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**SINO PROSPER STATE GOLD RESOURCES HOLDINGS LIMITED**  
**中盈國金資源控股有限公司**

(formerly known as “Sino Prosper Holdings Limited”)  
*(Incorporated in the Cayman Islands with limited liability)*  
 (stock code: 766)

**ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

The Board (the “Board”) of Directors (the “Directors”) of Sino Prosper State Gold Resources Holdings Limited (formerly known as “Sino Prosper Holdings Limited”) (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2009. These unaudited interim results have been reviewed by the Company’s Audit Committee.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$’000</b>	<i>HK\$’000</i>
Revenue	2	<b>14,184</b>	10,391
Cost of sales		<u><b>(13,445)</b></u>	<u>(10,140)</u>
Gross profit		<b>739</b>	251
Other income and gains		<b>584</b>	5,645
General and administrative expenses		<b>(7,442)</b>	(8,901)
Finance costs		<u>–</u>	<u>(20)</u>
Loss before tax		<b>(6,119)</b>	(3,025)
Income tax expense	3	<u>–</u>	<u>–</u>
<b>Loss for the period</b>	4	<u><b>(6,119)</b></u>	<u>(3,025)</u>
<b>Other comprehensive income/(loss)</b>			
Currency translation differences		<u><b>(279)</b></u>	<u>2,544</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<u><b>(279)</b></u>	<u>2,544</u>

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(6,398)</b>	(481)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		<b>(6,117)</b>	(2,340)
Minority interests		<b>(2)</b>	(685)
		<b>(6,119)</b>	(3,025)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		<b>(6,429)</b>	244
Minority interests		<b>31</b>	(725)
		<b>(6,398)</b>	(481)
<b>Loss per share for loss attributable to equity holders of the Company for the period</b>			
Basic (HK cents per share)	6	<b>0.38</b>	0.18
Diluted (HK cents per share)		<b>0.38</b>	0.18

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 30 September 2009 (Unaudited) <i>HK\$'000</i>	As at 31 March 2009 (Audited) <i>HK\$'000</i>
<b>Non-current assets</b>			
Exploration and evaluation assets	7	634,707	–
Property, plant and equipment	8	<u>2,119</u>	<u>733</u>
		<u>636,826</u>	<u>733</u>
<b>Current assets</b>			
Trade and other receivables	9	11,653	81,870
Amounts due from minority shareholders		2,815	2,815
Bank balances and cash		<u>297,888</u>	<u>230,232</u>
		<u>312,356</u>	<u>314,917</u>
<b>Current liabilities</b>			
Trade and other payables	10	30,787	40,951
Obligation under a hire-purchase contract		–	124
Tax liabilities		<u>355</u>	<u>355</u>
		<u>31,142</u>	<u>41,430</u>
<b>Net current assets</b>		<u>281,214</u>	<u>273,487</u>
<b>Total assets less current liabilities</b>		<b>918,040</b>	274,220
<b>Non-current liabilities</b>			
Convertible bonds	11	125,836	–
Promissory note	12	<u>272,727</u>	–
		<u>398,563</u>	–
<b>Net assets</b>		<u><u>519,477</u></u>	<u><u>274,220</u></u>
<b>Capital and reserves</b>			
Share capital	13	17,114	15,674
Share premium and reserves		<u>276,320</u>	<u>257,461</u>
Equity attributable to equity holders of the Company		<u>293,434</u>	273,135
Minority interests		<u>226,043</u>	<u>1,085</u>
<b>Total equity</b>		<u><u>519,477</u></u>	<u><u>274,220</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial information have been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKAS and Interpretations and Hong Kong Financial Reporting Standards (collectively, the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2009, which have been prepared in accordance with HKFRSs.

