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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)

**(1) VERY SUBSTANTIAL ACQUISITION AND  
CONNECTED TRANSACTION IN RELATION TO  
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN  
TREASURE JOIN LIMITED  
INVOLVING THE ISSUE OF PROMISSORY NOTES AND  
CONVERTIBLE BONDS**  
**(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
AND**  
**(3) RESUMPTION OF TRADING**

**THE AGREEMENT**

The Board is pleased to announce that on 27 September 2012 (after trading hours), the Purchaser, being a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement (as supplemented by the 1st Supplemental Agreement dated 19 November 2012 and the 2nd Supplemental Agreement dated 19 December 2012), pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, or procure the sale of, the Sale Shares and the Sale Debts subject to the terms of the Agreement (as supplemented by the 1st Supplemental Agreement and the 2nd Supplemental Agreement).

The Consideration shall be a maximum of HK\$850 million, subject to the Closing Conditions, the T2 Payment Condition, the T3 Payment Conditions and the T4 Payment Condition being fulfilled or waived (to the extent waivable). The Consideration shall be satisfied by the Purchaser to the Vendor in the following manner:

- (a) as to HK\$200 million by the payment in cash as a refundable deposit for the Acquisition upon the entering into of the Agreement;

- (b) as to HK\$425 million by the payment of the T1 Price upon Completion, which comprises:
- (i) as to HK\$75 million by procuring the Company to issue to the Vendor (or such person as nominated in writing by the Vendor) the T1 CB;
  - (ii) as to HK\$150 million by issuing and delivering to the Vendor (or such person as nominated in writing by the Vendor) the T1 P-Note;
  - (iii) as to HK\$200 million by applying the deposit to satisfy the payment of a pro tanto amount of the T1 Price; and
- (c) as to the remaining HK\$425 million by the payment of the T2 Price (in the sum of HK\$170 million), the T3 Price (in the sum of HK\$170 million) and the T4 Price (in the sum of HK\$85 million) subject to and upon the satisfaction of the T2 Payment Condition, the T3 Payment Conditions and the T4 Payment Condition respectively, details of which are set out in the paragraph headed “Consideration” in the main text of this announcement.

Subject to the terms and conditions of the Convertible Bonds, the maximum number of Conversion Shares issuable under the Convertible Bonds is 1,216,216,216 if the Convertible Bonds are exercised in full. The 1,216,216,216 Conversion Shares represent approximately 156.8% of the existing issued share capital of the Company as at the date of this announcement and approximately 61.1% 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 otherwise altered).

#### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

In order to facilitate the possible conversion of the Convertible Bonds and to provide for future expansion in the share capital of the Company, the Directors propose that the authorised share capital of the Company be increased from HK\$200,000,000 (divided into 2,000,000,000 Shares of HK\$0.1 each) to HK\$400,000,000 (divided into 4,000,000,000 Shares of HK\$0.1 each). The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

## **LISTING RULES IMPLICATIONS**

The Vendor is a connected person of the Company by virtue of him being an executive Director and a substantial Shareholder holding approximately 27.54% of the entire 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 very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules. Accordingly, the 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(s) to approve the Agreement and the transactions contemplated thereunder.

## **GENERAL**

The EGM will be convened for the purpose of considering and, if thought fit, approving (i) the Agreement and the transactions contemplated thereunder, including the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares; and (ii) the proposed increase in authorised share capital of the Company.

The Independent Board Committee comprising all of the three independent non-executive Directors, namely, Mr. Niu Zhihui, Mr. Cai Wei Lun and Mr. Zhang Qingkui, has been established to advise the Independent Shareholders in connection with the Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder and the proposed increase in authorised share capital of the Company, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders, (iii) a letter from the independent financial adviser to the Independent Board Committee and the independent Shareholders and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 30 June 2013 as additional time is expected to be needed for the Company to prepare the information to be presented in the circular, especially the valuation report on the value of the Target Group.

## **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 28 September 2012 pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 December 2012.

**As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **THE AGREEMENT**

The Board is pleased to announce that on 27 September 2012 (after trading hours), the Purchaser, being a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement (as supplemented by the 1st Supplemental Agreement dated 19 November 2012 and the 2nd Supplemental Agreement dated 19 December 2012), pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, or procure the sale of, the Sale Shares and the Sale Debts subject to the terms of the Agreement (as supplemented by the 1st Supplemental Agreement and the 2nd Supplemental Agreement). Set out below is the principal terms of the Agreement:

**Date** : 27 September 2012

### **Parties**

**Purchaser** : the Purchaser, being a wholly-owned subsidiary of the Company

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

### **Assets to be acquired**

- (i) The Sale Shares, representing the entire issued share capital in Target BVI immediately before Completion; and
- (ii) the Sale Debts, representing such amount equal to the face value of the loans outstanding as at Completion made by or on behalf of the Vendor (or his associates) to the Target Group.

As advised by the Vendor, the Sale Debts amounted to approximately HK\$520,000 as at 31 October 2012.

### **Consideration**

The Consideration shall be a maximum of HK\$850 million, subject to the Closing Conditions, the T2 Payment Condition, the T3 Payment Conditions and the T4 Payment Condition being fulfilled or waived (to the extent waivable). The Consideration shall be satisfied by the Purchaser to the Vendor in the following manner:

- (a) as to HK\$200 million by the payment in cash as a refundable deposit (the “**Deposit**”) for the Acquisition upon the entering into of the Agreement;

- (b) as to HK\$425 million by the payment of the T1 Price upon Completion, which comprises:
- (i) as to HK\$75 million by procuring the Company to issue to the Vendor (or such person as nominated in writing by the Vendor) the T1 CB;
  - (ii) as to HK\$150 million by issuing and delivering to the Vendor (or such person as nominated in writing by the Vendor) the T1 P-Note;
  - (iii) as to HK\$200 million by applying the Deposit to satisfy the payment of a pro tanto amount of the T1 Price; and
- (c) as to the remaining HK\$425 million by the payment of the T2 Price (in the sum of HK\$170 million), the T3 Price (in the sum of HK\$170 million) and the T4 Price (in the sum of HK\$85 million) subject to and upon the satisfaction of the T2 Payment Conditions, the T3 Payment Conditions and the T4 Payment Conditions respectively, details of which are set out in the following paragraphs of this announcement.

The Consideration shall be HK\$850 million if and only if all of the Closing Conditions, the T2 Payment Condition, the T3 Payment Conditions and the T4 Payment Condition are fulfilled or waived (to the extent waivable). If the Closing Conditions are not fulfilled or waived (to the extent waivable), Completion will not take place and the Consideration shall be zero. If only the T2 Payment Condition is not fulfilled, the T2 Price (which is in the sum of HK\$170 million) will not become payable and the Consideration shall be HK\$680 million. If only the T3 Payment Conditions are not fulfilled, the T3 Price (which is in the sum of HK\$170 million) will not become payable and the Consideration shall be HK\$680 million. If only the T4 Payment Condition is not fulfilled, the T4 Price (which is in the sum of HK\$85 million) will not become payable and the Consideration shall be HK\$765 million. If a combination of the T2 Payment Condition, the T3 Payment Conditions and/or the T4 Payment Condition is not fulfilled, the corresponding T2 Price, T3 Price and/or T4 Price will not become payable and the Consideration shall become an amount equivalent to HK\$850 million minus the sum of the corresponding amount of the T2 Price, T3 Price and/or T4 Price.

If the Agreement is terminated due to the Closing Conditions not being fulfilled or waived (to the extent waivable) on or before the Long Stop Date, the Vendor shall, within twenty Business Days after the Long Stop Date, repay to the Purchaser an amount equivalent to the Deposit without interest.

The Deposit of HK\$200 million has been paid. The Board considers that the payment of the Deposit allows the Company to secure the opportunity of acquiring the Target Group. In addition, the Vendor is not entitled to forfeit the Deposit if any of the Closing Conditions are not fulfilled and the Company elects not to waive such Closing Condition, hence not proceeding with the Completion. The Board considers that the refundable nature of the Deposit allows the Company to recover the Deposit in full in case of the Closing Conditions not being fulfilled or waived (to the extent waivable) and thereby provides safeguards to the Company's interest, and that it is on normal commercial terms that such

refund of the Deposit is to be made without interest. In view of the above, the Board is of the view that the payment of the Deposit and, if applicable, the refund of the Deposit without interest, are fair and reasonable to the Company and the Shareholders as a whole.

For the avoidance of doubt, if any of the T2 Payment Conditions, the T3 Payment Conditions and the T4 Payment Conditions is/are not fulfilled within the prescribed time limit under the Agreement, the amount of the outstanding Consideration to be satisfied by the payment of the respective tranches of the Consideration (i.e. the T2 Price, the T3 Price and/or the T4 Price) shall be deemed to be absolutely waived by the Vendor forthwith upon expiry of such prescribed time limit.

