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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)

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
THE DISPOSAL OF THE SALE SHARES AND THE SALE LOAN OF  
SINO PROSPER GAS LIMITED**

**THE DISPOSAL**

On 25 August 2010 (after the trading hours), the Vendor, being a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares and the Sale Loan at a consideration of HK\$13.3 million in accordance with the terms and conditions as set out in the Sale and Purchase Agreement.

**LISTING RULES IMPLICATIONS**

Since the applicable percentage ratios are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Purchaser, Mr. Leung, is the Chairman of the Company and an executive Director and is accordingly a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Disposal constitutes a connected transaction of the Company, which will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Leung together with his associates are beneficially interested in approximately 28.8% of the issued share capital of the Company as at the date of this announcement. As Mr. Leung has material interest in the Disposal, Mr. Leung and his associates will abstain from voting at the EGM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

An Independent Board Committee consisting of all then independent non-executive Directors will be established to advise the Independent Shareholders on whether the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable.

## **THE SALE AND PURCHASE AGREEMENT**

**Date:** 25 August 2010 (after the trading hours)

**Parties:**

**Vendor** : Sino Prosper Group Limited, a direct wholly-owned subsidiary of the Company

**Purchaser** : Mr. Leung, the Chairman of the Company and an executive Director and a substantial Shareholder

**Assets to be disposed of**

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares and the Sale Loan subject to the terms and conditions as set out in the Sale and Purchase Agreement.

The information regarding the Target Group is set out in the paragraph headed “Information on the Target Group” below.

**Purchase Price**

(a) The Purchase Price is HK\$13.3 million which shall be paid by the Purchaser to the Vendor at Completion.

The Purchase Price was determined after an arm's length negotiation between the Purchaser and the Vendor having regard to the net asset value (net liability) of the Target Group based on the unaudited consolidated financial statements of the Target Group as at 31 July 2010 adjusted by the Sale Loan. As such, the Directors (excluding the independent non-executive Directors whose views will be provided after taking into account the opinion and advice from the independent financial adviser) consider that the Purchase Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Closing Conditions**

The sale and purchase of the Sale Shares and the Sale Loan shall be conditional upon (where applicable):

- (i) the compliance by the Company of (or, as the case may be, obtaining of waiver from) the relevant requirements under the Listing Rules (including without limitation the obtaining of the approval from Independent Shareholders in general meeting) as may be applicable to the Sale and Purchase Agreement and the transactions contemplated thereby being fulfilled (or, where applicable, waived) at or before 4:00 p.m. on the Longstop Date; and
- (ii) the settlement of the current accounts between the Target Group and the Group (other than the Target Group), and for the avoidance of doubt, the said current accounts do not include the capital accounts which constitute shareholder's loans owing by the Target Group to the Vendor which constitutes the Sale Loan.

If the Closing Conditions are not fully fulfilled (or, as the case may be, waived (if applicable) by the Purchaser) on or before 4:00 p.m. on the Longstop Date, the Sale and Purchase Agreement shall cease and terminate and none of the parties to the Sale and Purchase Agreement shall have any obligations and liabilities thereunder save for any antecedent breaches.

### **Completion**

Subject to the satisfaction or (where applicable) waiver of all Closing Conditions, Completion shall take place at 4:00 p.m. (Hong Kong time) on the fifth Business Day following the date on which the last Closing Condition is fulfilled or (where applicable) waived (or at such other time and/or date as the Vendor and the Purchaser may agree).

## **INFORMATION ON THE TARGET GROUP**

The Target HK was incorporated in Hong Kong on 26 November 2003 and is principally engaged in investment holding. Its major assets are its investment in the Target PRC. The Target PRC, established in the PRC on 30 April 2007 and a 95%-owned subsidiary of the Target HK, is principally engaged in the wholesale and commission agency of fuel oil and related supporting and consultation services in the PRC. The registered share capital of the Target PRC is RMB50,000,000 of which the Target Company is responsible for paying up the portion in the amount of RMB47,500,000. The Target HK has made capital contribution of approximately RMB13.2 million up to the date of this announcement. The term of business for the Target PRC under its business licence is from 30 April 2007 to 30 April 2037.

