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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Sino Prosper State Gold Resources Holdings Limited** (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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: 00766)

**PROPOSED SHARE CONSOLIDATION
CHANGE IN BOARD LOT SIZE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser



**大有融資有限公司
MESSIS CAPITAL LIMITED**

A notice convening an extraordinary general meeting (the “**EGM**”) of the Company to be held at Units 1702-04, 17th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 24 February 2012 at 10 a.m. is set out on pages 12 to 13 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the EGM or any adjournment thereof to the Company’s Hong Kong branch share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

8 February 2012

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DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company after the Share Consolidation becoming effective
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Units 1702-04, 17th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 24 February 2012 at 10 a.m. for the purpose of considering and, if thought fit, approving the Share Consolidation
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	3 February 2012, being the latest practicable date for ascertaining certain information in this circular before printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares into one (1) Consolidated Share
“Share Option Scheme”	the share option scheme adopted by the Company on 25 April 2002
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Share Consolidation. The timetable is subject to the results of the EGM. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

2012

Latest time for lodging proxy form	10 a.m. on Wednesday, 22 February
Date of EGM	10 a.m. on Friday, 24 February
Announcement on results of EGM	Friday, 24 February
Effective date for the Share Consolidation	Monday, 27 February
Commencement of dealings in Consolidated Shares	9:00 a.m. on Monday, 27 February
First day for free exchange of existing share certificates for new share certificates	Monday, 27 February
Original counter for trading in Shares in board lots of 10,000 Shares temporarily closes	9:00 a.m. on Monday, 27 February
Temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens.	9:00 a.m. on Monday, 27 February
Original counter for trading in Consolidated Shares in new board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 12 March
Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates commences	9:00 a.m. on Monday, 12 March
Designated broker starts to stand in the market to provide matching services for odd lots of Shares and the Consolidated Shares (if applicable).	Monday, 12 March

EXPECTED TIMETABLE

Temporary counter for trading in Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) closes 4:00 p.m. on Friday,
30 March

Parallel trading in Consolidated Shares in the
form of new share certificates and
existing share certificates closes 4:00 p.m. on Friday,
30 March

Designated broker ceases to stand in the market to
provide matching services for odd lots of the Shares
and the Consolidated Shares (if applicable). Friday, 30 March

Last day for free exchange of existing share
certificates for new share certificates Tuesday, 3 April

All times and dates in the above timetable refer to Hong Kong local times and dates.

LETTER FROM THE BOARD



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: 00766)

Executive Directors:

Mr. LEUNG Ngai Man (*Chairman*)

Mr. SUNG Kin Man

Mr. YEUNG Kit

Mr. NG Kwok Chu, Winfield

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. CAI Wei Lun

Dr. LEUNG Wai Cheung

Mr. ZHANG Qingkui

*Head office and principal
place of business:*

Units 1702-04

17th Floor, Shui On Centre

6-8 Harbour Road

Wanchai

Hong Kong

8 February 2012

*To the Shareholders and, for information only,
the holders of outstanding options of the Company*

Dear Sir/Madam,

**PROPOSED SHARE CONSOLIDATION
AND
CHANGE IN BOARD LOT SIZE**

INTRODUCTION

Reference is made to the announcement of the Company dated 18 January 2012 in relation to, among other matters, the Share Consolidation pursuant to which every ten (10) Shares in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share.

The purpose of this circular is to provide you with information relating to the Share Consolidation, change in board lot size and the notice of the EGM.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Company proposes to put forward for approval by the Shareholders the Share Consolidation pursuant to which every ten (10) Shares in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share. Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a Shareholder regardless of the number of share certificates held by such Shareholder.

Effect of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$200,000,000 comprising 20,000,000,000 Shares of HK\$0.01 each, of which 7,757,874,971 Shares have been issued and fully paid or credited as fully paid. Upon the Share Consolidation taking effect and on the basis that the Company does not allot and issue any further Shares prior thereto, the authorised share capital of the Company will remain at HK\$200,000,000 but will comprise 2,000,000,000 Consolidated Shares of HK\$0.10 each, of which 775,787,497 Consolidated Shares of HK\$0.10 each will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares.

LETTER FROM THE BOARD

Listing application

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

Subject to granting the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated 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 Consolidated 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.

Change in board lot size

The Shares are currently traded on the Stock Exchange in board lot size of 10,000 Shares. The Company proposes that subject to and upon the Share Consolidation becoming effective, the board lot size be changed from 10,000 Shares to 5,000 Consolidated Shares.