### ***T2 Payment Condition***

The T2 Payment Condition is:

- (i) the reviewed (or, as the case may be, audited) consolidated (or, as the case may be, combined) turnover of the PRC Subsidiaries as shown in the Turnover Certificate for the T2 Period being not less than RMB7.5 million (or, where the registered capital in Target PRC No.1 in the sum of RMB100 million will have been paid up by more than three months during the T2 Period, RMB12 million), or
- (ii) the aggregate of the following being not less than RMB15 million (or, where the registered capital in Target PRC No.1 in the sum of RMB100 million will have been paid up by more than three months during the T2 Period, RMB27 million):
  - (a) the reviewed (or, as the case may be, audited) consolidated (or, as the case may be, combined) turnover of the PRC Subsidiaries arising from the Target Business (exclusive of any value added tax or business tax) as shown in the Turnover Certificate for the T2 Period, and
  - (b) the reviewed (or, as the case may be, audited) consolidated (or, as the case may be, combined) turnover of the PRC Subsidiaries arising from the Target Business (exclusive of any value added tax or business tax) as shown in the Turnover Certificate for the T4 Period.

### ***T2 Price***

If the T2 Payment Condition is satisfied, the T2 Price, which is in the sum of HK\$170 million, shall be paid by the Purchaser to the Vendor:

- (a) as to HK\$120 million by procuring the Company to issue to the Vendor (or such person as nominated in writing by the Vendor) of the T2 CB for such principal amount; and
- (b) as to HK\$50 million by issuing and delivering to the Vendor (or such person as nominated in writing by the Vendor) the T2 P-Note,

within fifteen Business Days after the date of issue of the relevant Turnover Certificate. The issue date of the Turnover Certificate in any event shall not be later than three months from the closing date of the T2 Period or, where applicable, the T4 Period in respect of condition (ii) under the paragraph headed “T2 Payment Condition” above.

### ***T3 Payment Conditions***

The T3 Payment Conditions are:

- (i) all Permits (including without limitation those issued by the relevant commerce department (商務部門), finance department (金融部門) and industry and commerce administration authority (工商管理機關) of the PRC government) for increasing the registered capital of Target PRC No.1 to no less than RMB200 million being obtained by Target PRC No.1 and Target HK No.1; and
- (ii) a legal opinion being received by the Purchaser from a licensed firm of PRC legal advisers whose experience and qualification are acceptable to the Purchaser, in such form and substance to the reasonable satisfaction of the Purchaser, confirming the matters stated in the above condition (i) of the T3 Payment Conditions.

For the avoidance of doubt, the payment of such increased portion of the registered capital in Target PRC No.1 need not be made by the Vendor as such payment forms part of the obligation of the Purchaser after Completion.

Please refer to the paragraphs headed “Registered and paid-up capital of the PRC Subsidiaries” below in this announcement for information regarding the status of increasing the registered capital of Target PRC No.1.

### ***T3 Price***

If the T3 Payment Condition are satisfied, the T3 Price, which is in the sum of HK\$170 million, shall be paid by the Purchaser to the Vendor by procuring the Company to issue to the Vendor (or such other person as nominated in writing by the Vendor) the T3 CB for such principal amount within fifteen Business Days after the date of the legal opinion as mentioned in the T3 Payment Conditions. The issue date of such legal opinion in any event should not be later than 12 months from the Completion Date.

### ***T4 Payment Condition***

The T4 Payment Condition is:

- (i) the reviewed (or, as the case may be, audited) consolidated (or, as the case may be, combined) turnover of the PRC Subsidiaries arising from the Target Business (exclusive of any value added tax or business tax) as shown in the Turnover Certificate for the T4 Period being not less than

RMB7.5 million (or, where the registered capital in Target PRC No.1 in the sum of RMB100 million will have been paid up by more than three months during the T2 Period, RMB12 million), or

(ii) the condition (ii) as set out in the paragraph headed “T2 Payment Condition” above.

#### ***T4 Price***

If the T4 Payment Condition is satisfied, the T4 Price, which is in the sum of HK\$85 million, shall be paid by the Purchaser to the Vendor by procuring the Company to issue to the Vendor (or such other person as nominated in writing by the Vendor) the T4 CB for such principal amount within fifteen Business Days after the date of issue of the relevant Turnover Certificate. The date of issue of such Turnover Certificate in any event should not be later than three months from the closing date of the T4 Period.

#### ***Additional information regarding T2 Payment Condition and T4 Payment Condition***

It is the current intention of the Company that in respect of the T2 Payment Condition and the T4 Payment Condition, the turnover of the PRC Subsidiaries should be audited. The Vendor agrees with the Company’s intention that the turnover of the PRC Subsidiaries should be audited in respect of the T2 Payment Condition and the T4 Payment Condition.

Micro-financing business is generally straightforward as it involves mainly lending and borrowing of money. Unlike manufacturing or trading business, such business does not have items such as inventories, machineries, plant and equipment, raw materials, works in progress, or accounts payable to suppliers. At the time of signing of the Agreement, it is less certain as to the number of lending transactions which Target PRC No.1 will be engaged for the relevant T2 Period or T4 Period. If the number of transactions is only a couple, review procedure (in respect of which a lower fee will be charged by auditors) as to turnover was considered to be sufficient. On the other hand, if the number of transactions is many, audit process (in respect of which a higher fee will be charged by auditors) may be necessary. Accordingly, flexibility is included in the Agreement.

At the time of signing of the Agreement, it was contemplated that the decision on whether audit or review process will be adopted will be made by mutual agreement between the Vendor and the Purchaser, and that the Purchaser will, after the expiry of the relevant T2 Period or T4 Period, consider the financial statements and other business data and then decide, from a cost-benefit perspective, on whether an audit or review process is more appropriate.

Nevertheless, it is the current intention of the Company that the turnover should be audited regardless of the number of lending transactions, and the Vendor agrees with the Company’s intention.

Turnover of the PRC Subsidiaries arising from the Target Business will mainly comprise interest income generated from the provision of micro-financing as well as consultation fee income associated with the provision of investment and management consultation services. As stipulated in the



Agreement, the accounts in respect of the PRC Subsidiaries will be prepared in accordance with HK GAAP as well as the accounting policies adopted by the Company, and the reporting accountants to be appointed by the Company in connection with the Acquisition will carry out the review or audit of such accounts of the PRC Subsidiaries in accordance with the reviewing or auditing (as the case may be) standards and guidelines issued from time to time by the Hong Kong Institute of Certified Public Accountants.

Turnover will be recognised in accordance with HK GAAP. Specifically, interest income is accrued on a time basis by reference to the outstanding principal and at the effective interest rate applicable, while consultancy fee income is recognised when the services are rendered.

The turnover threshold of RMB7.5 million in respect of the T2 Period was determined based on (i) the amount of registered capital of Target PRC No.1 which would have been paid up before the commencement of the T2 Period (being RMB50 million); and (ii) the amount of interest income and consultancy fee income which were expected to be reasonably derived by the PRC Subsidiaries during the T2 Period (which is a six-month period) by making use of such paid-up capital having regard to the expected interest rate that can be charged and the expected number of days during which interests can be earned. Such variables used in the determination of the turnover threshold of RMB7.5 million were consistent with those adopted in the preliminary valuation of the PRC Subsidiaries prepared by the independent qualified valuer.

The turnover threshold of RMB15 million in respect of the T2 Period and the T4 Period was determined based on (i) the amount of registered capital of Target PRC No.1 which would have been paid up before the commencement of the T2 Period (being RMB50 million); and (ii) the amount of interest income and consultancy fee income which were expected to be reasonably derived by the PRC Subsidiaries during the T2 Period and the T4 Period (which, in aggregate, is a one-year period) by making use of such paid-up capital having regard to the expected interest rate that can be charged and the expected number of days during which interests can be earned. Such variables used in the determination of the turnover threshold of RMB15 million were consistent with those adopted in the preliminary valuation of the PRC Subsidiaries prepared by the independent qualified valuer.

### **Basis of the Consideration**

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 financial market in the PRC and to broaden the income base of the Group; (ii) the Target PRC No.1 having obtained the Permits for carrying out the business of the provision of micro-financing (小額貸款) such that Target PRC No.1 is allowed to tap into the money lending industry in Jilin City, the PRC and to earn interest income from its money lending activities; and (iii) a preliminary valuation provided by an independent qualified valuer, which is subject to, among other things, the formal valuation report.

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 No.1 to carry on the Target Business. Please refer to the paragraphs headed "Information on the Target Group – Business plan" for details of the business plan of the Target Group. The Company will arrange for the independent qualified valuer to issue the formal valuation report on the value of the Target Group and such valuation report will be included in the circular to be despatched to the Shareholder.