Save for those new HKFRSs adopted during the period as set out below, the accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2009.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009:

- HKAS 1 (revised), “Presentation of Financial Statements”. The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present one performance statement. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, “Operating Segments”. HKFRS 8 replaces HKAS 14, “Segment reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who makes strategic decisions.
- HKFRS 7 (Amendments), “Improving Disclosures about Financial Instruments”. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 March 2010.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2009:

- HKAS 23 (Amendment) – Borrowing Costs
- HKFRS 1 & HKAS 27 (Amendments) – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- HKFRS 2 (Amendment) – Vesting Conditions and Cancellations
- HKAS 32 (Amendment) – Puttable Financial Instruments and Obligations Arising on Liquidation
- HK(IFRIC) – Int 13 – Customer loyalty programmes
- HK(IFRIC) – Int 15 – Agreements for the Construction of Real Estate
- HK(IFRIC) – Int 16 – Hedges of a Net Investment in a Foreign Operation
- HK(IFRIC) – Int 18 – Transfers of Assets from Customers

The adoption of the above standards, amendments to standards and interpretations, if relevant, did not have significant impact on the Company's consolidated accounts.

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

## 2. Revenue and Segment Information

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Revenue from sales of gold	<b>2,746</b>	–
Revenue from sales of fuel oil and chemicals	<b>11,438</b>	857
Revenue from sales of steel products	–	9,534
	<b>14,184</b>	10,391

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns different from those of the other business segments.

For the six months ended 30 September 2008 and 2009, all the Group's revenue is derived from the Group's operations in the investment in energy and precious metal resources related projects and investment in production of raw materials for power generation and construction of highways in the PRC and other countries. Accordingly, no other segment information is presented.

### 3. Income Tax Expense

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2008: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries had no assessable profits derived from or arising in Hong Kong for the six months ended 30 September 2008 and 2009.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 September 2008: 25%) for the six months ended 30 September 2009. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for PRC Enterprise Income Tax has been made as there were no assessable profits generated from the Group's PRC operation during the six months ended 30 September 2008 and 2009.

No deferred tax assets and liabilities are recognised in this unaudited condensed consolidated financial statements as the Group did not have material temporary differences between the tax bases of assets and liabilities and their carrying amounts as at 30 September 2008 and 2009.

### 4. Loss for the Period

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total comprehensive loss is stated after charging the following:		
Employee benefits expense		
– Directors' remuneration	<b>1,851</b>	1,818
– Other staff costs (excluding Directors' emoluments):		
– Salaries and other benefits	<b>1,198</b>	1,499
– Retirement benefits schemes contributions	<b>60</b>	12
	<b>3,109</b>	3,329
Depreciation for property, plant and equipment		
– Owned assets	<b>130</b>	144
– Leased assets	<b>–</b>	–
	<b>130</b>	144
Share options granted to consultants	<b>–</b>	960

## 5. Interim Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2009 (six months ended 30 September 2008: Nil).

## 6. Loss Per Share

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to equity holders of the Company) (HK\$)	<b><u>6,117,000</u></b>	<u>2,340,000</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<b><u>1,606,540,699</u></b>	<u>1,286,163,158</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b><u>1,616,476,119</u></b>	<u>1,286,163,158</u>

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

## 7. Exploration and Evaluation Assets

As at 30 September 2009, the Group is the holder of exploration permits of 3 mines in the PRC, with a total exploration area covered by such exploration permits being 196.31 sq. km. The predominant resources in these 3 mines are various kinds of metals including copper and gold.

## 8. Property, Plant and Equipment

Movements of property, plant and equipment for the six months ended 30 September 2009:

	<b>(Unaudited)</b>
	<i>HK\$'000</i>
Carrying amount as at 1 April 2009	733
Additions	1,513
Depreciation	(130)
Exchange adjustments	<u>3</u>
Carrying amount as at 30 September 2009	<b><u>2,119</u></b>

## 9. Trade and Other Receivables

	As at 30 September 2009 (Unaudited) <i>HK\$'000</i>	As at 31 March 2009 (audited) <i>HK\$'000</i>
Trade receivables	2,075	16,962
Prepayments, deposits and other receivables	<u>9,578</u>	<u>64,908</u>
	<u><b>11,653</b></u>	<u><b>81,870</b></u>