Outstanding share options

As at the Latest Practicable Date, the number of Shares in respect of which share options had been granted and were outstanding under the Share Option Scheme adopted by the Company was 283,600,000.

LETTER FROM THE BOARD

As a result of the Share Consolidation and in accordance with the Share Option Scheme, the subscription prices and the number of Shares to be issued upon exercise of the outstanding share options will be adjusted as follows:

Date of grant (dd/mm/yyyy)	As at the Latest Practicable Date Number of Shares to be issued upon exercise of the outstanding share options	Subscription price	Immediately after the Share Consolidation becoming effective Number of Shares to be issued upon exercise of the outstanding share options	Subscription price
01/11/2004	2,200,000	HK\$0.475	220,000	HK\$4.75
29/11/2004	3,000,000	HK\$0.460	300,000	HK\$4.60
03/01/2005	8,000,000	HK\$0.410	800,000	HK\$4.10
12/01/2005	5,000,000	HK\$0.410	500,000	HK\$4.10
23/03/2005	4,000,000	HK\$0.340	400,000	HK\$3.40
08/05/2006	26,400,000	HK\$1.460	2,640,000	HK\$14.60
01/09/2006	36,000,000	HK\$0.710	3,600,000	HK\$7.10
04/09/2006	6,000,000	HK\$0.710	600,000	HK\$7.10
01/06/2007	14,000,000	HK\$0.455	1,400,000	HK\$4.55
14/05/2008	12,000,000	HK\$0.136	1,200,000	HK\$1.36
04/05/2010	47,000,000	HK\$0.300	4,700,000	HK\$3.00
27/01/2012	120,000,000	HK\$0.0812	12,000,000	HK\$0.812
Total	283,600,000		28,360,000	

The adjustments shall be subject to the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM. South West Capital Limited, the Company's independent financial adviser, has certified that the adjustments are in accordance with the Share Option Scheme and the note to Rule 17.03(13) of the Listing Rules.

Save as aforesaid, the Company had no other outstanding convertible securities, options or warrants in issue which may confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

Reasons for the Share Consolidation and change in board lot size

It is expected that the Share Consolidation would bring about a corresponding increase in the trading price of the Consolidated Shares. It is also expected that the change in board lot size would increase the trading amount for each board lot. As a result, the Share Consolidation and change in board lot size would enable the Company to comply with the trading requirements under the Listing Rules. Accordingly, the Board is of the view that the Share Consolidation and change in board lot size are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Effects of the Share Consolidation on the share capital of the Company

The following table shows the total authorised share capital and issued share capital of the Company as at the Latest Practicable Date and immediately after the Share Consolidation becoming effective assuming that the Company will not allot and issue further Shares or repurchase any Shares during such period:

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective	
	<i>Number of Shares</i>	<i>HK\$</i>	<i>Number of Consolidated Shares</i>	<i>HK\$</i>
Authorised share capital	20,000,000,000	200,000,000	2,000,000,000	200,000,000
Issued share capital	7,757,874,971	77,578,749.71	775,787,497.1	77,578,749.71

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be on 27 February 2012, Shareholders may, during the period from 27 February 2012 to 3 April 2012 (both days inclusive), submit share certificates, which are light blue in color, for the existing Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates, which are dark blue in color, for the Consolidated Shares. Thereafter, share certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. It is expected that new share certificates for the Consolidated Shares will be available for collection after 10 business days following the date of submission of the share certificates for existing Shares to the Company's branch share registrar in Hong Kong for exchange. Share certificates for existing Shares will remain effective as documents of title but will not be accepted for delivery, trading and settlement purpose after 30 March 2012, the date on which the parallel trading in the Consolidated Shares ends.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Shares or the Consolidated Shares (if applicable) arising from the change in board lot size of the Shares and the Share Consolidation, the Company will appoint Astrum Capital Management Limited to provide matching service, on a best effort basis, to those Shareholders who wish to top-up or sell their shareholdings of odd lots of the Shares or the Consolidated Shares (if applicable) for the period from 12 March 2012 to 30 March 2012 (both days inclusive).