**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 life span of the aforesaid permits and the possible failure of the renewal thereof. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

### **Closing Conditions**

Completion of the Agreement is subject to the following Closing Conditions being fulfilled and remaining satisfied as at Completion (or waived by the Purchaser to the extent waivable):

- (i) receipt by the Purchaser from the Vendor of a legal opinion on PRC laws (in such form and substance to the Purchaser's satisfaction) covering, among others, the following major issues:
  - (a) each of the PRC Subsidiaries having been duly established and validly subsisting;
  - (b) each of the PRC Subsidiaries having obtained all relevant operating Permits required at the time of its establishment and such Permits remaining valid;
  - (c) the legality of the operation and business of the PRC Subsidiaries;
  - (d) each of the PRC Subsidiaries having obtained the Permits for the Target Business and all such Permits being in full force and effect;
  - (e) the Reorganisation being legal, valid and enforceable under the PRC laws (to the extent applicable), and having been duly completed under the PRC laws (if applicable);
  - (f) (where applicable) the PRC Subsidiaries having obtained the rights to use and occupy all properties owned, leased or occupied by the Target Group;

(g) (if required) all necessary approval, authorisation, consent, registration and filings required having been obtained and effected by the PRC Subsidiaries and other companies within the Target Group (where applicable) in relation to the Agreement and the transactions contemplated thereunder,

and such other aspects of PRC law as the Purchaser may reasonably consider appropriate or relevant to the transactions contemplated by the Agreement;

- (ii) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Conversion Shares which may be issued upon the exercise of the conversion rights attaching to the Convertible Bonds;
- (iii) the approval by the Shareholders (or, as the case may be, the Independent Shareholders) at the EGM of the Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Conversion Shares) and the proposed increase in authorised share capital of the Company and all other consents and acts required under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (iv) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the Agreement having been obtained;
- (v) the Purchaser being reasonably satisfied with (a) the results of the due diligence exercise (whether legal, accounting, financial, operational or other aspects that the Purchaser considers relevant) on the Target Group, the Target Business and related activities, businesses, assets, liabilities, operations, prospects and other status which the Purchaser, its agents or professional advisers think necessary and appropriate to conduct, and (b) the Reorganisation has been fully implemented and consummated;
- (vi) the Purchaser being reasonably satisfied, from the date of this Agreement and at any time before the Completion, that the warranties given by the Vendor under the Agreement remain true and accurate in all material respects and is not misleading and that there is no breach in any material respect of any of such warranties or other provisions of the Agreement (including without limitation those concerning the Target Group) by the Vendor;
- (vii) the Purchaser being satisfied that, from the date of the Agreement to Completion, there has not been any material adverse change in respect of any member of the Target Group;
- (viii) all outstanding shareholder loans owing from the Target Group to the Vendor's associates having been assigned to become loans owing by Target BVI to the Vendor immediately before Completion and all necessary approvals, consents, authorisations and licences in relation thereto having been obtained from the relevant governmental authorities or parties concerned;

- (ix) the reviewed (or, as the case may be, audited) consolidated (or, as the case may be, combined) turnover of the PRC Subsidiaries for any three months during the period of five months ending on the Accounts Date as shown in the relevant Turnover Certificate being not less than RMB4.5 million; and
- (x) the Purchaser or the Company having obtained a valuation report issued by a professional business valuer in Hong Kong that the market value of the Target Group (assuming that the Reorganisation had been completed and that the registered capital in the PRC Subsidiaries (RMB200 million for Target PRC No.1 and US\$100,000 for Target PRC No.2 respectively) had been fully contributed or paid up as of the Accounts Date) is, in the opinion of such valuer, no less than HK\$1,100 million as at such reference date which is within 2013 and which is no later than the Long Stop Date but no earlier than 31 March 2013.

The Vendor shall use all reasonable endeavours to satisfy the Closing Conditions (other than conditions (ii), (iii) and (x)) on or before the Long Stop Date. The Purchaser may at its absolute discretion at any time waive in writing any of the conditions (i), (v), (vi), (vii) and (viii) and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser.

Conditions (i), (v), (vi), (vii) and (viii) are waivable by the Purchaser because if these conditions are not fulfilled in full, the Company shall reserve the right to decide whether it would continue to complete the Acquisition by imposing further post-Completion obligations on the Vendor as such waiver may, as mentioned above, be made subject to such terms and conditions as may be determined by the Purchaser. As such, the Directors are of the view that so long as the right to waive these conditions is vested only on the Purchaser but not on the Vendor, the Company will have more flexibility in dealing with the Vendor in respect of the Acquisition, which, in the opinion of the Directors, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Nevertheless, the Company has no intention to waive any of the Closing Conditions, or, if exercising such waiver right, only when the non-fulfilment is of a trivial (i.e. non-material) nature. Some examples of non-compliance of a trivial nature are, for illustration purpose: (i) the time of payment of registered capital was made in Hong Kong before the deadline as required by the Permits, but was received by the relevant PRC enterprise shortly (say, a few days) after such deadline; or (ii) the relevant amount of registered capital to be paid up was injected from Hong Kong, but because of change in exchange rate between the time of remittance and time of receipt, there could be a shortfall of a very small amount. These would constitute technical breaches, but do not have any material adverse implication. The Purchaser may choose to complete the Acquisition, and (if thought fit) requires the Vendor to rectify the matters within a reasonable period of time.

In the Agreement, Closing Condition (ix) did not specify whether the turnover should be reviewed or audited. However, it is the intention of the Company that the turnover should be audited. The Vendor agrees with the Company's intention that the turnover should be audited.

The turnover threshold of RMB4.5 million in respect of Closing Condition (ix) was determined based on (i) the amount of registered capital of Target PRC No.1 which would have been paid up before the commencement of the said period (being RMB50 million); and (ii) the amount of interest income and

consultancy fee income which were expected to be reasonably derived by the PRC Subsidiaries during the said period by making use of such paid-up capital having regard to the expected interest rate that can be charged and the expected number of days during which interests can be earned. Such variables used in the determination of the turnover threshold of RMB4.5 million were consistent with those adopted in the preliminary valuation of the PRC Subsidiaries prepared by the independent qualified valuer.

## **Completion**

Subject to the satisfaction (or waiver to the extent waivable) of all Closing Conditions, Completion shall take place at 11:00 a.m. on the Completion Date.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The Convertible Bonds comprise the T1 CB, the T2 CB, the T3 CB and the T4 CB. The terms and conditions of the Convertible Bonds have been negotiated on an arm's length basis. The following sets out the principal terms of the Convertible Bonds:

Issuer	:	The Company
Aggregate principal amount	:	Up to HK\$450 million, comprising: <ul style="list-style-type: none"><li>– T1 CB: HK\$75 million</li><li>– T2 CB: HK\$120 million</li><li>– T3 CB: HK\$170 million</li><li>– T4 CB: HK\$85 million</li></ul>
Interest	:	Interest free
Maturity date and redemption	:	All of the T1 CB, the T2 CB, the T3 CB and the T4 CB shall be due on the 5th anniversary of the date of issue of the T1 CB. The Company shall redeem any Convertible Bonds which remains outstanding at 4:00 p.m. on the maturity date at its principal amount.

Conversion : Holders of the Convertible Bonds have the right to convert the whole or part (in the multiple of HK\$185,000 unless the outstanding principal amount of the Convertible Bond held by a bondholder is less than HK\$185,000) of their (a) T1 CB into Conversion Shares at any time during the T1 Conversion Period; (b) T2 CB into Conversion Shares at any time during the T2 Conversion Period; (c) T3 CB into Conversion Shares at any time during the T3 Conversion Period; and (d) T4 CB into Conversion Shares at any time during the T4 Conversion Period, at the conversion price of HK\$0.37 per Conversion Share (subject to customary adjustment upon the occurrence of consolidation or subdivision of Shares, capitalisation issue, capital distribution, rights issue and other dilutive events) provided that no conversion right attached to the Convertible Bonds shall be exercised if:

- (i) following such exercise, a holder of the Convertible Bonds and parties acting in concert with it, taken together, will directly or indirectly control or be interested in 30% or more of the entire issued share capital of the Company (or in such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer); or
- (ii) immediately after such conversion, the public float of the Shares falls below the minimum public float requirements stipulated under Rule 8.08 of the Listing Rules and as required by the Stock Exchange.

Conversion price : The conversion price of HK\$0.37 per Conversion Share represents:

- (i) a premium of approximately 7.25% over the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 1.37% over the average of the closing prices of the Shares for the last five consecutive trading days up to and including the Last Trading Day, being HK\$0.365 per Share; and
- (iii) a premium of approximately 5.71% over the average of the closing prices of the Shares for the last ten consecutive trading days up to and including the Last Trading Day, being HK\$0.350 per Share.

- Ranking : 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.
- Transferability : The Convertible Bonds shall be transferable to any person provided that where the Convertible Bonds are intended to be transferable to a connected person of the Company (other than the associates of the holder of the Convertible Bonds), such transfer shall be subject to the Company's prior written consent and shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any). Subject as aforesaid, a Convertible Bond may be transferred to any person in whole multiples of HK\$185,000 (or such lesser amount as may represent the entire principal amount thereof).
- Voting rights : Holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meeting of the Shareholders by reason of its being a holder of the Convertible Bonds only.
- Listing : The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The issue of the Conversion Shares will be made pursuant to a specific mandate to be sought at the EGM. As illustrated in the table set out under the paragraph headed "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 1,216,216,216 if the initial conversion price of HK\$0.37 per Conversion Share is not adjusted. The 1,216,216,216 Conversion Shares represent approximately 156.8% of the existing issued share capital of the Company as at the date of this announcement and approximately 61.1% 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 otherwise altered).

