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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
AND
RESUMPTION OF TRADING

MAJOR AND CONNECTED TRANSACTION

On 19 December 2011, the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has agreed to dispose of the Sale Share and the Sale Loan, at a total consideration of RMB550 million (equivalent to approximately HK\$674.85 million).

Pursuant to the terms of the Acquisition Agreement, the Consideration shall be settled in the following manner: (i) RMB120 million (equivalent to approximately HK\$147.24 million) shall be paid within thirty business days after the entering into the Acquisition Agreement by the Purchaser by way of cashier order (or other payment method agreed by both parties) to the Vendor (or such other person as nominated by the Vendor in writing) as a fully refundable deposit and (if the Acquisition is completed) part of the Consideration. The Vendor must apply the said deposit as shareholder's loan to Target BVI (then through Target HK) to acquire 77% of the registered capital of Target PRC; (ii) RMB230 million (equivalent to approximately HK\$282.21 million) (part of the Consideration) shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion; and (iii) the balance of RMB200 million (equivalent to approximately HK\$245.40 million) shall be satisfied by the Purchaser (or the Company (if mutually agreed by both parties)) to issue the Promissory Note to the Vendor on Completion.

Details of the Acquisition, in particular the Target Group and the Target Mine, are set out in the main text below. **Attention of the Shareholders and potential investors of the Company is drawn to the potential investment risk in the Target Group including but not limited to the lack of track record of operation, the short life span of the aforesaid permits and the possible failure of the renewal thereof. Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 19.30% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The Acquisition also constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the Listing Rules, the Vendor and his associates will abstain from voting on the resolution to approve the Acquisition and any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

GENERAL

A circular containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition (including the issue of the Convertible Bonds and the issue of the Conversion Shares upon the exercise of the conversion right attaching to the Convertible Bonds) and a notice convening the EGM, will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rules 14.41 and 14A.49 of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Acquisition within 15 business days after the publication of the Announcement, that is, on or before 26 January 2012. However, the Directors expect that additional time is required to prepare the information to be presented in the Circular, especially the technical report for the Target Mine which is expected to be available in August 2012. Besides, the preparation of the valuation on the project of Target PRC and the advices from the independent financial adviser would only be commenced after the technical report is available. The Directors therefore expect that the despatch of the Circular has to be postponed to a date no later than 28 September 2012.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 19 December 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 3 January 2012.

MAJOR AND CONNECTED TRANSACTION – THE ACQUISITION AGREEMENT

Date: 19 December 2011

Parties:

Purchaser: Sino Prosper State Gold HK Limited, a wholly-owned subsidiary of the Company and an investment holding company

Vendor: Mr. Leung Ngai Man

As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capital of Target BVI. Target BVI has an authorised capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each, of which one share has been issued and fully paid up and is beneficially owned by the Vendor.

The Vendor is a connected person of the Company by virtue of him being a Director and a substantial Shareholder, holding approximately 19.30% of the issued share capital of the Company as at the date of this announcement.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (being the entire issued share capital of Target BVI) and the Sale Loan.

Consideration

Pursuant to the terms of the Acquisition Agreement, the Consideration of RMB550 million (equivalent to approximately HK\$674.85 million) shall be settled in the following manner:

- (i) RMB120 million (equivalent to approximately HK\$147.24 million) shall be paid within thirty business days after the entering into the Acquisition Agreement by the Purchaser by way of cashier order (or other payment method agreed by both parties) to the Vendor (or other person nominated by the Vendor in writing) as a fully refundable deposit and (if the Acquisition is completed) part of the Consideration. The Vendor must apply the said deposit as shareholder's loan to Target BVI (then through Target HK) to acquire 77% of the registered capital of Target PRC;
- (ii) RMB230 million (equivalent to approximately HK\$282.21 million) (part of the Consideration) shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion; and

- (iii) the balance of RMB200 million (equivalent to approximately HK\$245.40 million) shall be satisfied by the Purchaser (or the Company (if mutually agreed by both parties)) to issue the Promissory Note to the Vendor on Completion.

The Consideration 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 opportunity for the Group to gain further access to the precious metals market in the PRC and to broaden the income base of the Group; (ii) the Target PRC is the holder of the mining permits of the Target Mine; (iii) based on preliminary report provided by an independent valuer, the valuation for the mining right of Target Mine as at 31 October 2011 was RMB720 million, which preliminary valuation is subject to, among other matters, the technical report on the Target Mine to be prepared by a competent person within the meaning of the JORC Code ("Competent Person"), further physical inspection by the valuer and the valuer's formal valuation report.