The Group allows an average credit period ranging from 30 to 90 days to its trade customers. Trade receivables are non-interest-bearing. The following is an ageing analysis of the trade receivables at the balance sheet date:

	As at 30 September 2009 (Unaudited) <i>HK\$'000</i>	As at 31 March 2009 (audited) <i>HK\$'000</i>
0 – 90 days	1,575	16,895
Over 90 days – 1 year	<u>500</u>	<u>67</u>
	<u><b>2,075</b></u>	<u><b>16,962</b></u>

## 10. Trade and Other Payables

	As at 30 September 2009 (Unaudited) <i>HK\$'000</i>	As at 31 March 2009 (audited) <i>HK\$'000</i>
Trade payables	1,729	15,312
Other payables and accruals	<u>29,058</u>	<u>25,639</u>
	<u><b>30,787</b></u>	<u><b>40,951</b></u>



The following is an ageing analysis of the trade payables at the balance sheet date:

	<b>As at 30 September 2009 (Unaudited) HK\$'000</b>	<b>As at 31 March 2009 (audited) HK\$'000</b>
0 – 90 days	<b>1,504</b>	15,148
Over 90 days – 1 year	<b>225</b>	164
	<b><u>1,729</u></b>	<b><u>15,312</u></b>

#### 11. Convertible Bonds

The convertible bonds can be converted into a maximum of 1,818,181,813 ordinary shares of the Company at a conversion price of HK\$0.075 per share. The convertible bonds are interest-free and will mature on 30 September 2014.

#### 12. Promissory Note

The promissory note is interest-bearing at 1.5% per annum and will mature on 30 September 2011.

#### 13. Share Capital

	<b>Number of shares</b>	<b>Amount HK\$</b>
<b>Ordinary shares of HK\$0.01 each:</b>		
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
As at 31 March 2009 and 30 September 2009	<b><u>20,000,000,000</u></b>	<b><u>200,000,000</u></b>
<b>Issued and fully paid:</b>		
As at 1 April 2008	1,286,163,158	12,861,632
Issue of new shares ( <i>Note (i)</i> )	257,230,000	2,572,300
Exercise of share options ( <i>Note (ii)</i> )	<u>24,000,000</u>	<u>240,000</u>
As at 31 March 2009 and 1 April 2009	1,567,393,158	15,673,932
Exercise of share options ( <i>Note (iii)</i> )	<u>144,000,000</u>	<u>1,440,000</u>
<b>As at 30 September 2009</b>	<b><u>1,711,393,158</u></b>	<b><u>17,113,932</u></b>

*Notes:*

- (i) On 19 September 2008, the Company announced that it had entered into the placing agreement dated 21 May 2008 (the “Placing Agreement”), which was supplemented by a few supplemental agreements, with a placing agent in relation to a placing of 257,230,000 shares at a price of HK\$0.125 per share.

On 15 October 2008, the Company announced that the Placing Agreement lapsed on 15 October 2008 and the Company entered into a new placing agreement (the “New Placing Agreement”) on the same day in relation to a placing of 257,230,000 shares at a price of HK\$0.033 per share.

The completion of the New Placing Agreement took place on 25 February 2009 in accordance with the terms and conditions of the New Placing Agreement and an aggregate of 257,230,000 new shares had been successfully placed to not less than six places at HK\$0.033 per new share.