## **PRINCIPAL TERMS OF THE PROMISSORY NOTES**

The Promissory Notes comprise the T1 P-Note and the T2 P-Note. The terms of the Promissory Notes have been negotiated on an arm's length basis. The principal terms of the Promissory Notes are summarised as follows:

- Issuer : The Purchaser

Principal amount	:	Up to HK\$200 million, comprising: – T1 P-Note: HK\$150 million – T2 P-Note: HK\$50 million
Interest	:	1.5% per annum
Maturity	:	5 years from the respective date of issue of the T1 P-Note and the T2 P-Note
Early repayment	:	The issuer could, at its option, repay the Promissory Notes 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 Notes for any early repayment.

## **REGISTERED AND PAID-UP CAPITAL OF THE PRC SUBSIDIARIES**

As at the date of this announcement, the registered capital of Target PRC No.1 is RMB100 million while the registered capital of Target PRC No.2 is US\$100,000.

In respect of the current registered capital of RMB100 million of Target PRC No.1, it is required under the Permits that 50% of such registered capital must be paid up on or before 10 January 2013, while the remaining 50% must be paid up within one year after the establishment of Target PRC No.1. As at the date of this announcement, among the current registered capital of RMB100 million of Target PRC No.1, RMB50 million has already been paid up (which was entirely funded by the Vendor), while the remaining RMB50 million has not been paid (which, after Completion, will be paid by the Group).

In respect of the current registered capital of US\$100,000 of Target PRC No.2, it is required under the Permits that 20% of such registered capital must be paid up on or before 29 January 2013, while the remaining 80% must be paid up within one year after the establishment of Target PRC No.2. As at the date of this announcement, the entire registered capital of Target PRC No.2, i.e., US\$100,000, has already been paid up and such payment was entirely funded by the Vendor.

It is the current intention of the Board that Target PRC No.1 will apply to increase its registered capital from RMB100 million to RMB200 million. In respect of the intended increase of the registered capital of Target PRC No.1 from RMB100 million to RMB200 million, the expected timing for such increase is before the end of 2013 while the source of funding is from the internal resources of the Group.

As stated in the Agreement, the Purchaser and the Vendor acknowledge and agree that the Vendor is obliged to fund, before the Completion Date and without recourse to any member of the Target Group, the payment of the first RMB50 million in respect of the registered capital of Target PRC No.1, and the payment of the first US\$50,000 in respect of the registered capital of Target PRC No.2 (the



**“Funding Obligation”**). Subject to Completion having taken place, the Vendor will not be obliged to fund the capital contribution in respect of the PRC Subsidiaries which is beyond the Funding Obligation.

The original purchase cost of the Target Group to the Vendor consists mainly of the Funding Obligation, i.e., RMB50 million for Target PRC No.1 and US\$50,000 for Target PRC No.2.

As mentioned above, as at the date of this announcement, the Vendor has already performed the Funding Obligation, i.e., the Vendor has already funded and paid the first RMB50 million for the registered capital of Target PRC No.1 and the entire US\$100,000 for the registered capital of Target PRC No.2.

As the Vendor has already funded the payment of the entire registered capital of Target PRC No.2 of US\$100,000, a reimbursement of US\$50,000 (the amount in excess of the Funding Obligation) will be arranged to be paid to the Vendor.

After Completion, the Group will make payment for the remaining RMB50 million of the registered capital of Target PRC No.1 for its use in its Target Business. The Group will also apply for the increase of the registered capital of Target PRC No.1 from RMB100 million to RMB200 million and the Group will also make payment for the additional RMB100 million of registered capital of Target PRC No.1. The Board intends to fund such payments (in aggregate RMB150 million) from the Group’s internal resources.

## **INFORMATION ON THE TARGET GROUP**

Set out below are the background information and the shareholding structure of the Target Group based on the information provided by the Vendor:

### **Reorganisation in respect of the Target Group**

Pursuant to the business plan of the Vendor, the following Reorganisation in respect of the Target Group has been or will be carried out before Completion:

- (i) Target PRC No.1 is to be incorporated in the PRC on or before 31 December 2012 and to become a wholly owned subsidiary of Target HK No.1 or such other company which is solely owned by the Target Company;
- (ii) Target PRC No.2 is to be incorporated in the PRC on or before 31 December 2012 and to become a wholly owned subsidiary of Target HK No.2;
- (iii) all Permits required by the PRC Subsidiaries for carrying on the Target Business are to be obtained on or before 31 December;

- (iv) the PRC Subsidiaries are to start to carry on the Target Business by no later than 31 December 2012;
- (v) such portion of the registered capital in the respective PRC Subsidiaries (which is RMB50 million for Target PRC No.1 and US\$20,000 for Target PRC No.2 respectively) as required under the Permits are to be fully contributed and paid up by the respective HK Subsidiaries, as evidenced by capital verification report or reports to be issued by qualified PRC accountants.

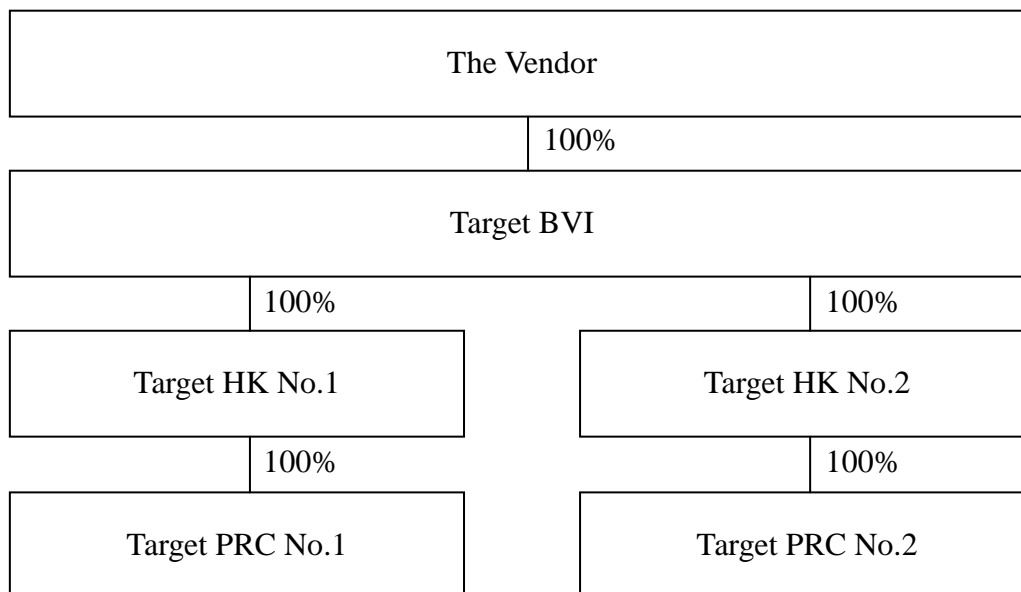
All of the above steps under the Reorganisation shall be consummated on or before Completion.

As at the date of this announcement, the Reorganisation has been partially completed, details of which are as follows:

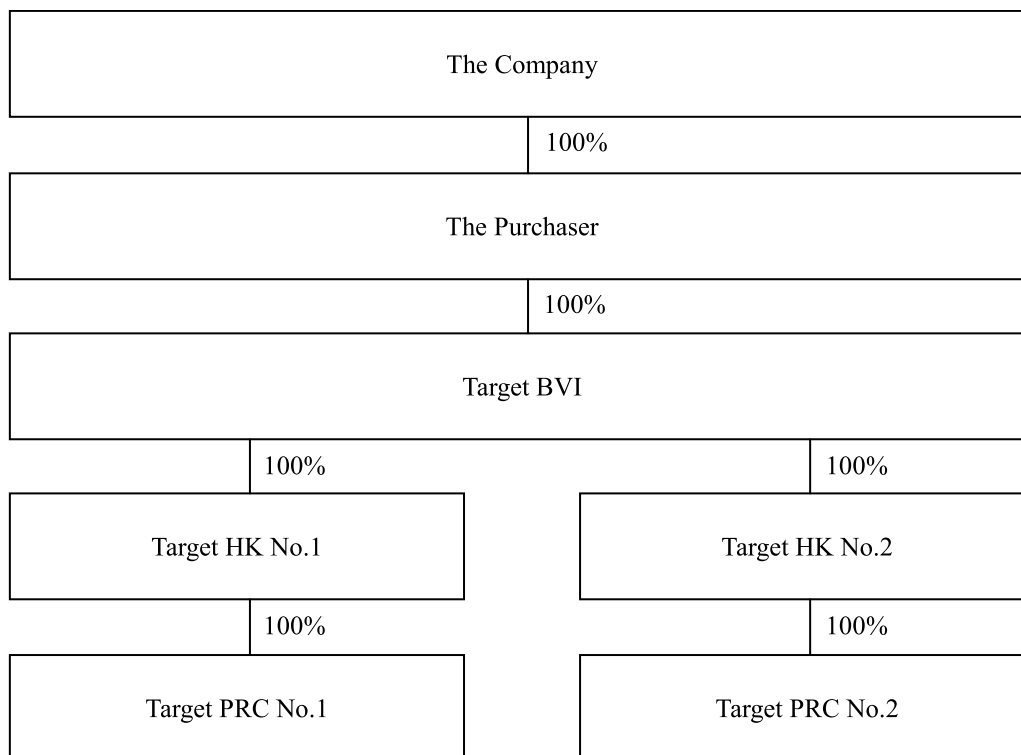
- (i) Target PRC No.1 has been incorporated in the PRC on 18 October 2012 but the relevant shareholding structure (i.e. to become a wholly-owned subsidiary of Target HK No.1 or such other company which is solely owned by the Target Company) has not been completed.
- (ii) Target PRC No.2 has been incorporated in the PRC on 30 October 2012 and has become a wholly-owned subsidiary of Target HK No.2.
- (iii) All Permits required by the PRC Subsidiaries for carrying on the Target Business have been obtained.
- (iv) The PRC Subsidiaries has not started to carry on the Target Business. In preparation for the commencement of the Target Business, the PRC Subsidiaries have already completed certain preparation work which includes leasing office and hiring employees (whose employments are expected to officially commence in December 2012).
- (v) As at the date of this announcement, the first RMB50 million of the registered capital of Target PRC No.1 has been paid (which was entirely funded by the Vendor) as required under the Permits, while the remaining RMB50 million will be paid by the Group (which is expected to be funded by the Group's internal resources) after Completion and within one year of the establishment of Target PRC No.1. In respect of Target PRC No.2, as at the date of this announcement, the entire registered capital of Target PRC No.2 (being US\$100,000) has been paid (which was entirely funded by the Vendor).

The shareholding structure of the Target Group (i) immediately after the Reorganisation and immediately before Completion and (ii) immediately after Completion are as follows:

**Shareholding structure of the Target Group immediately after the Reorganisation and immediately before Completion**



**Shareholding structure of the Target Group immediately after Completion**



## Target BVI

Target BVI is an investment holding company incorporated in the BVI on 20 June 2012. Target BVI is wholly owned by the Vendor.

Target BVI has not commenced any business operation since its incorporation and has no major asset or investment.

The following is the financial information extracted from the unaudited management accounts of Target BVI as provided by the Vendor:

	<b>Since incorporation on 20 June 2012 up to 31 October 2012</b>
	<i>HK\$'000</i>
Net loss before taxation	9
Net loss after taxation	9

Based on the unaudited management accounts of Target BVI as provided by the Vendor, as at 31 October 2012, the net liabilities of Target BVI was approximately HK\$9,000.

## Target HK No.1

Target HK No.1 refers to such company which will, upon completion of the Reorganisation, be (i) a wholly-owned subsidiary of the Target BVI, and (ii) the sole beneficial owner and registered holder of the registered capital in Target PRC No.1. The shareholding structure in respect of Target PRC No.1 becoming a wholly-owned subsidiary of Target HK No.1 has not yet been completed. It is expected that upon completion of the Reorganisation, Target HK No.1 will be an investment holding company and will not have any business operation or any major asset or investment other than its interest in Target PRC No.1.

## Target PRC No.1

Target PRC No.1 was established on 18 October 2012 in the PRC as a 中華人民共和國台港澳僑投資企業 (enterprise with investment of Taiwan, Hong Kong, Macao and overseas Chinese in the PRC\*). Target PRC No.1 has obtained all necessary Permits to engage in the business of providing micro-financing (小額貸款) and the provision of consultancy services in relation to the business development management and financial affairs of small enterprises. Such Permits include:

- (i) a written approval issued by 吉林省金融工作辦公室 (Financial Affairs Office of Jilin Province\*) which approved the business scope of Target PRC No.1 as the Target Business and stated, among other things, that Target PRC No.1 is only allowed to carry on the Target Business within Jilin City;

- (ii) a written approval issued by 吉林省經濟技術合作局 (Jilin Province Economic and Technological Cooperation Bureau\*) approving the establishment of Target PRC No.1 as a 中華人民共和國台港澳僑投資企業 (enterprise with investment of Taiwan, Hong Kong, Macao and overseas Chinese in the PRC\*) and stating, among other things, that (a) the aggregate investment amount allowed is RMB300 million; and (b) the registered capital of Target PRC No.1 is RMB100 million, among which 50% is to be paid up within three months from the date of issue of the business registration while the remaining is to be paid up within one year from such date; and
- (iii) the business license (企業法人營業執照) issued by 吉林省工商行政管理局 (Industrial and Commercial Administration Bureau of Jilin Province\*) stating, among other things, that (a) Target PRC No.1 was officially established on 18 October 2012; and (b) the period of operations of Target PRC No.1 is from 18 October 2012 to 9 October 2032.

The written approval as mentioned in item (i) above in relation to the approval of the business scope of Target PRC No.1 does not contain limitation in respect of the licence period and is therefore not subject to renewal according to a legal opinion obtained by the Group. As such, according to the legal opinion, Target PRC No.1 is only subject to the renewal of the operating period as stated in its business registration, which is currently valid until 9 October 2032.

Target PRC No.1 has not commenced any business operation since its establishment and has no major asset or investment.

The following is the financial information extracted from the unaudited management accounts of Target PRC No.1 as provided by the Vendor:

	<b>Since establishment on 18 October 2012 up to 31 October 2012</b>
	<i>RMB'000</i>
Net loss before taxation	142
Net loss after taxation	142

Based on the unaudited management accounts of Target PRC No.1 as provided by the Vendor, as at 31 October 2012, the net liabilities of Target PRC No.1 was approximately RMB393,000.

## **Target HK No.2**

Target HK No.2 is an investment holding company incorporated in Hong Kong on 16 April 2010. Target HK No.2 owns the entire equity interest in Target PRC No.2. Other than its interest in Target PRC No.2, Target HK No.2 has not commenced any business operation since its incorporation and has no major asset or investment.

Target PRC No.2 has obtained all necessary Permits for engaging in the business of providing consulting services in relation to corporate management, financial management and investment planning, details of which are as follows:

- (i) a written approval issued by 吉林省經濟技術合作局 (Jilin Province Economic and Technological Cooperation Bureau\*) approving the establishment of Target PRC No.2 as a 中華人民共和國台港澳僑投資企業 (enterprise with investment of Taiwan, Hong Kong, Macao and overseas Chinese in the PRC\*) and stating, among other things, that (a) the business scope of Target PRC No.2 is the provision of consulting services in relation to corporate management, financial management and investment planning; (b) the aggregate investment amount allowed is US\$140,000; and (c) the registered capital of Target PRC No.2 is US\$100,000, among which 20% is to be paid up within three months from the date of issue of the business registration while the remaining is to be paid up within one year from such date; and
- (ii) the business license (企業法人營業執照) issued by 吉林市工商行政管理局 (Industrial and Commercial Administration Bureau of Jilin City\*) stating, among other things, that (a) Target PRC No.2 was officially established on 30 October 2012; and (b) the period of operations of Target PRC No.2 is from 30 October 2012 to 29 October 2032.

According to the legal opinion obtained by the Group, the business operations of Target PRC No.2 is not subject to any specific licencing requirement other than the obtaining of the business registration as mentioned in item (ii) above. Therefore, Target PRC No.2 is only subject to the renewal of the operating period as stated in its business registration, which is currently valid until 29 October 2032.

The following is the financial information extracted from the unaudited management accounts of Target HK No.2 as provided by the Vendor:

	<b>Since incorporation on 16 April 2010 up to 31 December 2010 HK\$'000</b>	<b>Year ended 31 December 2011 HK\$'000</b>
Net loss before taxation	12	2
Net loss after taxation	12	2

Based on the unaudited management accounts of Target HK No.2 as provided by the Vendor, as at 31 October 2012, the net liabilities of Target HK No.2 was approximately HK\$24,000.

## Target PRC No.2

Target PRC No.2 was established on 30 October 2012 in the PRC as a 中華人民共和國台港澳僑投資企業 (enterprise with investment of Taiwan, Hong Kong, Macao and overseas Chinese in the PRC\*). Target PRC No.2 has obtained all necessary Permits to engage in the business of corporate management consulting, financial management consulting and investment strategy consulting.

There is no geographical restriction on the business of Target PRC No.2, which means that Target PRC No.2 is allowed to carry on the business of provision of investment and management consultation services within as well as outside of Jilin City.

Target PRC No.2 has not commenced any business operation since its establishment and has no major asset or investment.

The following is the financial information extracted from the unaudited management accounts of Target PRC No.2 as provided by the Vendor:

	<b>Since establishment on 30 October 2012 up to 31 October 2012</b>
	<i>RMB'000</i>
Net loss before taxation	2
Net loss after taxation	2

Based on the unaudited management accounts of Target PRC No.2 as provided by the Vendor, as at 31 October 2012, the net liabilities of Target PRC No.2 was approximately RMB2,000.

