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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)

PLACING OF NEW SHARES UNDER A SPECIAL MANDATE

Placing Agent

SAMSUNG SECURITIES



Samsung Securities (Asia) Limited

Reference is made to the announcement of the Company dated 5 March 2010 in relation to the engagement of Samsung to place the new Shares to be procured by Samsung.

On 12 March 2010 (after the trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, of up to 3,600 million Placing Shares to the Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price which is expected to be not less than HK\$0.10 per Placing Share, representing a discount of not more than 20% to the “benchmarked price” as of the date of the Book Building Closing Date, which is equivalent to the higher of (i) the closing price per Share as quoted on the Stock Exchange on the Book Building Closing Date; or (ii) the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Book Building Closing Date.

The Placing Shares are to be issued under a special mandate to be sought at the EGM. Assuming the Placing Price to be HK\$0.10 per Share and up to 3,600 million Placing Shares to be issued to the Placees, the net proceeds of the Placing, after deduction of the placing commission and other related expenses of approximately HK\$11 million, will be approximately HK\$349.0 million. Assuming the agreement for the Acquisition will become unconditional and proceed to completion, the Directors intend to use part of the net proceeds for the Acquisition.

A circular containing, among other things, details of the Placing, together with the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

Completion is subject to the fulfillment of the conditions precedent as set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 5 March 2010 in relation to the engagement of Samsung to place the new Shares to be procured by Samsung. The Board is pleased to announce that the Placing Agreement has been entered with details as follows:

THE PLACING AGREEMENT

Date: 12 March 2010 (after the trading hours of the Stock Exchange)

Issuer: the Company

Placing Agent: Samsung

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. Pursuant to the Placing Agreement, the Placing Agent has agreed, as agent of the Company, on a best efforts basis, to procure Placees to subscribe for the Placing Shares at the Placing Price.

Placees

The Placing Shares will be placed to the Placees which are independent professional, institutional and other investors, and who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees become a substantial Shareholder after Completion, further announcement will be made by the Company.

Number of Placing Shares

The maximum Placing Shares of 3,600 million Shares represent approximately 135.23% of the existing issued share capital of the Company as at the date of this announcement and approximately 57.49% of the issued share capital of the Company as enlarged by the Placing (assuming there is no new issue nor repurchase of Shares during the period).

Placing Price

The Placing Price will be determined by the Placing Agent with reference to the prevailing market price of the Shares. The Placing Price is expected to be not less than HK\$0.10 per Placing Share, representing a discount of not more than 20% to the “benchmarked price” as of the date of the Book Building Closing Date, which is equivalent to the higher of (i) the closing price per Share as quoted on the Stock Exchange on the Book Building Closing Date; or (ii) the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Book Building Closing Date.

As an indication only, based on the closing price on the Last Trading Day of HK\$0.1680 and the average closing price in the five trading days immediately prior to the Last Trading Day of HK\$0.1618, the benchmarked price will be HK\$0.1680. Based on this indicative benchmarked price, the Placing Price will not be less than HK\$0.1344. The indicative Placing Price of HK\$0.1344 represents (i) a discount of approximately 20.0% to the closing price of HK\$0.1680 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 16.9% to the average of the closing prices per Share of HK\$0.1618 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

Given the stock market conditions, the amount of funds needed to support the Group’s mining operations and the corresponding size of the Placing Shares involved (which represent approximately 135.23% of the existing issued share capital), the Directors (including the independent non-executive Directors) consider that the Placing and the basis for determination of the “benchmarked price” of the Placing Price and the Placing Price are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Commissions

Upon the allotment and issue of the Placing Shares, the Placing Agent will receive a placing commission of 3.0% on the gross proceeds of the issue of such Placing Shares. Gross proceeds means Placing Price multiplied by the number of Placing Shares issued pursuant to the Placing. The Placing commission was negotiated on an arm’s length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rates charged by other placing agents. The Directors consider that the terms of the Placing Agreement, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects among themselves and with the existing issued Shares as at the date of the allotment.

