing ratio

The Group's management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follow:

	2013 HK$'000	2012 HK$'000
Debts	–	–
Cash and cash equivalents	(186,499)	(477,218)
Net debt	–	–
Equity *(Note)*	1,988,202	2,043,286
Net debt-to-equity ratio	–	–

Note:

Equity includes all capital, reserves and non-controlling interests.

33. Financial Instruments

33.1 Categories of financial instruments

Group

	2013 HK$'000	2012 HK$'000
Financial assets		
Loans and receivables:		
– Loans receivables	15,632	–
– Financial assets included in deposits and other receivables	358,207	160,327
– Bank balances and cash	186,499	477,218
Financial liabilities		
Financial liabilities at amortized cost:		
– Financial liabilities included in other payables and accruals	18,657	15,868
– Amount due to a non-controlling interest of a subsidiary	9,205	9,140

33.2 Financial risk management objectives and policies

The Group's major financial instruments include loans receivables, deposits and other receivables, bank balances and cash, other payables and accruals and amount due to a non-controlling interest of a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

33. Financial Instruments (continued)

33.2 Financial risk management objectives and policies (continued)

33.2.1 Market risk

Foreign currency risk management

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.

At the end of the reporting period, the carrying amounts of the Group's major monetary assets denominated in currencies other than the functional currencies of the relevant group entities are as follows:

	2013 HK$'000	2012 HK$'000
Assets		
US$	–	389
RMB	172,903	425,743
HK$	1,301	5,741

Foreign currency sensitivity analysis

Since HK$ is pegged to US$, relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against HK$ and HK$ against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates a decrease in loss where RMB strengthens against HK$ and HK$ strengthens against RMB. For a 5% weakening of RMB against HK$ and HK$ weakening against RMB, there would be an equal and opposite impact on the loss.

33. Financial Instruments (continued)

33.2 Financial risk management objectives and policies (continued)

33.2.1 Market risk (continued)

Foreign currency risk management (continued)

Foreign currency sensitivity analysis (continued)

	2013 HK$'000	2012 HK$'000
RMB	8,645	21,287
HK$	65	287

In management's opinion, the sensitivity analysis is unrepresentative of the inherent exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing financial assets. Interest-bearing financial assets are mainly deposits with banks and loans receivables. Interests on deposits with banks and loans receivables are principally based on deposits rates offered by banks in Hong Kong and the PRC and fixed rates, respectively.

All of the Group's loans receivables are based on fixed interest rates and short in duration with original maturities in range of 2 to 12 months. The Group prices these loans receivables strategically to reflect market fluctuations and achieve a reasonable interest-rate spread. The fixed rate instruments of the Group are insensitive to any change in market interest rates.

As the Group has no significant variable-rate interest-bearing financial assets, except for short-term bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing financial assets resulted from the changes in interest rates because the interest rates of bank deposits are relatively low and not expected to change significantly.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Other price risk

As the Group has no significant investments in financial assets at FVTPL or AFS financial assets, the Group is not exposed to significant other price risk.

33. Financial Instruments (continued)

33.2 Financial risk management objectives and policies (continued)

33.2.2 Credit risk management

At 31 March 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limited, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

33.2.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

33. Financial Instruments (continued)

33.2 Financial risk management objectives and policies (continued)

33.2.3 Liquidity risk management (continued)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or less than 1 year HK$'000	1-5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amounts HK$'000
At 31 March 2013				
Non-derivative financial liabilities				
Other payables and accruals	18,657	–	18,657	18,657
Amount due to a non-controlling interest of a subsidiary	9,205	–	9,205	9,205
	27,862	–	27,862	27,862
At 31 March 2012				
Non-derivative financial liabilities				
Other payables and accruals	15,868	–	15,868	15,868
Amount due to a non-controlling interest of a subsidiary	9,140	–	9,140	9,140
	25,008	–	25,008	25,008

33. Financial Instruments (continued)

33.3 Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair values.

33.3.1 Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Levels 1 and 2 in both years.

At the end of the reporting period, the Group did not have any assets and liabilities that were measured at the above fair value measurements hierarchy.