The net loss (both before and after taxation) of the Target Group for the two years ended 31 March 2009 and 2010 amounted to approximately HK\$900,000 and HK\$508,000 respectively. The net liabilities of the Target Group as at 31 March 2010 was approximately HK\$2,258,000.

## **REASONS FOR THE DISPOSAL**

The Group was engaged in investment in energy, precious metals and resources related projects in the PRC. After the acquisition of two gold mines located in Inner Mongolia Autonomous Region and Heilongjiang Province, the PRC as stated in circulars of the Company dated 31 August 2009, 31 May 2010 and 7 June 2010, the Group has been transforming to focus on the mining and production of precious metals in the PRC.

The Directors consider that the Disposal would allow the Group to streamline the business segment of the fuel oil and related supporting and consultation services and redeploy its resources to the acquired gold mine related businesses. As the consideration of the Disposal was determined having regard to the audited net liabilities of the Target Group as at 31 March 2010 and the Target Group recorded losses for the two years ended 31 March 2010, the Directors (excluding the independent non-executive Directors whose views will be provided after taking into account the opinion and advice from the independent financial adviser) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The sales proceeds arising from the Disposal will be used as the working capital of the Group.

Upon Completion, members of the Target Group will cease to be the subsidiaries of the Company and the Company will have no more shareholding in the Target Group. The Group will cease its business in the fuel oil and related supporting and consultation services. Accordingly, the financial results of the Target Group will not be consolidated into the Group's financial statements after Completion.

## **POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL**

For illustration purpose, the expected gain to be derived from the Disposal, subject to audit, would amount to approximately HK\$0.5 million, representing the difference between the Purchase Price and the unaudited net liability of Target Group as at 31 July 2010 of approximately HK\$2,373,000 adjusted by the Sale Loan amounting approximately HK\$15.2 million.

## **LISTING RULES IMPLICATIONS**

Since the applicable percentage ratios are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Purchaser, Mr. Leung, is the Chairman and an executive Director, is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Disposal constitutes a connected transaction of the Company, which will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Leung together with his associates are beneficially interested in approximately 28.8% of the issued share capital of the Company as at the date of this announcement. As Mr. Leung has material interest in the Disposal, Mr. Leung and his associates will abstain from voting at the EGM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

An Independent Board Committee consisting of all then independent non-executive Directors will be established to advise the Independent Shareholders on whether the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders on or before 15 September 2010.

## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“business day”	a day (other than Saturday or Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Closing Conditions”	the conditions precedent to Completion as set out in the Sale and Purchase Agreement, briefly summarised in the section headed “The Sale and Purchase Agreement – Closing conditions” above
“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”	the completion of the Disposal
“connected person(s)”	has the meaning given to that term in the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting to be convened by the Company for considering, and if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereby
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, all then independent non-executive Directors
“Independent Shareholder(s)”	Shareholder(s) (other than Mr. Leung and his associates) and who have no interests in the Disposal and are not required to abstain from voting on the resolution to approve the Disposal and transactions contemplated thereunder at the EGM

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 October 2010 or such later date as the Vendor and the Purchaser may agree in writing
“Mr. Leung” or “Purchaser”	Mr. Leung Ngai Man, the Chairman of the Company and an executive Director and a substantial Shareholder
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	HK\$13.3 million, being the total purchase price for the Sale Shares and the Sale Loan under the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 25 August 2010 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Loan”	the loan payable by the Target Company to its shareholder amounting approximately HK\$15.2 million immediately before Completion
“Sale Shares”	the entire issued ordinary share capital of the Target HK at Completion
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target HK”	Sino Prosper Gas Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target HK and the Target PRC

“Target PRC”	CNPC Sino Prosper Petroleum and Gas Co. Ltd. (中油中盈石油燃氣銷售有限公司), an indirect subsidiary 95% owned as to by the Target HK and the remaining 5% owned as to by an independent third party who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons save as its interests in the Target PRC
“Vendor”	Sino Prosper Group Limited, a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	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 RMB0.87 to HK\$1.

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

Hong Kong, 25 August 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.*