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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)

PROPOSED CAPITAL REDUCTION
AND
PROPOSED CHANGE OF COMPANY NAME

PROPOSED CAPITAL REDUCTION

The Board intends to put forward the following proposal relating to the Capital Reduction in the following manner: (i) the paid-up capital of each of the issued Existing Shares will be reduced from HK\$0.1 to HK\$0.01 per share by cancelling paid-up capital of HK\$0.09 per share, so as to form ordinary shares with par value of HK\$0.01 each; (ii) the credit arising from the Capital Reduction be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws; and (iii) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of HK\$0.1 each be subdivided into ten (10) unissued ordinary shares with par value of HK\$0.01 each, and such shares shall rank pari passu in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

The Capital Reduction is conditional upon the conditions contained in the section headed “Conditions of the Capital Reduction” in this announcement.

PROPOSED CHANGE OF COMPANY NAME

The Board announces that it proposes to change the English name of the Company from “Sino Prosper State Gold Resources Holdings Limited” to “Sino Prosper (Group) Holdings Limited” and to adopt “中盈(集團)控股有限公司” as the dual foreign name of the Company to replace “中盈國金資源控股有限公司” which has been used for identification purposes only.

A circular containing, among other matters, details of the Capital Reduction and the proposed Change of Name, together with a notice of EGM and the related proxy form, will be sent to the Shareholders as soon as practicable.

PROPOSED CAPITAL REORGANISATION

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 4,000,000,000 Existing Shares, of which 813,587,497 Existing Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reorganisation to be implemented in the following manner:

- (i) by reducing the par value of each of the issued Existing Shares from HK\$0.1 to HK\$0.01 per share by cancelling paid-up capital of HK\$0.09 per share, so as to form ordinary shares with par value of HK\$0.01 each;
- (ii) the credit arising from the Capital Reduction be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of HK\$0.1 each be subdivided into ten (10) unissued ordinary shares with par value of HK\$0.01 each, and such shares shall rank pari passu in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

For the avoidance of doubt, the authorised share capital of the Company after the effective date of the Capital Reorganisation will be HK\$400,000,000 divided into 40,000,000,000 New Shares.

The size of each board lot of the New Shares will remain the same as that of the Existing Shares, being 5,000 shares per board lot. The New Shares will rank pari passu in all respects with each other.

As at the date of this announcement, 813,587,497 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no new shares have been issued after the date of this announcement, the issued and paid-up capital of the Company will be reduced by HK\$73,222,874.73 to HK\$8,135,874.97.

As at the date of this announcement, the Company has (i) outstanding Share Options granted to Eligible Participants to subscribe for an aggregate of 98,320,000 Existing Shares at a weighted average exercise price of HK\$1.29 each; (ii) outstanding Warrants which allow the holders of the Warrants to subscribe for 152,000,000 Existing Shares at a weighted average exercise price of

HK\$0.72 each; and (iii) outstanding Convertible Bonds which allow the holders of the Convertible Bonds to convert into 202,702,702 Existing Shares at a weighted average conversion price of HK\$0.37 each. Assuming that all of these outstanding Share Options, Warrants and Convertible Bonds will be exercised and converted in full prior to the effective date of the Capital Reduction, an additional 453,022,702 Existing Shares will be in issue and an additional credit of HK\$40,772,043 will arise from the Capital Reduction. Such credit, if so arise, will be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws. Details of the adjustments (if any) to (i) the exercise prices of the Share Options and Warrants; and (ii) the conversion prices of the Convertible Bonds as a result of the Capital Reduction will be dealt with in the circular to be despatched to the Shareholders.

Reasons for and Effects of the Capital Reduction

As at 31 March 2013 (being the date to which the last audited accounts of the Company), the Company had accumulated loss of approximately HK\$395,340,000. It is expected that the credit arising from the Capital Reduction will be applied towards cancelling accumulated loss of the Company after the Capital Reduction. The Directors consider that the Capital Reduction will give greater flexibility to the Company in future fund raising, which may or may not occur, to accommodate future expansion and growth of the Company and the elimination of the Company's accumulated loss will therefore facilitate any dividend payment by the Company as and when appropriate in the future. The proposed Capital Reduction will enable the nominal value of the Existing Shares of the Company to be reduced from HK\$0.1 each to HK\$0.01 each.

At this stage, there can be no assurance that a dividend will be declared or paid in future even if the Capital Reduction becomes effective.

The Directors (including the independent non-executive Directors) are of the view that the Capital Reorganisation will not have a material financial effect on the financial position of the Group. The Board believes that on the date when the Capital Reorganisation is to be effected, there will be no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders.

Therefore, the Board considers that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Conditions of the Capital Reduction

The Capital Reorganisation is conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM of the Company to be convened to approve, among other things, the Capital Reduction;
- (ii) approval of the Capital Reduction by the Court;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies in the Cayman Islands of the order of the Court and the minute approved by the Court containing the particulars required under the Companies Law; and
- (v) the Listing Committee granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction.

The Capital Reduction will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction at the EGM, the legal advisors to the Company (as to the Cayman Islands Law) will apply to the Court for hearing dates to confirm the Capital Reduction and a preliminary timetable will be announced as soon as the Court hearing dates are confirmed.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reduction.

The New Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of Certificates for New Shares

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction is not ascertainable at present. Should the Capital Reduction become effective, Shareholders may submit existing certificates for the Existing Shares to the Hong Kong branch share registrar and transfer office of the Company, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong for exchange, at the expense of the Company, within one month from the effective date of the Capital Reduction, for certificates for the New Shares. Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reduction is ascertained.