## Further information on the micro-financing business in the PRC

In order to engage in micro-financing business, all Permits must be obtained. The basic requirements for obtaining the Permits primarily include having a minimum level of registered capital and having staff with relevant knowledge and industry experience. Nonetheless, the relevant government authorities have the absolute discretion to approve or reject an application for the Permits.

In the PRC, banks and micro-financing companies are both allowed to engage in the business of lending money. However, micro-financing companies are classified as non-bank financial institutions in the PRC. The primary difference between banks and micro-financing companies is that banks are allowed to engage in deposits taking activities but micro-financing companies are not allowed to do so. For a micro-financing company, the permitted sources of funds for use in its business include its paid-up capital, bank borrowings from up to two banks and its retained earnings.

Under the relevant PRC regulations, micro-financing companies are allowed to obtain bank borrowings from up to two banks and of a maximum amount of up to 50% of the registered capital of the micro-financing company. Accordingly, assuming that the application for the increase in the registered capital of Target PRC No.1 from RMB100 million to RMB200 million will be approved, Target PRC No.1 is allowed to obtain bank borrowings of up to RMB100 million, representing 50% of the then registered capital of RMB200 million of Target PRC No.1.

Micro-financing companies in Jilin City are only allowed to lend to borrowers from Jilin City, while banks in Jilin City can lend to borrowers from Jilin City as well as other cities or provinces.

In the PRC, there is geographical restriction on the business activities of micro-financing companies. Therefore, micro-financing companies established in other cities or provinces cannot lend to borrowers from Jilin City if they are only allowed to do business within the city or province in which they are registered. Banks, on the other hand, have no such restrictions and can lend to borrowers from Jilin City as well as other cities or provinces. Banks are allowed to engage in micro-financing activities.

The Board is not aware of any public record on the number of foreign-owned micro-financing companies in Jilin City or other parts of the PRC.

## **Valuation**

According to a preliminary valuation provided by Peak Vision Appraisals Limited, an independent qualified valuer, the preliminary valuation of the PRC Subsidiaries was prepared based on a discounted cash flow valuation method. The preliminary valuation is based on a total paid-up capital of RMB200 million of Target PRC No.1 and total bank borrowings of RMB100 million for use in the Target Business, which are currently budgeted by the Company, and bank borrowing costs of approximately 6%, which is based on current long term lending rates in the PRC.

For the avoidance of doubt, the valuation relates to both Target PRC No.1 and Target PRC No.2.

The preliminary valuation is prepared on the following assumptions:

- Target PRC No.1 will have a registered and paid up capital of RMB200 million and will be able to obtain RMB100 million bank borrowings as currently planned by the Company.
- The Company will be able to increase the registered capital of the Target Group as planned and the availability of finance will not be a constraint on the forecast growth of the Target Business in accordance with the business plans and the projections;
- The Target Group will be able to obtain funds from financial institutions;
- Bank borrowing costs of approximately 6%, which are based on current long term lending rates in the PRC;



- The interest rate will not fluctuate substantially throughout the projection period;
- The bank borrowings will not be subject to early repayment at the request of the financial institutions;
- The Target Group is able to maintain its exposure to credit risk at a reasonable level;
- Market trends and conditions where the Target Group operates will not deviate significantly from the economic forecasts in general;
- There will be no material changes in the Target Group's business strategy and its operating structure;
- The Target Group shall have uninterrupted rights to operate its existing business during the unexpired term of its authorized enterprise operating period;
- Interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing;
- All relevant legal approvals, business certificates or licenses, including the Permits, in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group;
- All required licenses, certificates, consents, or other legislative or administrative authority, including the Permits, from any local, provincial, or national government or private entity or organization have been or can readily be obtained or renewed by the Management on which the valuation contained in the report are based; and
- There will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and the rates of tax payable shall remain unchanged and all applicable laws and regulations will be complied with.

The preliminary valuation is subject to, among other things, the finalized business plan and budgets of the Target Business and a formal PRC legal opinion on the validity of the Permits and business structure of the Target Business, confirmation and details of which to be included in the formal valuation report.

The Board considers that the preliminary valuation of the PRC Subsidiaries should be prepared based on the registered capital of RMB200 million being fully paid up (rather than RMB50 million only which was funded by the Vendor and not zero which was the status of the Target Group at the time of

signing of the Agreement) because the value of the PRC Subsidiaries should be arrived at after taking into account the payment of the registered capital of Target PRC No.1 such that the value of the Permits can be reflected in full.

## **Business plan**

The principal business of the Target Group is the Target Business, i.e., the provision of micro-financing and the provision of investment and management consultation services.

The source of fund for the Target Group for use in its micro-financing business will be the paid-up capital of the PRC Subsidiaries and the expected bank borrowings to be obtained by the PRC Subsidiaries. As at the date of this announcement, the paid-up capital of Target PRC No.1 is RMB50 million (which was entirely funded by the Vendor and represents 50% of the registered capital of Target PRC No.1) while another RMB50 million (i.e. the remaining 50% of the registered capital of Target PRC No.1) is required to be paid up within one year of the establishment of Target PRC No.1 and is expected to be funded by the Group from the Group's internal resources after Completion. The paid-up capital of Target PRC No.2 as at the date of this announcement is US\$100,000 (which means that the entire registered capital of Target PRC No.2 is fully paid up). It is the current intention of the Board to apply for the increase of the registered capital of Target PRC No.1 from RMB100 million to RMB200 million. Assuming such increase of registered capital of Target PRC No.1 is approved, it is expected that Target PRC No.1 will be able to obtain bank borrowing amounting to RMB100 million at a borrowing cost of approximately 6% (which is based on current long term lending rates in the PRC). As such, Target PRC No.1 will have an aggregate of RMB300 million (RMB200 million of paid-up capital and RMB100 million of bank borrowings) for use in its Target Business.

Target customers of the PRC Subsidiaries will be small enterprises in Jilin City with need for financing. Revenue of the PRC Subsidiaries arising from the Target Business will mainly comprise interest income generated from the provision of micro-financing as well as consultation fee income associated with the provision of investment and management consultation services.

In preparation for the commencement of business, the PRC Subsidiaries have leased a commercial office and hired employees. The lease is for a commercial office in Jilin City for a term up to 10 May 2015 at an annual rent of RMB100,000 payable monthly. The annual staff costs of the PRC Subsidiaries, including salaries and other insurance and subsidies, amount to approximately RMB1,252,000. Other cost for operating the Target Group includes primarily the finance cost as it is intended that Target PRC No.1 will obtain bank borrowings of RMB100 million. Assuming the cost of borrowing is 6% (which is based on the current long term lending rates in the PRC), the finance cost will be RMB6 million per annum.

## **No contract-based structures**

The PRC regulations applicable to the business scope of Target PRC No.1 and Target PRC No.2 do not restrict or limit foreign investment. As such, the Group will be able to enjoy all economic benefits of and to exercise management control over Target PRC No.1 and Target PRC No.2 upon Completion

through its 100% ownership in the Target Group. Accordingly, it will not be necessary for the Group to rely on any contract-based structures for the business operation of the Target Group. As such, no contract-based structures have been contemplated or adopted in this regard.

## **REASONS FOR THE ACQUISITION**

The principal activities of the Group are investment holding and investment in energy and natural resources (including precious metals) related projects in the PRC.

As disclosed in the annual report of the Company for the year ended 31 March 2012, the Group has been looking into developing financial related business. The Group has obtained a money lenders license in Hong Kong in September 2012 and has commenced money lending business in Hong Kong. The Board considers that the Acquisition provides an opportunity for the Group to tap into the money lending industry in the PRC. The Board also considers that the Acquisition is consistent with the Group's business developments, can generate diversified income for the Group, and can enhance Shareholders' value.

The Group currently does not have any business operation in Jilin City.

The Board considers that it is in the interest of the Company and the Shareholders as a whole for the Group to acquire the Target Group from the Vendor instead of setting up the Target Business by itself because (i) it will take a substantial amount of time and effort for the Company to obtain all the required Permits before it can successfully set up the Target Business by itself; (ii) there is no guarantee that the Company will be able to obtain all such necessary Permits by itself even after spending a substantial amount of time and effort as the relevant government authorities have the absolute discretion to approve or reject an application for the Permits; (iii) the Target Group has obtained all the required Permits to engage in the Target Business; (iv) the Target Group has completed all preparation work including leasing office and hiring staff; and (v) the Target Group can commence business immediately as the Vendor has already funded the payment of the registered capital of the PRC Subsidiaries as required under the Funding Obligation.

When the opportunity of acquiring the Target Group was brought to the attention of the Board, the Board considers that it is in the interest of the Company and the Shareholders as a whole for the Group to acquire the Target Group from the Vendor instead of setting up the Target Business by itself for reasons stated in the preceding paragraph and has therefore not taken any active actions in setting up the Target Business by itself and has not taken any active actions in checking whether it is in a position to set up the Target Business by itself.