The Consideration is subject to adjustment. In the event that the metal gold resources in the Target Mine indicated in the technical report prepared by the Competent Person to be designated by the Purchaser are found to be less than 13 tonnes (indicated and measured under JORC Code), i.e. condition number (h) under the section headed "Conditions Precedent" of this announcement, the Purchaser has right (but are not obliged) to refuse to proceed the Completion, and the Purchaser and the Vendor may further negotiate to re-determine the Consideration.

The Directors (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) consider that the terms of Acquisition (including the basis of the Consideration) are determined on an arm's length basis, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In this connection, the Company has conducted and will, up to Completion, continue to conduct due diligence on the assets, liabilities, operations and affairs and the feasibility of the business plan of the Target Group, which include without limitation, the right of the Target PRC to carry on mining and exploration operations. The Company will arrange for an independent qualified valuer, Peak Vision Appraisals Limited, to issue a valuation report on the value of the mining right of the Target Mine and such valuation report will be included in the Circular.

Attention of the Shareholders and potential investors of the Company is drawn to the potential investment risk in the Target Group including but not limited to the lack of track record of operation, the short life span of the aforesaid permits and the possible failure of the renewal thereof. Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Conditions precedent

Completion of the Acquisition is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) all necessary governmental and other consents and approvals having been obtained on the part of the Target Group, the Vendor and the Purchaser in respect of the Acquisition Agreement and the transactions contemplated thereby;
- (b) the Purchaser being satisfied that the Vendor's representations and warranties contained in the Acquisition Agreement remaining true and correct in all respects and the Vendor not having breached its obligations under the Acquisition Agreement;
- (c) the Listing Committee of the Stock Exchange granting listing of, and the permission to deal, in the Conversion Shares;
- (d) the passing of the resolution(s) by the Independent Shareholders at an extraordinary general meeting of the Company to approve the Acquisition Agreement and the transactions contemplated thereafter, including but not limited to the issue to the Vendor of the Convertible Bonds (upon exercise of the conversion right attaching to the Convertible Bonds) and the Promissory Notes and the allotment and issue to the Vendor of the Conversion Shares (upon conversion of the Convertible Bonds);
- (e) the delivery to the Purchaser of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the Acquisition Agreement and the transactions contemplated thereby and the delivery to the Purchaser of a BVI legal opinion (in form and substance satisfactory to the Purchaser) from a BVI legal adviser appointed by the Purchaser in relation to the due incorporation and valid subsistence of Target BVI;
- (f) the Purchaser being satisfied with the results of the due diligence review (at the cost of the vendor) to be conducted on the assets, liabilities, operations (including without limitation that the Target PRC has been duly established and validly subsisting, there exists no encumbrance, restriction and/or prejudice to the ownership of the material assets of the Target PRC, such as exploration and/or mining rights of the relevant mineral resources and the Target PRC has obtained all the necessary approvals, consents and/or permits in connection with its operation and subsistence and a Chinese standard feasibility report (the "Feasibility Report") sufficient to obtain the necessary mining licenses and to include Chinese standard resources, metallurgical, environment, economic and other reports common for such Feasibility Studies (選礦冶煉報告) (in the form and substance satisfactory to the Purchaser) issued by China Changchun Gold Design Institute*(中國長春黃金設計院) in relation to the Target Mine) and affairs of the Target Group;

- (g) the completion of the Reorganisation and obtaining all the relevant consents, approvals and completion of registration regarding the Reorganisation;
- (h) the obtaining of a technical report in compliance with JORC Code (in the form and substance satisfactory to the Purchaser) from a Competent Person designated by the Purchaser demonstrating the indicated and measured gold resources in the Target Mine to be not less than 13 tonnes;
- (i) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from a valuer acceptable to by the Purchaser and showing the aggregate value of the Target Mine to be not less than RMB720 million (equivalent to approximately HK\$883.44 million);
- (j) upon the completion of the Reorganisation, the validity period of the mining licenses in relation to the Mining Rights of the Target Mine and other mines held by the Target PRC after the reorganisation should not end earlier than 31 December 2014; and
- (k) there being no debts and liabilities due from the Target Group to any third party immediately before Completion (save for the shareholder's loan payable to the Vendor by the Target BVI; i.e. the Sale Loan).

