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## **SINO PROSPER STATE GOLD RESOURCES HOLDINGS LIMITED**

**中盈國金資源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 766)

### **CONNECTED TRANSACTION**

On 10 February 2010, the Purchaser and the Vendor (being a wholly-owned subsidiary of the Company) entered into the Disposal Agreement pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Shares and the Sale Debts, at the Purchase Price of RMB5,280,000 (equivalent to about HK\$6,000,000).

Upon Completion, members of the Disposal Group will cease to be the subsidiaries of the Company and the Company will have no more shareholding in the Disposal Group. The Group will cease its business in bitumen mining in Indonesia. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the Group's financial statements after Completion.

The Purchaser is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 27.7% of the issued share capital of the Company as at the date of this announcement. As such, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the Disposal is more than 0.1% but less than 2.5%, the Disposal is exempted from seeking approval from independent Shareholders but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

### **CONNECTED TRANSACTION – THE DISPOSAL AGREEMENT**

**Date:** 10 February 2010

**Parties:**

**Vendor:** Sino Prosper Group Limited, a wholly-owned subsidiary of the Company and an investment holding company

**Purchaser:** Mr. Leung Ngai Man, the Chairman of the Company and an executive Director

## **Assets to be disposed**

Pursuant to the Disposal Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares (being the entire issued share capital of the Target Company) and the Sale Debts.

## **Consideration**

Pursuant to the terms of the Disposal Agreement, the Purchase Price of RMB5,280,000 (equivalent to about HK\$6,000,000) shall be paid by the Purchaser at Completion by way of cashier's order dated on or before the Completion Date and issued by a licensed bank in Hong Kong in favour of the Vendor or as it may direct, or in such other manner as may be agreed between the Vendor and the Purchaser.

The Purchase Price was determined by the Vendor and the Purchaser on the basis of normal commercial terms and arm's length negotiations by reference to, inter alia: (i) the expected gain to be recorded by the Group from the disposal of the Disposal Group amounting to approximately HK\$4.2 million; and (ii) the continuing loss accrued by the Disposal Group since the incorporation of the Target Company.

The Directors (including the independent non-executive Directors) consider that the terms of Disposal (including the basis of the Purchase Price), which are determined on an arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent**

Completion of the Disposal shall be conditional upon all the following conditions being fulfilled (or, where applicable, waived) at or before 5:00 p.m. on the Longstop Date:

- (a) (where applicable) the compliance by the Company of (or, as the case may be, obtaining of waiver from) any requirement under the Listing Rules as may be applicable in connection with the Disposal Agreement and the transactions contemplated thereby;
- (b) if required, all approvals, consents, authorisations and licences (so far as are necessary) in relation to the transactions contemplated under the Disposal Agreement having been obtained from the relevant parties.

The Purchaser may at any time by notice in writing to the Vendor waive the conditions (other than that specified in paragraph (a) above) in whole or in part.

## **Completion**

Completion of the Disposal shall take place on the Completion Date.

Upon Completion, members of the Disposal Group will cease to be the subsidiaries of the Company and the Company will have no more shareholding in the Disposal Group. The Group will cease its business in bitumen mines in Indonesia. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the Group's financial statements after Completion.

## **INFORMATION ON THE DISPOSAL GROUP**

Target Company is a company incorporated in Hong Kong and is wholly and beneficially owned by the Company. The principal assets of Target Company is the 65% shareholding in the Indonesian Subsidiary. The Indonesian Subsidiary is principally engaged in mineral resources exploration project in Indonesia and owns the right to carry out general exploration in bitumen mines covering a total of 22,076 hectares of land in Buton, Indonesia, and has been granted four licenses 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 commencing from 6 November 2007 and can be extended for another two years upon expiry.

According to the unaudited financial statements of Target Company prepared under the Hong Kong Financial Reporting Standards, the unaudited net losses (before and after taxation and extraordinary items) of Disposal Group for the each of two years ended 31 March 2009 were approximately HK\$1,045,000 and HK\$530,000 respectively while the unaudited net liabilities of the Disposal Group attributable to the Group as at 31 March 2009 were approximately HK\$7,796,000 (including approximately HK\$9.6 million due to the Group other than the Disposal Group).

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in investment in energy, precious metals and resources related projects in the PRC.

The Directors consider that the Disposal can help streamline the business segment of bitumen mining in Indonesia and redeploy its resources to gold mining in the PRC. As the Purchase Price was determined by reference to the expected gain to be recorded by the Group from the disposal of the Disposal Group and the continuing loss accrued by the Disposal Group since the incorporation of the Target Company, the Board is of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

For illustration purpose, the expected gain to be derived from the Disposal, subject to audit, would amount to approximately HK\$4.2 million, representing the net amount of the Purchase Price less the equity attributable to equity holders of the Target Company and the Sale Debts as at 31 March 2009. The sales proceeds arising from the Disposal will be used as the working capital of the Group.

## **IMPLICATION OF THE DISPOSAL UNDER THE LISTING RULES**

The Purchaser is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 27.7% of the issued share capital of the Company as at the date of this announcement. As such, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the Disposal is more than 0.1% but less than 2.5%, the Disposal is exempted from seeking approval from independent Shareholders but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

## **PUBLICATION OF THE ANNOUNCEMENT**

The announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and at the website of the Company [www.sinoproprosper.com](http://www.sinoproprosper.com).

## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“business day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Sino Prosper State Gold Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	the date of Completion, being the date falling on the third business day after all the conditions of the Disposal Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company

“Disposal”	the disposal of the Sale Shares and the Sale Debts pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement dated 10 February 2010 and entered into between the Purchaser and the Vendor in respect of the Disposal
“Disposal Group”	the Target Company and the Indonesian Subsidiary
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indonesian Subsidiary”	PT Sino Prosper Indocarbon, being the 65% equity-owned subsidiary of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 March 2010 or such later date as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	RMB5,280,000 (equivalent to about HK\$6,000,000), being the total purchase price for the Sale Shares and the purchase price for the Sale Debts payable for the Disposal by the Vendor
“Purchaser” or “Mr. Leung”	Mr. Leung Ngai Man, the Chairman of the Company and an executive Director
“Sale Debts”	such amount as equals the entirety of the face value of the loans outstanding as at Completion (which amount shall not in any event exceed that referred to the Purchase Price) made by or on behalf of the Vendor to the Target Company
“Sale Shares”	the entire issued ordinary share capital of the Target Company at Completion
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sino Prosper Resources Limited, an indirect wholly-owned subsidiary of the Company
“Vendor”	Sino Prosper Group Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company and the vendor named under the Disposal Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*For the purpose of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB0.88 to HK\$1.*

By order of the Board  
**Sino Prosper State Gold Resources Holdings Limited**  
**Yeung Kit**  
*Executive Director*

Hong Kong, 10 February 2010

*As at the date of this announcement, the executive Directors of the Company 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 of the Company are Mr. Chan Sing Fai, Mr. Cai Wei Lun and Dr. Leung Wai Cheung.*