The money lending industry in Jilin City, the PRC has been growing in the past few years. According to the 吉林市國民經濟和社會發展統計公報 (Jilin City Economic and Social Development Statistical Bulletin\*) published on the official website of 吉林省人民政府 (People's Government of Jilin City\*), the aggregate outstanding loan balances in Jilin City for each of the years of 2009, 2010 and 2011

were RMB64.1 billion, RMB72.7 billion and RMB84.1 billion respectively, representing an increase of approximately 13.4% from 2009 to 2010, and an increase of approximately 15.7% from 2010 to 2011.

Although the above statistics is not directly related to the micro-financing industry but rather to the overall banking and money lending market in Jilin City, the PRC, the Board is of the view that such statistics reflects the fact that the demand for financing in Jilin City, the PRC has been growing in the past few years in general.

The micro-financing industry in Jilin Province in general has been growing during 2012. According to the 吉林省金融運行報告 (Jilin Province Finance Operation Report\*) published by 吉林省人民政府 (The People's Government of Jilin Province\*), as at the end of September 2012, the aggregate amount of outstanding loan receivables in respect of micro-financing provided by micro-financing companies in Jilin Province was approximately RMB5.2 billion, representing an increase of approximately RMB2.0 billion from the beginning of 2012.

While the Board is not aware of any publicly available industry statistics relating directly to the micro-financing industry in Jilin City, having regard to the above statistics relating to the micro-financing industry of the Jilin Province as well as those relating to the overall banking and money lending market in Jilin City, the Board is of the view that the Target Business of the PRC Subsidiaries, which operates in Jilin City, a major city in the Jilin Province, will be able to tap into and benefit from the general growing trend of the micro-financing industry of the Jilin Province.

According to the Statistics and Analysis Department of the People's Bank of China, as at the end of September 2012, there were a total of 5,629 micro-financing companies in the PRC, with aggregate outstanding loan balances of approximately RMB533.0 billion, representing an increase of approximately RMB141.4 billion from the beginning of 2012.

According to the Jilin Province Finance Operation Report, as at the end of the third quarter of 2012, there were a total of 337 micro-financing companies in Jilin Province, representing an increase of 106 micro-financing companies from the beginning of 2012.

According to a statistics report published by the Bank of Jilin, as at 30 September 2012, there were 45 micro-financing companies in Jilin City, with aggregate outstanding loan balances of approximately RMB1.26 billion.

According to a research report published by “慧典市場研究報告網” (Hui Dian Market Research Report\*), there were approximately 200,900 bank branches in the PRC as at the end of 2011, representing an increase of 7,023 bank branches from the beginning of 2011.

Having considered that:

- (a) although the Consideration is a maximum of HK\$850 million while the original purchase cost of the Target Group to the Vendor would be less than RMB51 million, the Board considers that the Consideration is fair and reasonable having taken into account the preliminary valuation provided by an independent qualified valuer;
- (b) the key entry barrier to the micro-financing industry in the PRC is the obtaining of the Permits (the granting of which is at the absolute discretion of the relevant PRC government authorities) and the PRC Subsidiaries have obtained all required Permits to engage in the Target Business;
- (c) although the Target Group has no track record, the PRC Subsidiaries have obtained all necessary Permits which allow the PRC Subsidiaries to commence the Target Business immediately;
- (d) judging from the statistics showing the growing trend of the micro-financing industry in Jilin Province as well as the overall banking and money lending market in Jilin City, the Board considers that it is reasonable to conclude that the micro-financing industry in Jilin City, a major city in Jilin Province, should also have been exhibiting a growing trend in the past few years;
- (e) the Board considers that the assumptions and basis under the preliminary valuation provided by the independent qualified valuer are fair and reasonable as those assumptions and basis were based on the business plan of the Target Group as detailed in the paragraph headed “Information on the Target Group – Business plan”;
- (f) the Target Group has hired a number of experienced personnel to take up the senior management position of the PRC Subsidiaries and to report to the Board for the management of the daily operation of the Target Business and the Board has the experience of managing the Group’s existing money lending business in Hong Kong;
- (g) while there were 45 micro-financing companies in Jilin City as at 30 September 2012, the Board understands that the micro-financing industry in Jilin Province has been growing in the past few years and the Acquisition allows the Group to tap into the micro-financing industry in Jilin City,

the Directors (excluding the independent non-executive Directors who will express their view after considering the advice of the independent financial adviser) consider that the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As of the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.1 each, of which 775,787,497 Shares have been issued and allotted as fully paid or credited as fully paid.

In order to facilitate the possible conversion of the Convertible Bonds and to provide for future expansion in the share capital of the Company, the Directors propose that the authorised share capital of the Company be increased from HK\$200,000,000 (divided into 2,000,000,000 Shares of HK\$0.1 each) to HK\$400,000,000 (divided into 4,000,000,000 Shares of HK\$0.1 each).

The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

## **LISTING RULES IMPLICATIONS**

### **The Acquisition**

The Vendor is a connected person of the Company by virtue of him being an executive Director and a substantial Shareholder holding approximately 27.54% of the entire 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 very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules. Accordingly, the 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 Agreement and the transactions contemplated thereunder.

### **The SSDL Acquisition**

Details of the SSDL Acquisition were set out in the announcement of the Company dated 30 December 2011. As disclosed, Sino Prosper State Gold HK Limited, a wholly-owned subsidiary of the Company, and Mr. Leung entered into an agreement on 19 December 2011 pursuant to which Sino Prosper State Gold HK Limited has conditionally agreed to acquire and Mr. Leung has conditionally agreed to dispose of the entire issued share capital of SSDL and a sale loan at a total consideration of RMB550 million. As at the date of this announcement, completion of the SSDL Acquisition has not yet taken place. The despatch of the circular in respect of the SSDL Acquisition has been postponed to a date on or before 31 December 2012.

## 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 limit of below 30% and in full) but before the exercise the SSDL CB; (iii) immediately after the exercise of the Convertible Bonds and the SSDL CB (up to the respective conversion limit and in full) are as follows:

Shareholders	As at the date of this announcement		Immediately after the exercise of the Convertible Bonds up to the conversion limit but before the exercise of the SSDL CB		Immediately after the exercise of the Convertible Bonds in full but before the exercise of the SSDL CB <i>(Note)</i>		Immediately after the exercise of the Convertible Bonds and the SSDL CB up to the respective conversion limit		Immediately after the exercise of the Convertible Bonds and the SSDL CB in full <i>(Note)</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Vendor										
– Existing Shares	213,663,000	27.5	213,663,000	19.3	213,663,000	10.7	213,663,000	19.3	213,663,000	5.5
– Shares to be issued after the exercise of the Convertible Bonds and the SSDL CB	–	–	26,101,942	3.3	1,216,216,216	61.1	26,101,942	3.3	3,097,616,216	80.0
Sub-total	213,663,000	27.5	239,764,942	29.9	1,429,879,216	71.8	239,764,942	29.9	3,311,279,216	85.5
Public Shareholders	562,124,497	72.5	562,124,497	70.1	562,124,497	28.2	562,124,497	70.1	562,124,497	14.5
Total	<u>775,787,497</u>	<u>100.0</u>	<u>801,889,439</u>	<u>100.0</u>	<u>1,992,003,713</u>	<u>100.0</u>	<u>801,889,439</u>	<u>100.0</u>	<u>3,873,403,713</u>	<u>100.0</u>

### Note:

The shareholding structure is shown for illustration purpose only. Pursuant to the terms of the Convertible Bonds, no conversion right attached to the Convertible Bonds shall be exercised to the extent that following such exercise, a holder of the Convertible Bonds and parties acting in concert with it taken together will, directly or indirectly, control or be interested in 30% or more of the entire issued share capital of the Company (or such lower percentage as may from time to time be specified in the Takeovers Code). In addition, the terms of the Convertible Bonds stipulate that no conversion right attached to the Convertible Bonds shall be exercised if immediately after such conversion, the public float of the Shares falls below the minimum public float requirements stipulated under Rule 8.08 of the Listing Rules and as required by the Stock Exchange. Similar conversion limit is contained in the clauses of the SSDL CB, whose terms require that the a holder of the SSDL CB 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 SSDL CB.

## GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving (i) the Agreement and the transactions contemplated thereunder, including the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares; and (ii) the proposed increase in authorised share capital of the Company.

The Independent Board Committee comprising all of the three independent non-executive Directors, namely, Mr. Niu Zhihui, Mr. Cai Wei Lun and Mr. Zhang Qingkui, has been established to advise the Independent Shareholders in connection with the Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder and the proposed increase in authorised share capital of the Company, (ii) the recommendation of the Independent Board Committee to the independent Shareholders, (iii) a letter from the independent financial adviser to the Independent Board Committee and the independent Shareholders and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 30 June 2013 as additional time is expected to be needed for the Company to prepare the information to be presented in the circular, especially the valuation report on the value of the Target Group.