The Purchaser has the right to waive all of the above conditions in part or in full, except for conditions numbered (a), (c) and (d). In the event that the above conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 January 2013 or such later date as the Vendor and the Company may agree in writing, the Acquisition Agreement shall cease and determine and neither party shall have any obligations towards each other, other than any antecedent breach and the Vendor has to refund the deposits (without interest) to the Purchaser within twenty business days after the above Termination. The Directors confirm that as at the date of this announcement, none of the above conditions have been fulfilled and the Company has no intention to waive any of the above conditions which are capable of being waived.

If the indicated and measured gold resources of the Target Mine as prepared by the independent adviser to be appointed by the Purchaser is less than 13 tonnes, the Purchaser has the right (but are not obliged) to refuse to proceed to the Completion, and the Purchaser and the Vendor may further negotiate to re-determine the Consideration (provided that all the adjustments to be made shall comply with the applicable Listing Rules).

Completion

Completion of the Acquisition shall take place at 4:00 p.m. on the Completion Date.

Upon Completion, Target BVI will become a wholly-owned subsidiary of the Company and the financial results of Target BVI will be consolidated into the consolidated financial statements of the Company. At Completion, Target BVI will be the sole beneficial owner of Target HK which in turn holds 77% of the registered capital of Target PRC.

The Acquisition Agreement does not contain any terms which will render the Vendor and the parties acting in concert with him to be in a position to control the Board by appointing further representatives to the Board upon Completion. Further, the Vendor will at Completion undertake in favour of the Company that he and his associates will not become controlling shareholders (within the meaning of the Listing Rules) of the Company within 24 months from the Completion Date.

THE CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

- Issuer : The Company
- Principal amount : HK\$282.21 million
- Conversion Price : The Conversion Price of HK\$0.15 per Share represents:
- (i) a premium of approximately 76.47% over the closing price of HK\$0.085 per Share as quoted on the Stock Exchange on the Last Trading Date;
 - (ii) a premium of approximately 68.54% over the average of the closing prices of HK\$0.089 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
 - (iii) a premium of approximately 54.64% over the average of the closing prices of HK\$0.097 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.
- Interest : Interest free
- Transferability : the Convertible Bonds may be transferred or assigned in whole or in part by the Bondholder(s) to any person or company provided that where such transfer is made to a connected person of the Company, such transfer shall comply with the requirements (if any) of the Stock Exchange
- Maturity Date : 5 years from the date of issue
- Conversion rights : The Bondholder(s) may convert the whole or part (in multiples of HK\$15,000) of the principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Bonds up to the maturity date.

The Bondholder(s) shall have the right to convert the Convertible Bonds, in whole or in part, at any time at the Conversion Price set out above provided that:

- (i) no conversion of the Convertible Bonds shall be made if immediately upon such conversion, the Bondholder and parties acting in concert with it will hold more than 29% of the total number of shares in issue (or any other voting right percentage which triggers a mandatory general offer obligation under Rule 26 of the Takeovers Code); and
- (ii) the public float of the Shares shall not be less than 25% (or any other given percentage as required by the Listing Rules) of the issued Shares of the Company at any time as required under the Listing Rules.

- Early redemption : Upon occurrence of an event of default set out in the conditions of the Convertible Bonds, including among others, a sufficient number of authorised but unissued Shares of the Company is not available for the fulfilment of the obligations regarding the conversion of the Convertible Bonds, a breach of the provisions of the Convertible Bonds, breach of major terms of the Acquisition Agreement and dissolution or winding up of the Company, Bondholder(s) may give written notice to the Company that the Convertible Bonds are immediately due and repayable. Upon any such notice being given to the Company, the Convertible Bonds will become due and repayable on the business day falling 15 business days of the date of such notice at their principal amount.
- Ranking of the Conversion Shares : The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares
- Ranking of the Convertible Bonds : The Convertible Bonds constitute direct, general, unconditional and unsecured obligations of the Company and rank pari passu and rateably without preference among themselves, and with other direct, unconditional, unsubordinated and unsecured obligations of the Company
- Voting : The Convertible Bonds do not confer any voting rights at any meetings of the Company
- Public float : The Company, at all times, shall use its reasonable endeavours to ensure that the relevant provisions as to the minimum public float requirement of the Listing Rules are complied with. It will be a term of the Convertible Bonds that the Bondholder shall not exercise any of the conversion rights attaching to the Convertible Bonds, if following such exercise, the Company's minimum public float cannot be maintained