- (ii) During the year ended 31 March 2009, 24,000,000 ordinary shares were issued upon the exercise of a total of 24,000,000 share options at an exercise price of HK\$0.030, giving rise to an aggregate of net proceeds of HK\$720,000.
- (iii) During the six months ended 30 September 2009,
  - 36,000,000 ordinary shares were issued upon the exercise of a total of 36,000,000 share options at an exercise price of HK\$0.05, giving rise to an aggregate of net proceeds of HK\$1,800,000;
  - 24,000,000 ordinary shares were issued upon the exercise of a total of 24,000,000 share options at an exercise price of HK\$0.12, giving rise to an aggregate of net proceeds of HK\$2,880,000;
  - 24,000,000 ordinary shares were issued upon the exercise of a total of 24,000,000 share options at an exercise price of HK\$0.125, giving rise to an aggregate of net proceeds of HK\$3,000,000;
  - 12,000,000 ordinary shares were issued upon the exercise of a total of 12,000,000 share options at an exercise price of HK\$0.136, giving rise to an aggregate of net proceeds of HK\$1,632,000;
  - 24,000,000 ordinary shares were issued upon the exercise of a total of 24,000,000 share options at an exercise price of HK\$0.137, giving rise to an aggregate of net proceeds of HK\$3,288,000; and
  - 24,000,000 ordinary shares were issued upon the exercise of a total of 24,000,000 share options at an exercise price of HK\$0.15, giving rise to an aggregate of net proceeds of HK\$3,600,000.

#### 14. Operating Lease Commitments

As at 30 September 2009, the Group had commitments for future minimum lease payments under non-cancelable operating leases in respect of land and buildings which fall due as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (audited) HK\$'000
Within one year	1,402	931
In the second to fifth years inclusive	1,116	185
	<u>2,518</u>	<u>1,116</u>

## 15. Related Party Transactions

Save as disclosed in this announcement, the Group had entered into the following significant related party transactions during the six months ended 30 September 2009:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Compensation to key management personnel</b>		
Short-term employee benefits	<b>1,832</b>	1,800
Post-employment benefits	<b>19</b>	18
	<b>1,851</b>	1,818

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the six months ended 30 September 2009, the Group recorded a total turnover of approximately HK\$14,184,000, which comprised a turnover of (i) approximately HK\$11,438,000 from the sale of fuel oil and chemicals (six months ended 30 September 2008: approximately HK\$857,000); and (ii) approximately HK\$2,746,000 from the sale of gold (six months ended 30 September 2008: Nil). For the six months ended 30 September 2008, the Group recorded a turnover of approximately HK\$9,534,000 from the sale of steel, being ferrous products. The increase in total comprehensive loss was mainly due to the decrease in foreign exchange gains for the six months ended 30 September 2009, as compare to the significant net foreign exchange gains of approximately HK\$4.5 million for the six months ended 30 September 2008.

The Group has been focusing its development on energy and precious metal resources businesses. The following sets out briefly the progress of these projects, which the Group has been working on.

#### 1. CNPC Sino Prosper Petroleum and Gas Company Ltd (“CNPC”)

CNPC, a 95%-owned subsidiary of the Group, is principally engaged in the wholesale and commission agency of fuel oil and related supporting and consultation services in the PRC. During the six months ended 30 September 2009, a total of approximately RMB1.4 million was further injected by the joint venture parties as part of its entire registered capital of RMB50 million. Up to 30 September 2009, an aggregate of RMB13.5 million had been injected by the joint venture parties. During the six months ended 30 September 2009, CNPC recorded a turnover of approximately RMB10.1 million (equivalent to approximately HK\$11.4 million).

#### 2. Indonesia-Bitumen Joint Venture Extraction Project

P.T. Sino Prosper Indocarbon (“Indocarbon”), a 65%-owned subsidiary of the Group, has been engaged in mineral resources exploration project in Indonesia. Indocarbon owns the right to carry out general exploration in bitumen mines covering a total of 22,076 hectares of land in North Buton, Indonesia, and has been granted four licences by the Government of the North Buton Administrative Region to conduct regional detailed exploration work within the exploratory area. These licences are valid for three years from 6 November 2007 and can be extended for another two years upon expiry. Due to the financial tsunami and significant fluctuation of oil price, the Group has slowed down exploration works of the bitumen mines. In light of the change of economic conditions and the trend of oil price, the Group will carefully re-evaluate the progress of the exploration works in 2010. During the six months ended 30 September 2009, no turnover was generated by Indocarbon.