## **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 28 September 2012 pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 December 2012.

**As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

- |                              |   |
|------------------------------|---|
| “1st Supplemental Agreement” | the supplemental agreement dated 19 November 2012 and entered into between the Purchaser and the Vendor to amend certain terms and conditions of the Agreement                          |
| “2nd Supplemental Agreement” | the supplemental agreement dated 19 December 2012 and entered into between the Purchaser and the Vendor to amend certain terms and conditions of the Agreement                          |
| “Accounts Date”              | 31 March 2013, or, where the Purchaser agrees to such extension on the ground of Force Majeure which occurs at any time during the five-month period ending 31 March 2013, 30 June 2013 |



“Acquisition”	the purchase of the Sale Shares and the Sale Debts by the Purchaser from the Vendor, on and subject to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 27 September 2012 (as supplemented by the Supplemental Agreement) entered into between the Purchaser and the Vendor in respect of the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturdays, Sundays and such other days where a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Closing Conditions”	the conditions precedent to Completion as set out in the Agreement
“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 Agreement
“Completion Date”	the date of Completion, being the third Business Day after the fulfilment (or waiver to the extent waivable) of all Closing Conditions, or such other date as the parties to the Agreement shall agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition payable by the Purchaser to the Vendor in accordance with the terms and conditions of the Agreement, being a maximum of HK\$850 million
“Conversion Share(s)”	the Shares to be issued upon the exercise of the conversion rights attached to the Convertible Bonds

“Convertible Bonds”	collectively, T1 CB, T2 CB, T3 CB and T4 CB
“Director(s)”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve (i) the Agreement and the transactions contemplated thereunder, including the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares; and (ii) the proposed increase in authorised share capital of the Company
“Force Majeure”	<p>an exceptional event or circumstance which:</p> <ul style="list-style-type: none"> <li>(a) which is beyond a party to the Agreement’s control,</li> <li>(b) which such party to the Agreement could not reasonably have provided against before entering into the Agreement,</li> <li>(c) which, having arisen, such party to the Agreement could not reasonably have avoided or overcome, and</li> <li>(d) which is not substantially attributable to the other party to the Agreement,</li> </ul> <p>and which includes (without limitation) war, hostilities (whether war be declared or not), invasion, act of foreign enemies, riot, commotion, disorder, strike or lockout, natural catastrophes such as earthquake, hurricane, typhoon or volcanic activity, the occurrence of any act, omission, transaction or circumstance occurring or subsisting at the relevant time (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after any date referred to during any of the T2 Period or T4 Period and including any act, omission, transaction or circumstance occurring or subsisting at the relevant time or change in relation to or a development of an existing state of affairs) of political, military, industrial, financial, economic or other nature, resulting in material adverse effect</p>
“Group”	the Company and its subsidiaries
“HK GAAP”	accounting principles generally accepted in Hong Kong from time to time

“HK Subsidiaries”	collectively, Target HK No.1 and Target HK No.2 and the expression “ <b>HK Subsidiary</b> ” shall be construed accordingly
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all of the independent non-executive Directors
“Independent Shareholders”	Shareholders other than the Vendor and his associates
“Last Trading Day”	27 September 2012, being the last trading day for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on 30 September 2013 or such later date as the Vendor and the Purchaser may agree in writing
“Mr. Leung” or “Vendor”	Mr. Leung Ngai Man, the chairman of the Company and an executive Director
“Permits”	(i) permit, licence (including those required for carrying on the Target Business), consent, approval, certificate, qualification, specification, registration or other authorisations; and/or (ii) a filing of a notification, report or assessment, in each case necessary for the effective operation of the business of the Target Group and their respective ownership, possession, occupation or use of an asset
“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
“PRC Subsidiaries”	collectively, Target PRC No.1 and Target PRC No.2
“Promissory Notes”	collectively, the T1 P-Note and the T2 P-Note
“Purchaser”	Favour South Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
“Reorganisation”	the reorganisation in respect of the Target Group as detailed in the paragraph headed “Information on the Target Group – Reorganisation in respect of the Target Group” in this announcement

“Sale Debts”	such amount as equal to the face value of the loans outstanding as at Completion made by or on behalf of the Vendor (or his associates) to the Target Group
“Sale Shares”	such number of shares in Target BVI as shall represent the entire issued share capital of Target BVI immediately before Completion
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SSDL”	Success State Development Limited, a company incorporated in the BVI and wholly and beneficially owned by Mr. Leung, being the target company under the SSDL Acquisition
“SSDL Acquisition”	the acquisition of SSDL contemplated under the agreement dated 19 December 2011 entered into between Sino Prosper State Gold HK Limited, a wholly-owned subsidiary of the Company (as purchaser), and Mr. Leung (as vendor)
“SSDL CB”	the convertible bonds which may be issued by the Company in favour of Mr. Leung as consideration for the SSDL Acquisition
“Supplemental Agreement”	the supplemental agreement dated 19 November 2012 and entered into between the Purchaser and the Vendor to amend certain terms and conditions of the Agreement
“T1 CB”	the tranche 1 convertible bonds, which form part of the Convertible Bonds, in registered form comprising a total principal amount of HK\$75 million to be issued for settlement of part of the T1 Price
“T1 P-Note”	a promissory note (which forms part of the Promissory Notes) in the sum of HK\$150 million for the settlement of part of the T1 Price upon Completion
“T1 Price”	the part of the Consideration which is payable upon Completion after all Closing Conditions are fulfilled (or waived to the extent waivable)
“T2 CB”	the tranche 2 convertible bonds, which form part of the Convertible Bonds, in registered form comprising a total principal amount of HK\$120 million to be issued for settlement of part of the T2 Price

“T2 P-Note”	a promissory note (which forms part of the Promissory Notes) in the sum of HK\$50 million for the settlement of part of the T2 Price upon Completion
“T2 Period”	the six-month period commencing on 1 April 2013 (or, commencing on 1 July 2013 if the Purchaser agrees to such extension on the ground of Force Majeure which occurs at any time during the five-month period ending 31 March 2013)
“T2 Price”	the part of the Consideration which is payable upon fulfilment of the T2 Payment Condition
“T2 Payment Condition”	the conditions precedent to the payment of the T2 Price as set out in the paragraph headed “Consideration – T2 Payment Condition” in this announcement
“T3 CB”	the tranche 3 convertible bonds, which form part of the Convertible Bonds, in registered form comprising a total principal amount of HK\$170 million to be issued for settlement of part of the T3 Price
“T3 Price”	the part of the Consideration which is payable upon fulfilment of the T3 Payment Condition
“T3 Payment Conditions”	the conditions precedent to the payment of the T3 Price as set out in the paragraph headed “Consideration – T3 Payment Conditions” in this announcement
“T4 CB”	the tranche 4 convertible bonds, which form part of the Convertible Bonds, in registered form comprising a total principal amount of HK\$85 million to be issued for settlement of part of the T4 Price
“T4 Period”	the six-month period commencing on the date immediately after the expiry date of the T2 Period
“T4 Price”	the part of the Consideration which is payable upon fulfilment of the T4 Payment Condition
“T4 Payment Condition”	the conditions precedent to the payment of the T4 Price as set out in the paragraph headed “Consideration – T3 Payment Condition” in this announcement
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases

“Target Business”	the business of providing micro-financing (小額貸款) and investment and management consultation services in the PRC intended to be carried on by the Target Group
“Target BVI”	Treasure Join Limited, a company incorporated in the BVI on 20 June 2012 which is wholly owned by the Vendor
“Target Group”	collectively, Target BVI, Target HK No. 1, Target HK No. 2, the PRC Subsidiaries and any other subsidiaries of the Company as of the Completion Date, and the expressions “member(s) of the Target Group” and “Target Group Company(ies)” shall be construed accordingly
“Target HK No.1”	such company which will, upon completion of the Reorganisation, be (i) a wholly-owned subsidiary of the Target BVI, and (ii) the sole beneficial owner and registered holder of the registered capital in Target PRC No.1
“Target HK No.2”	Dragon Growth Investment Limited, a company incorporated in Hong Kong on 16 April 2010 and a wholly-owned subsidiary of Target BVI
“Target PRC No.1”	吉林市瑞信小額貸款有限公司 (Jilin Ruixin Microfinance Co., Ltd.*), a company established on 18 October 2012 in the PRC which will become a wholly-owned subsidiary of Target HK No.1 upon completion of the Reorganisation
“Target PRC No.2”	吉林豐瑞投資管理諮詢有限公司 (Jilin Fengrui Investment Management Consulting Co., Ltd.*), a company established on 30 October 2012 in the PRC and a wholly-owned subsidiary of Target HK No.2
“Turnover Certificate”	a certificate of the turnover of the PRC Subsidiaries arising from the Target Business (exclusive of any value added tax or business tax) for a specified period to be provided by the reporting accountants to be appointed by the Company in connection with the Acquisition
“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

“%” per cent.

\* *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

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

Hong Kong, 21 December 2012

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