The Conversion Price was determined by the Purchaser and the Vendor on an arm's length basis with reference to the current market price of the Shares and the terms of the Convertible Bonds. The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The issue of the Conversion Shares will be made pursuant to the specific mandate to be sought at the EGM. As illustrated in the table set out under the paragraph headed "Changes in shareholding structure of the Company" below and based on the assumption set out therein, the maximum number of Conversion Shares issuable under the Convertible Bonds is 1,881,400,000 if the initial conversion price of HK\$0.15 per Conversion Share is not adjusted. The 1,881,400,000 Conversion Shares represent approximately 24.25% of the existing issued share capital of the Company as at the date of this announcement and 19.54% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming that the number of issued shares is not altered during the period).

THE PROMISSORY NOTE

The terms of the Promissory Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	: the Purchaser (or the Company (if mutually agreed by both parties))
Principal amount	: RMB200 million (equivalent to approximately HK\$245.40 million)
Interest	: 0.15% per annum
Maturity	: 5 years from the date of issue
Early repayment	: the issuer could, at its option, repay the Promissory Note with the relevant interests in whole or in part by giving a prior 7 days' written notice to the Vendor. There will not be any premium or discount to the payment obligations under the Promissory Note for any early repayment

INFORMATION ON THE TARGET GROUP AND THE TARGET MINE

The Target Group

Target BVI is a company incorporated in the BVI and is wholly and beneficially owned by the Vendor. Target BVI is principally engaged in investment holding. The sole asset of Target BVI is the entire issued capital of Target HK, which is an investment holding company and is expected to own 77% of the registered and paid up capital of the Target PRC.

The Target PRC was originally owned as to 100% by an Independent Third Party and his associate (the “**Original Target PRC Shareholder**”). As advised by the Vendor, the Original Target PRC Shareholder is independent from and not connected to the Vendor. The registered capital and paid up capital of the Target PRC were RMB10 million. On 26 January 2011, Target HK entered into a framework agreement with the Original Target PRC Shareholder and another individual who is an Independent Third Party pursuant to which Target HK is required to pay RMB80 million to the Original Target PRC Shareholder to acquire 77% interests in the Target PRC and the remaining 23% registered and paid up capital of the Target PRC will be owned as to 13% and 10% respectively by the Original Target PRC Shareholder and an Independent Third Party. The consideration of the Vendor’s 77% interest in the Target PRC is determined on arm’s length basis after commercial negotiation between the parties to that framework agreement. Under the terms of the framework agreement, prior to the completion of the Reorganisation, the Original Target PRC Shareholder has to obtain the renewed exploration/mining rights of other existing contiguous gold properties and to integrate these mining rights into the Mining Permit of the Target Mine of which is then held by Target PRC. Upon the completion of the Reorganisation, Target HK, the Original Target PRC Shareholder and the new 10% Shareholder of Target PRC agree to increase registered capital of the Target PRC in proportion to their shareholdings in Target PRC. The then registered capital and paid up capital of the Target PRC has been agreed to be increased to RMB100 million.

Under the Acquisition Agreement, the Vendor has agreed to be responsible for injecting the portion of registered capital (in the amount of RMB69.3 million, which is equal to 77% of the RMB90 million of the registered capital to be increased) to be contributed by Target HK, without adjustment to Consideration nor will he require any Target Group, the Company or any of the Company’s subsidiaries to refund such contribution to him. In addition, the Vendor has agreed to be responsible for the capital commitment made or to be made before the Completion and also for the period of 12 months after the Completion Date.

The current business scope of the Target PRC includes the gold mines exploration, selection of gold and sale of mineral products (which are permitted by law, rules and regulations, requirement by State Office of the PRC and cannot engage in those not allowed as said).

According to the unaudited financial statements of Target BVI prepared under the Hong Kong Financial Reporting Standards, the unaudited net loss (before and after taxation and extraordinary items) of Target BVI from 2 December 2009 (being its incorporation date) up to 31 December 2010 was HK\$10,600 and the unaudited net liabilities of Target BVI as at 19 December 2011 was approximately HK\$15,670. According to the unaudited financial statements of Target HK prepared under the Hong Kong Financial Reporting Standards, the unaudited net loss (before and after taxation and extraordinary items) of Target HK from 2 July 2010 (being its incorporation date) up to 31 December 2010 was HK\$6,700 and the unaudited net liabilities of Target HK as at 19 December 2011 was approximately HK\$12,070. According to the unaudited financial statements of the Target PRC prepared under the PRC GAAP, the unaudited net loss (before and after taxation and extraordinary items) of the Target PRC for each of the two years ended 31 December 2010 was RMB85,639 and RMB101,800 respectively, and the unaudited net assets of the Target PRC as at 31 December 2010 was approximately RMB21.2 million.