All existing certificates of the Existing Shares will continue to be evidence of entitlement to such Existing Shares and be valid for delivery, transfer and settlement purpose.

PROPOSED CHANGE OF COMPANY NAME

The Board announces that it proposes to change the English name of the Company from "Sino Prosper State Gold Resources Holdings Limited" to "Sino Prosper (Group) Holdings Limited" and to adopt "中盈(集團)控股有限公司" as the dual foreign name of the Company to replace "中盈國金資源控股有限公司" which has been used for identification purposes only, subject to the conditions set out below being fulfilled.

Conditions

The Change of Name will be subject to the following conditions:

1. the passing of a special resolution by the Shareholders at the EGM to approve the Change of Name; and
2. the Registrar of Companies in the Cayman Islands granting approval for the use of the proposed new name and dual foreign name by the Company.

Reasons for the Change of Name

The principal activities of the Group are investment holdings, investment in energy and natural resources (including precious metals) related projects in the PRC and loan financing activities. The Board considers that the Change of Name can more accurately reflect the principal activities of the Group and provide the Company with a fresh corporate image and identity. The Board is of the opinion that the Change of Name will clearly benefit the Company's business development and is in the best interests of the Company and the Shareholders as a whole.

Effects of the Change of Name

The Change of Name will take effect from the date of entry of the new name and new dual foreign name on the register maintained by the Registrar of Companies in the Cayman Islands.

The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

The Change of Name will not affect any rights of the Shareholders or the Company's daily business operation and its financial position.

All existing share certificates of the Company in issue bearing the present name of the Company shall, after the Change of Name becoming effective, continue to be evidence of title to the Shares and will continue to be valid for trading, settlement, registration and delivery for the same number of Shares in the new name of the Company. As such, no arrangement will be made for the exchange of the existing share certificates of the Company for the new share certificates bearing the Company's new name as a result of the Change of Name.

Once the Change of Name has become effective, any new share certificates of the Company will be issued only in the new name of the Company and the securities of the Company will be traded on the Stock Exchange in the new name.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Capital Reorganisation and the Change of Name. A circular containing, among other matters, details of the Capital Reorganisation and the proposed Change of Name, together with a notice of EGM and the related proxy form, will be sent to the Shareholders as soon as practicable.

The Company will make further announcement as and when appropriate on the results of the EGM, the effective dates of the Capital Reorganisation and the Change of Name and the new stock short name of the Company.

As no Shareholders have a material interest in the Capital Reorganisation and the Change of Name, no Shareholders will be required to abstain from voting on the resolutions to approve the Capital Reorganisation and the Change of Name.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

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| “Board” | the board of Directors |
| “Capital Reduction” | the proposed reduction of the share capital of the Company by cancelling the issued and paid up share capital to the extent of HK\$0.09 on each of the issued Existing Shares, thereby reducing the nominal value of all the issued Existing Shares from HK\$0.1 each to HK\$0.01 each |
| “Capital Reorganisation” | the capital reorganisation of the Company involving the Capital Reduction and Subdivision |
| “CCASS” | the Central Clearing and Settlement System operated by HKSCC |
| “Change of Name” | the proposed change of the English name of the Company from “Sino Prosper State Gold Resources Holdings Limited” to “Sino Prosper (Group) Holdings Limited” and the adoption of “中盈(集團)控股有限公司” as the dual foreign name of the Company to replace “中盈國金資源控股有限公司” which has been used for identification purposes only |
| “Companies Law” | the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised of the Cayman Islands |
| “Company” | Sino Prosper State Gold Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issue Shares of which are listed on the main board of the Stock Exchange |
| “Convertible Bonds” | 202,702,702 non-listed convertible bonds issued by the Company on 11 October 2013 which entitle the holders thereof to convert into Existing Shares at the price of HK\$0.37 at any time during the conversion period |
| “Court” | The Grand Court of the Cayman Islands |
| “Director(s)” | director(s) of the Company |

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| “EGM” | an extraordinary general meeting of the Company to be held to approve, among other matters, the Capital Reduction and the Change of Name |
| “Eligible Employee” | any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary or any invested entity of the Group |
| “Eligible Participant(s)” | the person(s) who may be invited by the Directors to take up options pursuant to the share option scheme and new share option scheme adopted by the Company, including, among others, any Eligible Employee |
| “Existing Share(s)” | ordinary shares with par value of HK\$0.1 each of the Company prior to the Capital Reorganisation |
| “Group” | the Company and its subsidiaries |
| “HKCSS” | the Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “New Share(s)” | ordinary share(s) with par value of HK\$0.01 each in the capital of the Company immediately after the Capital Reorganisation becoming effective |
| “PRC” | The People’s Republic of China |
| “Shareholder(s)” | the holder(s) of the (i) Existing Share(s) or (ii) New Share(s) upon completion of the Capital Reduction as the case may be |
| “Share(s)” | Existing Share(s) or New Share(s) as the case may be |
| “Share Options” | share options granted the share option scheme and new share option scheme adopted by the Company on 14 May 2002 and 20 April 2012, respectively |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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| “Subdivision” | the subdivision of each authorised but unissued Share into 10 New Shares |
| “Warrants” | 152,000,000 unlisted warrants issued by the Company on 11 April 2012 which entitle the holders thereof to subscribe for Existing Shares at the price of HK\$0.72 at any time during a period commencing from the date of issue of the Warrants to the date of expiry |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

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

Hong Kong, 7 November 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.