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SINO PROSPER (GROUP) HOLDINGS LIMITED
中盈(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

SUPPLEMENTARY ANNOUNCEMENT
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2015

Reference is made to the annual report of Sino Prosper (Group) Holdings Limited (the “**Company**”) for the year ended 31 March 2015 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those used in the Annual Report.

Further to the information disclosed in the Annual Report, the Board wishes to make a further disclosure in relation to the impairment loss of the exploration and evaluation assets recognised for the year ended 31 March 2015. The impairment loss mainly arose from the Zhongyi Weiye Heilongjiang Mines.

As stated in the Annual Report, the impairment loss of approximately HK\$548 million arose from (i) the impairment loss of approximately HK\$242 million (after exchange alignment) in respect of No. 290 Highland; and (ii) the impairment loss of approximately HK\$306 million (after exchange alignment) in respect of Paoshouying Mine and Dumuhe Mine. The impairment loss of HK\$306 million in respect of the Paoshouying Mine and the Dumuhe Mine was made with reference to the change in their valuation as contained in the independent valuation report. Such change in valuation was mainly due to the combined effect of the following:– (i) the decrease in the 1-year average market price of gold from RMB264 per gram in 2014 to RMB249 per gram in 2015 as adopted by the valuer; (ii) the increase in the estimated production costs; and (iii) the higher discount rate adopted by the valuer in 2015.

Among the above three factors, the most significant change was the change in the estimated production costs as adopted in the valuation. The Directors appointed an expert, namely, Changchun Gold Design Institute (長春黃金設計院), to provide a report on the estimated production costs in relation to the gold exploration in the Paoshouying Mine and the Dumuhe Mine. The production cost mainly included (i) mining cost; (ii) heap leaching cost; and (iii) management cost and others. The production costs estimated by the expert were approximately 60% higher as compared to the production costs adopted in 2014, which was mainly due to (i) general factors, such as increase in wages and the cost of raw materials due to the inflation in the PRC; and (ii) specific factors which the expert had taken into account in the estimation. One of the specific factor was the implementation of the new Environmental Protection Law of The People’s Republic of China (中華人民共和國環境保護法) which became effective since 1 January 2015. The expert expected that the implementation of the aforesaid law will lead to a sharp increase in the estimated production cost because (i) more ecological protection and restoration programs shall be developed during the mining and

heap leaching process in order to meet the requirement stated in the Environmental Protection Law; (ii) the additional cost for sorting and separation of the waste during the mining and heap leaching process; and (iii) more pollution prevention and control facility shall be installed, such as installation of filter and enhance the leakage prevention system, in order to reduce the waste generated in the production process. Another specific factor was that the PRC government has been paying more attention on safety in mining activities. The expert therefore estimated that the Group should hire more management staff and enhance the safety policy in relation to the mining activities which would lead to the increase in the safety expenses.

Having considered the above general and specific factors which were taken into account by the expert, the Directors are of the view that the production cost estimated by the expert was in more details and therefore decided to adopt the production costs estimated by the expert for the valuation.

By Order of the Board
Sino Prosper (Group) Holdings Limited
Leung Ngai Man
Chairman and Executive Director

Hong Kong, 12 August 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Leung Ngai Man and Ms. Wong Li Fong, and the independent non-executive Directors of the Company are Ms. Xuan Hong, Mr. Cai Wei Lun and Mr. Zhang Qingkui.