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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)

**MEMORANDUM OF UNDERSTANDING**  
**IN RESPECT OF THE POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Future Ordinance (Cap. 571, Laws of Hong Kong).

The Board is pleased to announce that on 19 August 2013 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Vendor and the Target Company in relation to the Possible Acquisition. The proposed total consideration shall not exceed RMB600 million for acquisition of 100% of the equity interest of the Target Company and procurement of the Target Company to make capital injection to the PRC Company to the effect the 90% equity interest of the PRC Company will be owned by the Target Company. The MOU is non-legally binding save for certain provisions relating to exclusivity and confidentiality.

Pursuant to the MOU, the Vendor has agreed to grant an exclusive investment right to the Purchaser during the period of one year from the date of the MOU, and the Purchaser is entitled on an exclusive basis to make investment (by itself and/or through its subsidiaries) in the shareholding of the Target Company or the exploration/exploitation right owned by the PRC Company from time to time.

The Possible Acquisition, if materialised, will constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement will be made in respect thereof as and when required by the Listing Rules.

**The Board would like to emphasise that no legally binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement (save for certain provisions relating to exclusivity and confidentiality). As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction of the Company. Shareholders and investors are urged to**

**exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

## **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION**

Date: 19 August 2013 (after trading hours)

Parties: (i) the Purchaser, an indirect wholly-owned subsidiary of the Company;

(ii) the Vendor; and

(iii) the Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and the Target Company are independent of and not connected with the Company and its connected person (as defined under the Listing Rules).

### **Principal terms of the MOU**

Pursuant to the MOU, it is proposed that the Purchaser will acquire and the Vendor will sell the entire issued share capital of the Target Company. The proposed total consideration shall not exceed RMB600 million for acquisition of 100% of the equity interest of the Target Company and procurement of the Target Company to make capital injection to the PRC Company to the effect the 90% equity interest of the PRC Company will be owned by the Target Company.

The Target Company is a company incorporated in Hong Kong with limited liability and principally engaged in investment holdings. The Target Company has entered into a framework agreement with an Independent Third Party to acquire 90% shareholding of the PRC Company.

According to information supplied by the Vendor, the PRC Company's Target Mines are located in Pingjiang County, Hunan Province, the PRC. The PRC Company is the holder of a mining right of Target Mine No.1 which is valid for a period from 16 March 2012 to 16 March 2015 and the mining area covered is 0.1254 sq. km. The PRC Company is also the holder of an exploration permit of Target Mine No.2 which is valid for a period from 4 June 2012 to 4 June 2013 and the exploration area covered is 13.17 sq. km. The PRC Company is in the process to obtain the renewed exploration permit of Target Mine No.2. In addition, the PRC Company has a mineral processing plant with a total area of 130 mu. Based on the preliminary information provided by the Vendor, the potential lithium oxide resources of the mining areas would be no less than 121,900 tonnes.

The Vendor currently proposes to conduct steps of reorganisation of the PRC Company. In the process of the reorganisation of the PRC Company, the Vendor has agreed to consult PRC legal advisers and the Purchaser in order not to prejudice the Possible Acquisition.

The terms of the Possible Acquisition are subject to further negotiation and the entering into of the Formal Agreement shall be subject to conditional upon, amongst other things:

1. the provision of a report which is issued by a domestic Class-A geological exploration institute and indicated that the lithium oxide resources of the mining areas to be no less than 121,900 tonnes;
2. the provision of a feasibility report in respect of enhancement of the exploration of lithium reserves and resources in the relevant mining areas;
3. the provision of a detailed and feasible technological proposal which includes the mining design, feasibility studies, metallurgical testings, and metallurgical processes and the construction of a mineral processing plant;
4. the provision of a five to ten years business plan of the PRC Company (which includes plan, where circumstances then permit, to integrate the mining resources adjacent to the mining areas);
5. the completion of the preliminary due diligence reviews conducted by the Purchaser and the Purchaser being satisfied with the results of such preliminary due diligence reviews; and
6. the obtaining and completion of the renewal exploration permit of Target Mine No. 2.

The Completion of the Possible Acquisition shall be subject to conditional upon, including but not limited to:

1. the completion of reorganisation as contemplated under the terms of the MOU and the Purchaser being satisfied with the process and result of such reorganization;
2. the completion of funding for the Possible Acquisition in the equity market; and
3. the Stock Exchange being satisfied various requirements in relation to the Possible Acquisition.

Pursuant to the MOU, the Vendor has agreed to grant an exclusive investment right to the Purchaser during the period of one year from the date of the MOU, and the Purchaser is entitled on an exclusive basis to make investment (by itself and/or through its subsidiaries) in the shareholding of the Target Company or the exploration/exploitation right owned by the PRC Company from time to time.

After signing the MOU, the Group will conduct due diligence reviews on the Target Company and the PRC Company, including but not limited to the aspects of geology, technology, legal status, the continuing operation, the assets and liabilities, the financial position and operations of the PRC Company. The Group will also appoint technical adviser and independent valuer to prepare technical report and valuation report respectively on the Target Mines of the PRC Company.

The Vendor agreed that if the Possible Acquisition proceeds, the PRC Company will be free of any liabilities or debt upon the completion of the formal investment agreement (if so signed and completed). In addition, immediately before the completion of the formal investment agreement, save for the rights enjoyed by the Purchaser under the MOU, the shareholding held in the PRC Company (or other relevant company(ies) after completion of the said reorganisation) by the Vendor will not be subject to any lien, encumbrance or other third party right.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION**

Lithium is a kind of light metals which is primarily applied in the atomic energy, aerospace and military industry in the early stage. It is also an important energy metal which is an important raw material for manufacturing the high performance green lithium battery.

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

The Group has been actively seeking to diversify the existing business with a new line of business with significant growth potential and diversify the Group's revenue stream in order to enhance the Shareholders' value. The Directors are of the view that the Possible Acquisition will be a suitable opportunity for the Group to broaden its range of investments, diversify its revenue sources and will benefit the Company and the Shareholders as a whole.

The Directors consider the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interest of the Company and Shareholders as a whole.

## **GENERAL**

The Possible Acquisition, if materialised, will constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement will be made in respect thereof as and when required by the Listing Rules.

**The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement (save for certain provisions relating to exclusivity and confidentiality). As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge. Information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected person in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 19 August 2013 entered into between the Purchaser and the Vendor setting out their preliminary understanding in relation to the Possible Acquisition
“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 Company”	鴻源礦業有限公司, a company incorporated in the PRC with limited liability

“Possible Acquisition”	the possible acquisition of the Target Company to be carried out by the Purchaser as contemplated under the MOU
“Purchaser”	Sino Prosper Mineral Products Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hong Kong Rich Power Development Limited, a company incorporated in Hong Kong with limited liability and as at the date of this announcement, wholly and beneficially owned by the Vendor
“Target Mine No.1”	a mining right with an area of approximately 0.1254 sq.km. of mining site located at Chuan Zi Yuan, Pingjian County, Hunan Province, the PRC
“Target Mine No.2”	an exploration right with an area of approximately 13.17 sq.km. of mining site located at Yongxiang, Pingjian County, Hunan Province, the PRC
“Target Mines”	collectively, Target Mine No.1 and Target Mine No.2
“Vendor”	the sole shareholder of the Target Company and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“sq.km.” square kilometre(s)

“%” per cent.

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

Hong Kong, 19 August 2013

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