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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)

### **(A) RULE 13.09(1) ANNOUNCEMENT, (B) CLARIFICATION OF INFORMATION CONTAINED IN CERTAIN PRESS ARTICLES; AND (C) RESUMPTION OF TRADING OF SHARES**

#### **CLARIFICATION OF INFORMATION CONTAINED IN PRESS ARTICLES**

Certain press articles appearing on 11 May 2010 contained information about the mines acquired or to be acquired by the Group. As some of such information appears to be inconsistent, the Company would inform Shareholders and investors of the relevant matters concerning such mines (including some updates) and make clarifications accordingly.

#### **SUSPENSION AND RESUMPTION OF TRADING OF SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 10:00 a.m. on 11 May 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 May 2010.

**Shareholders and potential investors are requested to exercise caution when dealing in the securities of the Company.**

Following completion of the Company's placing of the new Shares (as mentioned in the Company's announcement dated 7 May 2010), a press conference was held on 10 May 2010, at which some officers of the Company met with reporters of some newspapers. At the conference, the Company's plan of use of proceeds under the said placing was explained. In response to the enquiries made by some reporters, the officers present also made comments on the progress of the business, operations and/or plans concerning the HLJ Mines and the Inner Mongolia Target Mine.

The Company notes that certain information contained in some newspapers is different from that contained in other newspapers. For clarification purpose and in order to update Shareholders and investors of the state of affairs of the HLJ Mines and the Inner Mongolia Target Mine, the Company would set out below the updated position of the business, operations and/or plans concerning such mines.

## **HLJ MINES**

As mentioned in the Company's announcement dated 12 November 2009, the HLJ Subsidiary obtained on 27 October 2009 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 square kilometres and 92 square kilometres respectively. Including the then exploration permits of three mines held by the HLJ Subsidiary, exploration permits of a total of 5 mines were held by the HLJ Subsidiary, and total mining area covered was increased to approximately 365 square kilometres.

The Group has undertaken a significant exploration programme with a view to announcing a first JORC compliant resource report by the end of 2010. Due to the addition of the above two new mines, the exploration activities to be carried out in respect of the HLJ Mines by the HLJ Subsidiary will take more time. Accordingly, the target development of the first mine among the HLJ Mines is expected to fall in 2011 (instead of 2010). At present, there is not any official JORC compliant resource report in respect of the HLJ Mines.

At the press conference, the officers of the Company present pointed out because there was no official JORC compliant resource report, there was no assurance of the resource quantity at the HLJ Mines. Assuming the most geological favourable environment, the management of the Group based on their experience set a target resource quantity of 100 tonnes of gold, but this was subject to further exploration and finalisation of the above JORC compliant resource report.

## **INNER MONGOLIA TARGET MINE**

As mentioned in the Company's announcement dated 25 January 2010, the Company entered into on 23 January 2010 an agreement for the acquisition of the equity and loan interest in Favour South Limited (which ultimately owns 70% equity interest in a PRC company which in turn holds the mining licence of the Inner Mongolia Target Mine). As mentioned in that announcement, a condition precedent to completion of that agreement is the obtaining by the Group of a mining report from an adviser designated by the Group, showing the gold resources of the Inner Mongolia Target Mine to be no less than 10 tonnes. Further, as mentioned in the Company's circular dated 26 March 2010, a portion of the proceeds in the sum of about HK\$159 million arising from the placing (as mentioned in that circular) will be applied to the upgrading of the ore-processing plant to daily processing capacity to 1,000 tonnes of ores nearby the Inner Mongolia Target Mine (as mentioned in page 12 of that circular).

If the daily processing capacity of the ore-processing plant is increased to 1,000 tonnes of ores, the management of the Group set a production target of gold in respect of the Inner Mongolia Target Mine to be increased to about 80,000 ounces a year.

Based on the information so far obtained by the Group, the management of the Group, based on their experience and assuming full-scale production, set a target period of five months to recover the capital costs to be incurred in the project concerning the Inner Mongolia Target Mine from the turnover arising from such project.

At the press conference, one of the officers mentioned the target payback period and the target annual gold production rate as mentioned above. The Company would highlight that these items are just targets of the Group assuming completion of the Acquisition Agreement. Shareholders and investors are advised to make reference to the technical report and other information contained in the Company's circular concerning the Acquisition Agreement, which is expected to be issued by the Company in May 2010.

At the said press conference, the officers of the Company present expressed that they were optimistic about the prospect of the Inner Mongolia Target Mine, but did not state any expected profits nor express any statement to the effect that the Company would make a lot of money. Shareholders and investors should note that the profitability of any mining company will depend on many factors, such as quantity of mineral reserves, market price of the mineral extracts, difficulty in mining activities, cost of production, economic and other factors.

If there is any material progress in such respects, the Company would make further announcement(s) to inform Shareholders and investors.

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## **TERMS USED IN THIS ANNOUNCEMENT**

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

“Acquisition Agreement”	has the meaning ascribed to such term in the Company's announcement dated 25 January 2010
“Board”	the board of Directors

“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
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HLJ Mines”	(i) the three “Target Mines” which are located at Hulin City, Heilongjiang Province, the PRC, and have occupy a total site area of about 196 square kilometers (further details of which are set out in the Company’s circular dated 31 August 2009), and (ii) the two mines which are located at Hulin City, Heilongjiang Province, the PRC, the exploration permits in respect of which were subsequently obtained by the HLJ Subsidiary (brief details of which are mentioned in the Company’s announcement dated 12 November 2009)
“HLJ Subsidiary”	黑龍江中誼偉業經貿有限公司 (Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd.*), an indirectly owned 65% subsidiary of the Company
“Inner Mongolia Target Mine”	the mining area of approximately 2.0732 square kilometres of mining site located at Gouliang Town, Aohanqi, Inner Mongolia Autonomous Region, the PRC (中國內蒙古自治區敖漢旗溝梁鎮)
“JORC”	Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	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
“PRC Company”	Ao Han Qi Xin Rui En Mineral Industry Co., Ltd.* (敖漢旗鑫瑞恩礦業有限責任公司), a limited liability company established in the PRC and in process to become a sino-foreign joint venture established under the PRC laws

“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target BVI”	Favour South Limited, a company incorporated in the BVI, and at as the date of this announcement, wholly and beneficially owned by Mr Hong Guang (the vendor to the Acquisition Agreement)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 11 May 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.*