The Target Mine

Target Mine is located at Xiongwu Village, Xingyi City, Guizhou Province, the PRC* (中國貴州省興義市雄武鄉) with mining area amounting approximately 0.6033 sq.km. The Mining Permit of the Target Mine held by the Target PRC for the mining of gold was granted by the Department of Land and Resources, the PRC and is valid for a period between July 2005 and July 2015. The predominant resources in Target Mine are various kinds of metals including gold.

Further information for the exploration works including exploration status and estimated reserves in Target Mine will be included in the Circular.

Further details regarding the Target Mine will be included in the technical report on the Target Mine as contained in the Circular to be despatched to the Shareholders. A valuation report on the value of the mining rights of Target Mine will also be contained in the Circular to be despatched to the Shareholders.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the exercise of the Convertible Bonds (up to the conversion restriction of 29% and in full); and (iii) immediately after the exercise of the Convertible Bonds in full are as follow:

Shareholders	As at the date of this announcement		Immediately after the exercise of the Convertible Bonds up to the conversion restriction of 29%		Immediately after the exercise of the Convertible Bonds in full	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Vendor and parties acting in concert with it						
Existing shares	1,497,030,000	19.30	1,497,030,000	16.98	1,497,030,000	15.53
Shares to be issued after the exercise of the Convertible Bonds (<i>Note 1</i>)	—	—	1,059,888,107	12.02	1,881,400,000	19.52
Sub-total	1,497,030,000	19.30	2,556,918,107	29.00	3,378,430,000	35.05
Public Shareholders	6,260,844,971	80.70	6,260,844,971	71.00	6,260,844,971	64.95
Total	<u>7,757,874,971</u>	<u>100.00</u>	<u>8,817,763,078</u>	<u>100.00</u>	<u>9,639,274,971</u>	<u>100.00</u>

Note:

1. Pursuant to the terms of the Convertible Bonds, the Bondholders and parties acting in concert with it shall not hold more than 29% of the issued share capital of the Company as a result of conversion of the Convertible Bonds.
2. This column is shown for illustration purpose only and under the terms of the Convertible Bonds and the undertaking given by the Vendor, the Vendor and his concert parties shall not hold more than 29% of the issued share capital of the Company as a result of conversion of the Convertible Bonds.

REASONS FOR THE ACQUISITION

The Group is principally engaged in investment in energy and natural resources (including precious metals) related projects in the PRC.

The Company notes that the price of gold has been on an upward trend over the past few years. As the Target Mine and the mining rights of mines to be held by Target PRC after the Reorganisation is estimated to have an abundant reserve of gold resources, the Directors consider it a desirable target in order to further expand the Group's portfolio of precious metal resources-related projects. The Directors believe that the economy of the PRC will continue to grow and the domestic demand for gold will continue to rise in the near future. The Directors therefore believe that the Acquisition can diversify the Group's portfolio and bring favourable returns.

Currently, the Company does not have any capital commitment in relation to the exploration in the Target Mine. The Acquisition is anticipated to be beneficial to the Company and enable the Company to generate income and cash flow from investment and trading activities in the natural resources sector.

For the reasons given above, the Directors believe that the Acquisition would enhance the future growth and profitability of the Group.

Taking into account the benefits of the Acquisition, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATION OF THE ACQUISITION UNDER THE LISTING RULES

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 19.30% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The Acquisition also constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the Listing Rules, the Vendor and his respective associates will abstain from voting on the resolution to approve the Acquisition and any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

The Independent Board Committee will be established to consider the Acquisition and to advise the Independent Shareholders in relation to the terms of the Acquisition and on how to vote. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Acquisition.

