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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: 00766)

PLACING OF UNLISTED WARRANTS UNDER GENERAL MANDATE

Placing Agent



Astrum Capital Management Limited

THE PLACING AGREEMENT

The Directors are pleased to announce that on 7 March 2012 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to grant and the Placing Agent has agreed to procure not less than six (6) Placées to subscribe for up to 156,330,000 Warrants, on a best effort basis, at the Placing Price of HK\$0.01 per Warrant. The Subscription Price is HK\$0.72 (subject to adjustment) per Warrant Share.

As at the date of this announcement, the Company has a total of 775,787,497 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon exercise in full of the subscription rights attaching to the Warrants, a maximum of 156,330,000 Warrants Shares will be allotted and issued, representing approximately 20.15% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares.

The Warrant Shares will be allotted and issued under the General Mandate.

USE OF PROCEEDS

The maximum net proceeds from the Placing (without taking into account the exercise of the subscription rights attaching to the Warrants), after taking into account the estimated expenses in relation to the Placing, will be approximately HK\$1.4 million.

Assuming exercise in full of the subscription rights attaching to the Warrants at the initial Subscription Price of HK\$0.72, it is expected that an additional net proceeds in the amount of approximately HK\$112.6 million will be raised, and the net proceeds raised per Warrant (including the allotment and issue of Warrant Share) will be approximately HK\$0.72.

The aggregate net proceeds from the Placing and the allotment and issue of the Warrant Shares are intended to be used as general working capital of the Group and for future investment opportunities as and when they arise.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares. No listing of the Warrants will be sought on the Stock Exchange or any other exchange.

Completion of the Placing is subject to, among other things, fulfillment of the conditions precedent 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.

THE PLACING AGREEMENT

Date: 7 March 2012 (after trading hours)

Parties: (i) Issuer: the Company

(ii) Placing Agent: Astrum Capital Management Limited

Pursuant to the Placing Agreement, the Company has agreed to grant and the Placing Agent has agreed to procure not less than six (6) Places to subscribe for up to 156,330,000 Warrants, on a best effort basis, at the Placing Price of HK\$0.01 per Warrant.

To the best of the Director's knowledge, information and belief, having made all reasonable enquires, the Placing Agent is independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

Placing commission

The Placing Agent will receive a fixed placing commission of HK\$100,000 for the Warrants which are procured to be subscribed and successfully placed by the Placing Agent in accordance with the Placing Agreement. The placing commission was determined with reference to the range of market norms for commissions for this type of transaction after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable.

Conditions of the Placing

Completion of the Placing is conditional upon, among other things, the fulfillment of the following:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all of the Warrants Shares which may fall to be allotted and issued upon exercise of the subscription rights attached to the Warrants; and
- (ii) any other approval as may be required for the Placing.

In the event that any of the conditions above is not fulfilled by 6 April 2012 (or such later date as may be agreed between the Company and the Placing Agent in writing), the Placing will lapse and the obligations and liabilities of the Company and the Placing Agent under the Placing shall become null and void, and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Placing (other than those already accrued prior thereto).

Completion

Completion shall take place on the second Business Day after fulfillment of the conditions of the Placing (or such other date as may be agreed between the Company and the Placing Agent in writing). Further announcement(s) will be made by the Company upon Completion.

PLACEES

The Warrants shall be offered by the Placing Agent, on a best effort basis, to not less than six Placees. The Placing Agent will use its best endeavor to ensure that the Placees and their respective ultimate beneficial owners will be independent of, not connected with, and not acting in concert with, the Company or any director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

PRINCIPAL TERMS OF THE WARRANTS

Placing Price: HK\$0.01 per Warrant

Subscription Price: HK\$0.72 per Warrant Share (subject to adjustment)

The Subscription Price is subject to adjustment in the event of, among other things, consolidation or subdivision of Shares, issue of Shares by way of capitalisation of profits or reserve, capital distribution to holders of Shares and issue wholly for cash of any new Shares at a price which is less than 90% of the then market price of the Shares. The Company will publish an announcement upon any adjustment to the Subscription Price.