Conditions of the Placing

The obligation of the Placing Agents to proceed to Completion is conditional upon:

- (1) the Placing Agent having received:
 - (a) from the Company, certified board resolutions approving the Placing and the entering into of the Placing Agreement and to be bound by the terms thereof;
 - (b) from the Company, certified shareholders' meeting resolutions approving the special mandate for the Placing Shares;
 - (c) Cayman, Hong Kong and PRC legal opinions each in a form to the reasonable satisfaction to the Placing Agent;
 - (d) a signed original of the lock-up deed of undertaking duly executed by Mr. Leung; and
 - (e) an undertaking from Mr. Leung and his associates to vote in favour of the resolution(s) to approve the Acquisition at an extraordinary general meeting of the Company for considering and (if thought fit) approving (among other matters) the Acquisition, provided that they are not disbarred from voting at such meeting.
- (2) the Listing Committee having granted the listing of and permission to deal in the Placing Shares;
- (3) the absence, during all times prior to Completion, of (a) any breach of, or any event rendering untrue, incorrect or breached in any material respect, any of the representations, warranties or undertakings referred to in the Placing Agreement or (b) any material breach of, or failure to fulfill, any of the other agreements, conditions and/or obligations of the Company which are required to be fulfilled at or before Completion;
- (4) the absence, during all times prior to Completion, of (a) any change in local or international financial, political, military, economic or market (including stock market) conditions or currency exchange rates or exchange controls or (b) any suspension of dealings in the Shares for a period of five consecutive business days (even if such suspension is subsequently lifted prior to Completion) other than as a result of the Placing or trading suspension pending announcement of the acquisition of the Inner Mongolian mines (being the subject matter of the Acquisition), or any cancellation of the listing of the Shares, on the Stock Exchange or (c) any adverse announcement, determination

or ruling of any governmental or other regulatory body (including a delay in the approval of this announcement or any other relevant announcement by any relevant stock exchange), which would (in any case mentioned in (a), (b) or (c) above), in the opinion of the Placing Agents, prejudice materially the success of the Placing;

- (5) the absence of any imposition of any moratorium, suspension or material restriction or trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to Completion; and
- (6) the passing of an ordinary resolution by Shareholders at the EGM for the grant of a special mandate to allot and issue Placing Shares.

If the conditions have not been satisfied or waived (as applicable) by the Placing Agent by Completion, the Placing Agreement and the obligations of the Company and the Placing Agent thereunder shall cease and terminate, and no party thereto shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Placing Agreement (including the commissions), except (a) in relation to obligations, agreements and liabilities arising prior to such termination, (b) that the Company shall remain liable for the payment of all costs and expenses (excluding for the avoidance of doubt any commission) already incurred or to be incurred in consequence of such termination by the Placing Agent; and (c) the provisions of indemnity by the Company to the Placing Agent under the Placing Agreement shall remain in full force and effect.

The Placing Agent may, in its absolute discretion, waive or extend the time for fulfilment of all or any or any part of the above conditions (other than conditions (2) and (6) above) by notice in writing to the Company, save that such time shall not be extended beyond 31 May 2010.

Completion is subject to the fulfillment of the conditions precedent as set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Mandate to issue the Placing Shares

The issue of the Placing Shares is subject to Shareholders' approval at an EGM to be convened at which a special mandate would be sought to approve the Placing Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Placing Shares at the Placing Price.

Lock-up undertakings

Pursuant to the Placing Agreement, the Company has undertaken to procure the Mr. Leung (including his nominees, companies controlled by him and/or trusts associated with him (whether individually or together and whether directly or indirectly)) to undertake to the Placing Agent that from the date of the Placing agreement and on or prior to the date being 90 days after the Closing Date not to (without the prior written consent of the Placing Agent):

- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares or interests, whether any such transaction described in (a) or in this paragraph is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above.

The lock-up provision does not restrict Mr. Leung or any of his nominees, companies controlled by him and/or trusts associated with him (whether individually or together and whether directly or indirectly) from purchasing any Shares.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company in the following scenarios (i) as at the date of this announcement; (ii) immediately after Placing but before the exercise of the convertible bonds held by Mr. Leung, a Director and his associates; and (iii) for illustrative purposes only, immediately after the Placing and the exercise of the convertible bonds held by Mr. Leung and his associates:

	As at the date of this announcement		Immediately after the Placing but before the exercise of the convertible bonds		Immediately after the Placing and the exercise of the convertible bonds	
	<i>No of</i>		<i>No of</i>		<i>No of</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Mr. Leung and his associates						
– Existing Shares	737,150,000	27.69	737,150,000	11.77	737,150,000	9.87
– Shares to be issued after the exercise of the convertible bonds held by Mr. Leung and his associates	–	–	–	–	1,209,781,813	16.19
<i>Mr. Leung and parties acting in concert with it</i>	<i>737,150,000</i>	<i>27.69</i>	<i>737,150,000</i>	<i>11.77</i>	<i>1,946,931,813</i>	<i>26.06</i>
Mr. Wong Wa Tak, a Director	1,600,000	0.06	1,600,000	0.03	1,600,000	0.02
Placees under the Placing	–	–	3,600,000,000	57.49	3,600,000,000	48.18
Other existing public Shareholders	1,923,313,158	72.25	1,923,313,158	30.71	1,923,313,158	25.74
Total	<u>2,662,063,158</u>	<u>100.00</u>	<u>6,262,063,158</u>	<u>100.00</u>	<u>7,471,844,971</u>	<u>100.00</u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The Board considers that the Placing represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital bases of the Company. Assuming the Placing Price to be HK\$0.10 per Share and up to 3,600 million Placing Shares issued to the Placees, the net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$349.0 million, representing a net issue price of approximately

HK\$0.097 per Placing Share. Assuming the acquisition agreement in relation to the Acquisition will become unconditional and proceed to completion, the Directors intend to use part of the net proceeds for the Acquisition. The net proceeds will be used as to (i) approximately HK\$159 million for the Acquisition; (ii) as to approximately HK\$159 million for the up-grading of the ore-processing plant to daily processing capacity to 1,000 tonnes nearby the gold mine to be acquired under the Acquisition; (iii) approximately HK\$17 million for the exploration of the gold mines acquired by the Group in 2009; and (iv) as to the balance for the general working capital of the Group and to finance any possible acquisition plan of the Group in the future.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company did not conduct any fund raising activities involving the issue of its securities in the past twelve months immediately preceding the date of this announcement:

Announcement date	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
14 October 2009	Top-up placing of 342,270,000 Shares at a price of HK\$0.25 per placing Share	Approximately HK\$84.2 million	General working capital and finance any possible acquisition plan of the Group in future	Utilised as the partial settlement of the promissory notes as disclosed in the announcement of the Company dated 28 April 2009

A circular containing, among other things, details of the Placing, together with the notice of the EGM will be despatched to Shareholders as soon as practicable and in accordance with 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 and at the website of the Company www.sinoprospers.com.

TERMS USED IN THIS ANNOUNCEMENT

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

“Acquisition”	the acquisition of the entire issued capital of Favour South Limited, including 70% of the registered and paid up capital of Ao Han Qi Xin Rui En Mineral Industry Co., Ltd. (敖漢旗鑫瑞恩礦業有限責任公司) as announced by the Company dated 25 January 2010, and the current business scope of Ao Han Qi Xin Rui En Mineral Industry Co., Ltd. (敖漢旗鑫瑞恩礦業有限責任公司) includes gold mine exploitation, selection of gold and sale of mineral products
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“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Book Building Closing Date”	the expected date of the completion of the book building process in respect of the Placing as notified at least two business days before the Closing Date by the Placing Agent to the Company
“business day”	any day (other than a Saturday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Closing Date”	10:00 a.m. on the business day which is two business days immediately after the Book Building Closing Date or such other time or date as the Company and the Placing Agent shall agree on which completion of the Placing Agreement shall take place
“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 placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held for approving, among other matters, the grant of a special mandate to allot and issue new Shares in connection with the Placing
“Engagement Letter”	the Engagement Letter dated 5 March 2010 and entered into between the Company and the Placing Agent in relation to the Placing, brief details of which have been set out in the Company’s announcement dated 5 March 2010
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	12 March 2010, being the last trading day for the Shares prior to this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Leung”	Mr. Leung Ngai Man, an executive Director and a substantial Shareholder as at the date of this announcement
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 3,600 million Shares pursuant to the terms of the Engagement Letter and the Placing Agreement
“Placing Agent” or “Samsung”	Samsung Securities (Asia) Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Placing Agent
“Placing Agreement”	the conditional placing agreement dated 12 March 2010 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	not less than HK\$0.10 per Placing Share and representing a discount of not more than 20% to the “benchmark price” as of the Book Building Closing Date
“Placing Shares”	up to 3,600 million Shares to be placed under the Placing

“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
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 12 March 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.