EGM

The EGM will be convened at which resolutions will be proposed to seek the approval of the Shareholders by way of a poll for the transactions contemplated under the Acquisition Agreement, including, amongst other things, the Acquisition, the allotment and issue of the Conversion Shares, the approval of a specific mandate to issue the Conversion Shares. In accordance with the Listing Rules, the Vendor and his associates, Shareholders interested in the Acquisition, will abstain from voting on the resolution to approve the Acquisition. Any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

GENERAL INFORMATION

A circular containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and a notice convening the EGM, will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rules 14.41 and 14A.49 of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Acquisition within 15 business days after the publication of the Announcement, that is, on or before 26 January 2012. However, the Directors expect that additional time is required to prepare the information to be presented in the Circular, especially the technical report for the Target Mine which is expected to be available in August 2012. Besides, the preparation of the valuation on the project of Target PRC and the advices from the independent financial adviser would only be commenced after the technical report is available. The Directors therefore expect that the despatch of the Circular has to be postponed to a date no later than 28 September 2012.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 19 December 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 3 January 2012.

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 Sale Share pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 19 December 2011 and entered into between the Purchaser and the Vendor in respect of the Acquisition
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“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
“BVI”	the British Virgin Islands
“Circular”	the circular to be issued by the Company in relation to the Acquisition
“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 Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the date of Completion, being the date falling five business days after all the conditions of the Acquisition 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
“Consideration”	the consideration for the Acquisition, being RMB550 million

“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$282.21 million, that may be issued by the Company in favour of the Vendor as consideration for the Acquisition
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the relevant matters mentioned in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders other than the Vendor and his associates
“Independent Third Party”	a person who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons
“JORC Code”	the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
“Last Trading Date”	16 December 2011, being the last trading date for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mining Permit”	the mining permit granted by the Department of Land and Resources, the PRC to the Target PRC for the mining of gold resources which is valid for a period between July 2005 and July 2015
“Mining Rights”	the mining rights which are or will be held by Target PRC after completion of the Reorganisation, held by the companies or bodies owned or controlled by Original Target PRC Shareholder
“Mr. Leung” or “Vendor”	Mr. Leung Ngai Man, the Chairman of the Company and an executive Director

“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
“Promissory Note”	promissory note in the principal amount of HK\$245.40 million to be executed by the Purchaser (or the Company (if mutually agreed by both parties)) in favour of the Vendor for the purpose of settling partially the consideration for the Sale Shares under the Acquisition Agreement
“Purchaser”	Sino Prosper State Gold HK Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company and the purchaser named under the Acquisition Agreement
“Reorganisation”	the reorganisation as contemplated under the terms of the framework agreement, which include the transfer of Mining Rights to the Target PRC, the Target HK acquisition by a purchase price of RMB80 million of 77% interests in the Target PRC and the increase in the registered capital of Target PRC from RMB10 million to the RMB100 million
“Sale Loan”	all obligations, liabilities and debts owing or incurred by Target BVI to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and respective of whether or not the same is due and payable on Acquisition Completion and as at the date of the Acquisition Agreement, amounted to HK\$15,671
“Sale Share”	one ordinary share having a nominal value of US\$1 in the issued share capital of Target BVI, representing the entire issued share capital of Target BVI
“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
“Takeovers Code”	Code on Takeovers and Mergers
“Target BVI”	Success State Development Limited, a company incorporated in the BVI, and at as the date of this announcement, wholly and beneficially owned by the Vendor

“Target HK”	Hong Kong Kai Lung Mineral Products Investment Limited, a company incorporated in Hong Kong and as at the date of this announcement, wholly and beneficially owned by Target BVI
“Target Group”	together with Target BVI, Target HK and the Target PRC
“Target Mine”	Qing Jiao Gold Mine (箐腳金礦), the mining area of approximately 0.6033 sq. km. of a mining site located at Xiongwu Village, Xingyi City, Guizhou Province, the PRC
“Target PRC”	貴州省黔西南州龍宇礦業有限公司(Guizhou Qianxi’nan Prefecture Longyu Mining Co., Ltd.), was a limited liability company established in the PRC and in process to become a sino-foreign joint venture established under the PRC laws
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“sq. km.”	square kilometres
“%”	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 RMB100 to HK\$122.7.

By Order of the Board
Sino Prosper State Gold Resources Holdings Limited
Ng Kwok Chu, Winfield
Executive Director

Hong Kong, 30 December 2011

* *the English translation of the Chinese name is for information purposes only, and should not be regarded as the official English translation of such name.*

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 and Mr. Ng Kwok Chu, Winfield, and the independent non-executive Directors of the Company are Dr. Leung Wai Cheung, Mr. Cai Wei Lun and Mr. Zhang Qingkui.