Payments of the Subscription Price must be made in immediately available funds.

Subscription period: From the date of issue of the Warrants to 31 December 2014 (both dates inclusive)

Transferability: The Warrants are transferable in integral multiples of 5,000 Warrants to any person other than a connected person. In the event of a transfer of Warrants to a connected person, prior approval from the Company and the Stock Exchange should be obtained.

Ranking of the Warrant Shares: The Warrant Shares, when allotted and issued, will rank pari passu in all respects among themselves and with all other Shares then in issue.

Rights for holders of Warrants: Holders of Warrants will not be entitled to attend or vote at any general meeting of the Company by virtue of them being the holders of the Warrants. Holders of Warrants shall not have the right to participate in any distribution and/or offers of further securities made by the Company.

THE WARRANT SHARES

The Warrant Shares will be allotted and issued under the General Mandate. Upon exercise in full of the subscription rights attaching to the Warrants, a maximum of 156,330,000 Warrants Shares will be allotted and issued, representing approximately 20.15% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares. No listing of the Warrants will be sought on the Stock Exchange or any other exchange.

PLACING PRICE AND SUBSCRIPTION PRICE

The aggregate of the Placing Price of HK\$0.01 and the Subscription Price of HK\$0.72, i.e. HK\$0.73, represents:

- (i) a premium of approximately 15.87% over the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 18.12% over the average closing price of approximately HK\$0.618 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 7.51% over the average closing price of approximately HK\$0.679 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

The Subscription Price of HK\$0.72 represents:

- (i) a premium of approximately 14.28% over the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 16.50% over the average closing price of approximately HK\$0.618 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 6.03% over the average closing price of approximately HK\$0.679 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

Both the Placing Price and the Subscription Price are determined after arm's length negotiations between the Company and the Placing Agent, after taking into account the Group's existing financial position, historical Share price, liquidity of the Shares in the market and number of Warrant Shares.

RESCISSION OF THE PLACING AGREEMENT

If any of the following events occur at any time prior to 10:00 a.m. on the date of Completion, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the date of Completion to rescind the Placing Agreement and the Placing Agreement shall cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims (other than those already accrued prior to such rescission):

- (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or

- (ii) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material breach of any of the representations and warranties under the Placing Agreement by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of Placing Agreement and prior to the date of Completion which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (iv) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

ISSUE OF WARRANT SHARES UNDER GENERAL MANDATE

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 30 August 2011, under which the Directors is authorized to issue Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the said annual general meeting, which is equivalent to (i) a maximum issue of additional 1,566,968,994 Shares as at the date of the said annual general meeting; and (ii) a maximum issue of additional 156,696,899 Shares immediately after the Share Consolidation (as defined below) having become effective and assuming that the General Mandate has not been utilized. The General Mandate has not been previously utilized prior to the Placing.

As the Warrant Shares are to be issued under General Mandate, the Placing is not subject to Shareholders' approval.

REASONS FOR THE PLACING

The Company is incorporated in the Cayman Islands with limited liability and, through its subsidiaries, is principally engaged in investment in precious metals related projects in the PRC.

The Directors consider that the Placing would enhance the capital and shareholders' base of the Company and provide additional funds for investment opportunities as and when they arise.

The Directors consider that the terms of the Placing Agreement (including the Placing Price, the Subscription Price and the placing commission payable) are fair and reasonable and the Placing is in the interest of the Company and Shareholders as a whole.

USE OF PROCEEDS

The maximum gross proceeds from the Placing will be HK\$1.6 million (without taking into account the exercise of the subscription rights attaching to the Warrants). The maximum net proceeds from the Placing (without taking into account the exercise of the subscription rights attaching to the Warrants), after taking into account the estimated expenses in relation to the Placing, will be approximately HK\$1.4 million.

Assuming exercise in full of the subscription rights attaching to the Warrants at the Subscription Price, it is expected that an additional amount of HK\$112.6 million will be raised, and the net proceeds raised per Warrant (including the allotment and issue of Warrant Share) will be approximately HK\$0.72.

