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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)

**VOLUNTARY ANNOUNCEMENT
LOI IN RELATION TO A POSSIBLE SUBSCRIPTION OF
SHARES IN A COMPANY**

The Board is pleased to announce that on 25 June 2021 (after trading hours), Sino Prosper Minerals Investment Limited, a wholly-owned subsidiary of the Company, and Dechang Linghui Mining Company Limited* (德昌凌輝礦業有限公司), entered into the LOI that Sino Prosper Minerals may subscribe shares of Dechang Linghui, subject to the satisfaction of due diligence results of the Company.

THE LOI

Set out below are the details of the LOI:-

Date : 25 June 2021

Parties: (i) Sino Prosper Minerals (Party A); and
(ii) Dechang Linghui (Party B)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dechang Linghui and its ultimate beneficial owners are Independent Third Parties and not connected persons of the Company.

Sino Prosper Minerals shall conduct due diligence procedures before entering into a formal agreement. If the Directors are satisfied with the due diligence result, Sino Prosper Minerals will enter into the Formal Agreement to subscribe the shares of Dechang Linghui. The percentage of shares to be subscribed in Dechang Linghui is in negotiation and subject to the due diligence result.

INFORMATION ABOUT DECHANG LINGHUI

Dechang Linghui was established on 16 April 2018 in the PRC with registered capital of RMB100,000,000. The main business of Dechang Linghui is the wholesale of mineral products, building materials and chemical products. The company acquired entire equity of Xichang Zhineng on 24 June 2019.

Xichang Zhineng Industrial Company Limited* (西昌志能實業有限責任公司) was established on 20 December 1996 in the PRC. Xichang Zhineng is the wholly-owned subsidiary of Dechang Linghui. The main business of Xichang Zhineng is light rare earth mining. Xichang Zhineng owns the mining right of Dalucao, Dechang, Liangshan Yi Autonomous Prefecture, Sichuan Province, the PRC* (中國四川省涼山彝族自治州德昌縣大陸槽鄉).

THE FOLLOWING PREREQUISITES MUST BE MET BEFORE FORMAL AGREEMENT

1. Party B guarantees that the amount of resources in the exploration and mining rights area it owns shall not be less than 866,200 tons.
2. Party B provides a feasible exploration plan to increase rare earth reserves and resources in the mining area.
3. Party B provides a feasible and detailed technical transformation plan, including the establishment of a concentrator with a daily processing capacity of not less than 2,000 tons.
4. Party B provides a 5-to-10-year development business plan for Party A (If conditions permit, Party B will gradually integrate the rare earth resources around the mining area).
5. Party A has completed the preliminary due diligence and the results of the preliminary due diligence have satisfied Party A.

REASONS FOR ENTERING INTO THE LOI

Rare earths are known as “industrial gold” and “industrial vitamins”, and have a pivotal position in various fields. Rare earths are widely used in industry, possessing physical properties such as photoelectromagnetism, and can interact with other materials to form a variety of new materials with excellent performance and outstanding physical properties, which can in turn significantly improve the various physical properties of raw materials. Therefore, they are widely used in military and industrial fields. Rare earths are used in many high-tech fields such as laser technology, nuclear industry, and superconductivity as lubricants to bring significant improvement in military technology performance. Rare earths are also widely used in the metallurgical industry, petrochemical industry, glass ceramics and other fields. These fields are closely related to daily living of people. These shows that role and status of rare earths are important in the industrial field.

The Company has been actively looking for opportunities. The Possible Subscription, if materialised, may enhance the principal business of the Group.

The LOI represents the preliminary mutual understanding of the parties regarding the Possible Subscription. The LOI does not create any legal obligations on any of the parties in any respect.

The Possible Subscription, if materialises, may or may not constitute a notifiable transaction for the Company under the Listing Rules. If one of the subsidiaries of the Company enter into the Formal Agreement or decide to terminate the LOI or if there are any material developments with respect to the Possible Subscription, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) the investment in energy and natural resources (including precious metals) related projects; (ii) the provision of loan financing and investment and management consultation services in the PRC; and (iii) import, distribution and sales of food and beverage products.

The Directors are of the view that the possible subscription of the shares of Dechang Linghui will enable the company to participate in and enter the huge rare earth market in the PRC, creating synergies with existing businesses, and therefore it is in the overall interests of the company and its shareholders.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Sino Prosper (Group) Holdings Limited (中盈(集團)控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Dechang Linghui” or “Party B”	Dechang Linghui Mining Company Limited* (德昌凌輝礦業有限公司), a company established in the PRC
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sales and purchase agreement which may be entered into in relation to the Possible Subscription
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LOI”	the letter of intent dated 25 June 2021 made between Sino Prosper Minerals and Dechang Linghui
“Possible Subscription”	the possible Subscription of the issued share capital of Dechang Linghui by Sino Prosper Minerals
“PRC”	the People’s Republic of China
“Sino Prosper Minerals” or “Party A”	Sino Prosper Minerals Investment Limited (中盈礦業投資有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xichang Zhineng”	Xichang Zhineng Industrial Company Limited* (西昌志能實業有限公司), a company established in the PRC and a wholly-owned subsidiary of Dechang Linghui

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

Hong Kong, 25 June 2021

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 Mr. Miao Yanan, Mr. Cai Wei Lun and Mr. Zhang Qingkui.

**For identification purpose only*