34. Disposal of Subsidiaries

Year ended 31 March 2012

On 21 December 2011, the Group disposed of its wholly-owned subsidiary Sino Prosper Asphalt Investment Limited to an independent third party at a consideration of HK$10,000. Upon completion of the disposal, the Group ceased to have any shareholding in Sino Prosper Asphalt Investment Limited.

On 23 February 2012, the Group disposed of its wholly-owned subsidiary Joint Profit Group Limited, which holds the entire equity interests in 大連海鑫投資咨詢有限公司, a wholly foreign owned enterprise established in the PRC, to an independent third party at a consideration of HK$800,000. Upon completion of the disposal, the Group ceased to have any shareholdings in Joint Profit Group Limited and 大連海鑫投資咨詢有限公司.

The net assets of Sino Prosper Asphalt Investment Limited and the consolidated net liabilities of Joint Profit Group Limited and 大連海鑫投資咨詢有限公司(“JP Group”) at the dates of disposal were as follows:

	Sino Prosper Asphalt Investment Limited HK$'000	JP Group HK$'000	Total HK$'000
Property, plant and equipment	–	31	31
Prepayments, deposits and other receivables	–	25	25
Bank balance and cash	–	528	528
Other payables	–	(626)	(626)
	–	(42)	(42)
Foreign currency translation reserve	–	(2,651)	(2,651)
Gain on disposal of subsidiaries	10	3,493	3,503
	10	800	810
Satisfied by:			
Cash consideration	10	800	810
Net cash inflow on disposal of subsidiaries:			
Cash consideration	10	800	810
Bank balances and cash disposed of	–	(528)	(528)
	10	272	282

35. 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:

	2013 HK$'000	2012 HK$'000
Within one year	2,758	3,402
In the second to fifth years inclusive	497	2,954
	3,255	6,356

Operating leases relate to office premises with lease terms of 2 years (2012: between 1 to 4 years).

36. Capital Commitments

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant commitments at the end of the reporting period which were not provided for in the consolidated financial statements:

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

Save as disclosed elsewhere in these consolidated financial statements, the Company had no significant capital commitments at the end of the reporting period.

Notes to the Consolidated Financial Statements

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37. Related Party Transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties during the year:

Compensation of key management personnel

	2013 HK$'000	2012 HK$'000
Short-term employee benefits	23,040	22,870
Post-employment benefits	57	48
Equity-settled share-based payments	3,559	3,128
	26,656	26,046

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

Financial Summary

	For the year ended 31 March				
	2009	2010	2011	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	31,335	41,824	47,692	50,287	54,483
Loss before tax	(9,607)	(59,486)	(48,185)	(51,155)	(78,628)
Income tax (expense)/credit	(355)	355	198	(566)	1,038
Loss for the year	(9,962)	(59,131)	(47,987)	(51,721)	(77,590)
Attributable to:					
Owners of the Company	(9,764)	(58,882)	(44,040)	(46,799)	(70,687)
Non-controlling interests	(198)	(249)	(3,947)	(4,922)	(6,903)
	(9,962)	(59,131)	(47,987)	(51,721)	(77,590)

	At 31 March				
	2009	2010	2011	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	315,650	1,249,396	1,724,737	2,114,187	2,060,810
Total liabilities	(41,430)	(178,563)	(64,393)	(70,901)	(72,608)
	274,220	1,070,833	1,660,344	2,043,286	1,988,202
Equity attributable to owners of the Company	273,135	714,485	1,531,033	1,914,282	1,865,258
Non-controlling interests	1,085	356,348	129,311	129,004	122,944
Total equity	274,220	1,070,833	1,660,344	2,043,286	1,988,202

Corporate Information

EXECUTIVE DIRECTORS

Mr. Leung Ngai Man *(Chairman)*
Mr. Sung Kin Man *(Chief Executive Officer)*
Mr. Ng Kwok Chu, Winfield
Mr. Yeung Kit

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Niu Zhihui
Mr. Cai Wei Lun
Mr. Zhang Qingkui

COMPANY SECRETARY

Ms. Chiu Ngan Ling Annie

HONG KONG LEGAL ADVISORS

Chiu & Partners

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HLB Hodgson Impey Cheng Limited

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