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

Hainan Tairui, a 95%-owned subsidiary of the Group, has the requisite licence for processing of minerals and for the mining, smelting as well as the sales of ferrous and non-ferrous products in the PRC. Due to serious economic downturn since late 2008, customers’ demand on copper concentrate had dropped substantially. The sales teams then stopped the trading of copper concentrate powder and commenced to explore business opportunity in the trading of ferrous and non-ferrous products. During the six months ended 30 September 2009, no turnover was generated by Hainan Tairui.

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

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

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

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

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

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

## 5. Investment in Copper and Gold Mines Project in Heilongjiang Province, the PRC

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

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

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

The Vendor is a connected person by virtue of him being a Director and a substantial shareholder of the Company. As such, the 2009 Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The 2009 Acquisition also constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## OUTLOOK AND NEW DEVELOPMENTS

The Group will continue to take a prudent yet proactive approach and focus on seeking investment opportunities of energy and resources-related projects to capture the business opportunities arising from China's rapid economic development.

### 1. Framework Agreement in relation to the Investment in Gold Mining in the PRC

On 13 October 2009, Sino Prosper Mineral Products Limited, ("Sino Prosper Mineral") a wholly-owned subsidiary of the Group, entered into a framework agreement ("Framework Agreement") with 敖漢旗鑫瑞恩礦業有限責任公司 ("PRC Company") and the existing shareholder of the PRC Company ("PRC Company Existing Shareholder"), pursuant to which Sino Prosper Mineral intends to invest in not less than 70% shareholding of the PRC Company at a proposed total consideration of not exceeding RMB140 million, subject to the signing and completion of a formal investment agreement.

Under the Framework Agreement, the PRC Company Existing Shareholder has agreed to grant an exclusive investment right to Sino Prosper Mineral during the period of one year from 13 October 2009, and Sino Prosper Mineral is entitled on an exclusive basis to make investment (by itself and/or through its subsidiaries) in the shareholding of the PRC Company or the exploration/exploitation right owned by the PRC Company from time to time.

The PRC Company's gold mine project is located in Inner Mongolia Autonomous Region, the PRC (中國內蒙古自治區). As at the date of this announcement, the PRC Company is the holder of an exploitation permit of a mine which is valid for a period from 31 May 2009 to 31 May 2012, and the exploitation area covered is 2.0732 sq. km. The PRC Company has also entered into a cooperation agreement with 內蒙古金陶股份有限公司 (Inner Mongolia Jintao Co. Limited), which stipulated the rights of the PRC Company in relation to the exploration project. According to the PRC Company, it has a mineral processing plant with daily capacity of approximately 50 tonnes gold ores.

If the Framework Agreement proceeds to the signing of a formal investment agreement, the proposed investment may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement will be made by the Company as to the progress of the proposed investment.

As at the date of this announcement, the Framework Agreement has not proceeded to the stage of signing of a formal investment agreement.

## **2. New Exploration Permits for Zhongyi Weiye**

On 27 October 2009, Zhongyi Weiye, a 65%-owned subsidiary of the Group, has obtained additional exploration permits of two copper and poly-metal mines. The two copper and poly-metal mines are located in Xinancha, Hulin City, Heilongjiang Province, the PRC and Sanchalu, Hulin City, Heilongjiang Province, the PRC, respectively, with area of approximately 76.12 square kilometers and 92.18 square kilometers, respectively. Taking into account the existing exploration permits of three mines originally held by Zhongyi Weiye, Zhongyi Weiye held exploration permits of a total of 5 mines with total mining area of approximately 364.61 square kilometers.

## **3. Change of Company Name**

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

A special resolution regarding the new name of the Company was passed at an extraordinary general meeting held on 23 November 2009. A Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 24 November 2009. The Company is currently making an application for registration of change of name of the Company under Part XI of the Companies Ordinance (Chapter 32, Laws of Hong Kong). Subject to the Stock Exchange’s approval, a new stock short name will be adopted and effected shortly after completion of the aforementioned Part XI registration. Further announcement will be made in such respect in due course.