The aggregate net proceeds from the Placing and the allotment and issue of the Warrant Shares are intended to be used as general working capital of the Group and for future investment opportunities as and when they arise.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The following table summaries the fund raising activities of the Company in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
27 April 2011	Placing of 1,100 million Shares and top-up subscription of 1,100 million new Shares	HK\$400 million	For use of future acquisitions (including the possible acquisition (if it materializes) as disclosed in the announcement of the Company dated 8 April 2011) and general working capital of the Group	Up to the date of this announcement, approximately HK\$197.24 million were used as to (i) approximately HK\$147.24 million as a fully refundable deposit and part of the consideration for the proposed acquisition which was announced by the Company on 30 December 2011; and (ii) approximately HK\$50 million as general working capital. The remaining balance of approximately HK\$202.76 million will be utilised as intended

Save as disclose above, the Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement.

CHANGE IN THE SHAREHOLDINGS STRUCTURE OF THE COMPANY

On 18 January 2012, the Company proposed to put forward for approval by the Shareholders the share consolidation (the “**Share Consolidation**”) pursuant to which every ten (10) Shares of HK\$0.01 each in the then issue and unissued share capital of the Company would be consolidated into one (1) Share of HK\$0.10. The ordinary resolution to approve the Share Consolidation was duly passed by the Shareholders by way of poll at the extraordinary general meeting of the Company held on 24 February 2012 and the Share Consolidation has become effective on 27 February 2012.

As at the date of this announcement, the Company has an authorised share capital of HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each, of which 775,787,497 Shares have been issued and are fully-paid.

For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming exercise in full of the subscription rights attaching to the Warrants at the Subscription Price and assuming that no further Shares will be issued or repurchased by the Company from the date of this announcement to the date of Completion) are as follows:

	As a the date of this announcement		Immediately after Completion (assuming exercise in full of the subscription rights attaching to the Warrants at the Subscription Price and assuming that no further Shares will be issued or repurchased by the Company from the date of this announcement to the date of Completion)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Leung Ngai Man (the Chairman of the Company and an executive Director)	149,703,000	19.30	149,703,000	16.06
Public				
Placeses	–	–	156,330,000	16.77
Other public Shareholders	<u>626,084,497</u>	<u>80.70</u>	<u>626,084,497</u>	<u>67.17</u>
Total	<u><u>775,787,497</u></u>	<u><u>100.00</u></u>	<u><u>932,117,497</u></u>	<u><u>100.00</u></u>

GENERAL

Completion of the Placing is subject to, among other things, fulfillment of the conditions precedent 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.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	Any day (other than Saturday, Sunday and public holiday) on which normal commercial banks in Hong Kong are generally open for ordinary banking business
“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 in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 August 2011, to allot and issue additional Shares to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	7 March 2012, the date of the Placing Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	investor(s) of the Warrants procured by or on behalf of the Placing Agent to subscribe for the Warrants pursuant to the Placing Agreement
“Placing”	the placing of the Warrants by or on behalf of the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Astrum Capital Management Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 7 March 2012 entered into between the Company and the Placing Agent
“Placing Price”	HK\$0.01 per Warrant
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.72 (subject to adjustment), being the subscription price per Warrant Share at which the holder of each Warrant may subscribe for the Warrant Shares
“Warrant(s)”	a maximum of 156,330,000 unlisted transferable warrants of the Company each in registered form conferring rights entitling its holder(s) to subscribe for up to approximately HK\$112.6 million in aggregate in cash for 156,330,000 Warrant Shares at the Subscription Price, to be issued by the Company pursuant to the Placing Agreement
“Warrant Share(s)”	new Shares to be allotted and issued by the Company upon exercise of the subscription rights attaching to the Warrants

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 7 March 2012

As at the date of this announcement, the executive Directors are Mr. Leung Ngai Man, Mr. Sung Kin Man, Mr. Yeung Kit and Mr. Ng Kwok Chu, Winfield, and the independent non-executive Directors are Dr. Leung Wai Cheung, Mr. Cai Wei Lun and Mr. Zhang Qingkui.