## **FINANCIAL REVIEW**

As at 30 September 2009, the Group had cash and bank balances of approximately HK\$298 million (31 March 2009: approximately HK\$230 million). Its gearing ratio calculated as a ratio of interest bearing net debt to shareholders’ funds was 52.50% (31 March 2009: Nil). Net current assets totalled HK\$312 million (31 March 2009: HK\$273 million) and the current ratio was maintained at a level of approximately 10.0 (31 March 2009: approximately 7.6). During the six months ended 30 September 2009, the Group issued convertible bonds and promissory note in connection with the acquisition of Target BVI as mentioned above. The Group generally finances its operations with internally generated cash flows and through capital fund raising activities.



## CAPITAL COMMITMENTS

The Group had the following capital commitments as at 30 September 2009 and 31 March 2009:

	<b>As at 30 September 2009 (Unaudited) HK\$'000</b>	As at 31 March 2009 (Audited) HK\$'000
Authorised and contracted for investment in a joint venture company	<b><u>38,992</u></b>	<u>40,544</u>

## SEASONAL OR CYCLICAL FACTORS

The Group's business operations are not significantly affected by any seasonal or cyclical factors.

## FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 September 2009, the Group mainly operated in the PRC and a majority of the Group's transactions conducted during the six months ended 30 September 2009 and balances of current assets and liabilities as at 30 September 2009 were denominated in RMB. 81% and 19% of the sales for the six months ended 30 September 2009 were denominated in RMB and Hong Kong Dollar, respectively. 79% and 21% of the purchases for the six months ended 30 September 2009 were denominated in RMB and Hong Kong Dollar, respectively. RMB is the functional currency in making the sales and purchases. The Directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. The management has been constantly monitoring the Group's foreign exchange risks and will consider hedging significant foreign currency exposure should the need arise.

## EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2009, the Group employed 38 full-time employees in the PRC, Hong Kong and Indonesia. The Group remunerated its employees based on their performance, qualifications, work experience and prevailing market prices. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2009.

## **MATERIAL ACQUISITIONS OR DISPOSALS**

Save as disclosed in this announcement, there were no material acquisitions or disposals of subsidiaries or associates during the six months ended 30 September 2009.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code (“Model Code”) for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2009.

## **CORPORATE GOVERNANCE**

The Company has adopted the Code Provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Listing Rules. Save and except as hereinafter mentioned, the Company has complied with the Code for the six months ended 30 September 2009:

### **(i) CODE PROVISION A.2.1**

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

### **(ii) CODE PROVISION E.1.2**

Pursuant to Code Provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. However, the Chairman of the Board was absent from the annual general meeting held on 25 September 2009 in order to attend to other matters. A Director was present at the annual general meeting to chair the meeting. To ensure compliance with the Code, the Company will arrange to furnish all Directors with appropriate information on all the general meetings and take all reasonable measures to arrange the schedule in such a cautious way that Directors and particularly the Chairman of the Board can attend the annual general meeting.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September 2009.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results of the Group for the six months ended 30 September 2009 is available for viewing on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company at <http://www.sinoprosp.com>. The interim report of the Company for the six months ended 30 September 2009 will be despatched to the shareholders and available on the above websites in due course.

By Order of the Board  
**Sino Prosper State Gold Resources Holdings Limited**  
**Leung Ngai Man**  
*Chairman*

Hong Kong, 11 December 2009

*As at the date of this announcement, the executive Directors are Mr. Leung Ngai Man, Mr. Sung Kin Man, Mr. Yeung Kit, Mr. Wong Wa Tak and Mr. Ng Kwok Chu, Winfield, and the independent non-executive Directors are Mr. Chan Sing Fai, Mr. Cai Wei Lun and Dr. Leung Wai Cheung.*