LETTER FROM THE BOARD

Holders of the Shares or the Consolidated Shares (if applicable) in odd lots who wish to take advantage of this facility either to dispose of their odd lots of the Shares or the Consolidated Shares (if applicable) or to top-up their odd lots to a full new board lot may directly or through their broker contact Ms. Amy Leung of Astrum Capital Management Limited, at Unit 1807, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (Telephone number: (852) 3665 8112) during the aforesaid period. Holders of the Shares or the Consolidated Shares (if applicable) in odd lots should note that the matching of the sale and purchase of odd lots of the Shares or the Consolidated Shares (if applicable) is on a best effort basis and successful matching of the sale and purchase of odd lots of the Shares or the Consolidated Shares (if applicable) is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Trading arrangement

Subject to the Share Consolidation becoming effective, the trading arrangement for trading in the Consolidated Shares will be as follows:

- (i) with effect from 9:00 a.m. on 27 February 2012, the original counter for trading in Shares in board lots of 10,000 Shares will close temporarily. A temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares, in the form of existing share certificates, will be established, and the settlement and delivery for trading at this temporary counter will be on the basis of every ten (10) Shares for one (1) Consolidated Share. Only existing share certificates for Shares (light blue in colour) can be traded at this temporary counter;
- (ii) with effect from 9:00 a.m. on 12 March 2012, the original counter will re-open for trading in Consolidated Shares in new board lots of 5,000 Consolidated Shares. Only new share certificates for the Consolidated Shares (dark blue in colour) can be traded at this counter;
- (iii) during the period from 9:00 a.m. on 12 March 2012 to 4:00 p.m. on 30 March 2012 (both days inclusive), parallel trading in the Consolidated Shares will be carried out at the above two counters described in paragraphs (i) and (ii) above; and
- (iv) the temporary counter for trading in Consolidated Shares in the form of the existing share certificates (light blue in colour) in board lots of 1,000 Consolidated Shares will be closed at 4:00 p.m. on 30 March 2012. Thereafter, trading will only be in Consolidated Shares in the form of new share certificates (dark blue in colour) in board lots of 5,000 Consolidated Shares and the existing share certificates (light blue in colour) for Shares will cease to be acceptable for delivering, trading and settlement purposes.

EGM

A notice convening the EGM to be held at Units 1702-04, 17th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Friday, 24 February 2012 at 10 a.m. is set out on pages 12 to 13 of this circular.

LETTER FROM THE BOARD

The EGM is convened to be held for the purpose of considering and, if thought fit, approving the ordinary resolution by way of poll in respect of the Share Consolidation. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution approving the Share Consolidation at the EGM.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the EGM or any adjournment thereof to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

The resolution proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company following the conclusion of the EGM to inform you of its results.

INFORMATION OF THE COMPANY

The Company is incorporated in the Cayman Islands with limited liability and, through its subsidiaries, is principally engaged in investment in energy and natural resources (including precious metals) related projects in the People's Republic of China.

RECOMMENDATION

The Directors (including all the independent non-executive Directors) are of the view that the Share Consolidation is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Share Consolidation.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

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

NOTICE OF THE EGM



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: 00766)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Sino Prosper State Gold Resources Holdings Limited (the “**Company**”) will be held at Units 1702-04, 17th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on 24 February 2012 at 10 a.m. for the purpose of considering and if thought fit, passing, with or without modifications, the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) and the obtaining of all necessary approvals required by laws or from the regulatory authorities or otherwise that may be required in respect of the consolidation of shares in the Company as detailed below (the “**Consolidation of Shares**”):

- (a) every ten (10) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.10 (the “**Consolidated Share**”) and such consolidation shall take effect on the next Business Day (as defined below) immediately following the date on which this resolution is passed;
- (b) the Consolidated Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company;
- (c) all fractional Consolidated Shares will be disregarded and not be issued to the holders of the existing ordinary shares of the Company but all fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company; and
- (d) the directors of the Company be and are generally authorized to do all such acts and things and execute all such documents, including under the seal of the Company, where applicable, as they consider necessary or expedient to implement and give effect to the Consolidation of Shares and arrangements set out in this resolution.

NOTICE OF THE EGM

In this resolution, the term “**Business Day**” shall mean a day on which the Stock Exchange is open for the business of dealing in securities and there is no suspension in trading in the shares of the Company on that day.”

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

Hong Kong, 8 February 2012

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is holder of more than one share in the Company may appoint more than one proxy to attend in his/her stead.
2. The enclosed form of proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any), under which it is signed, or a certified copy of such power or authority shall be delivered at the Company’s branch share registrar and transfer office, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting at which the person named in the enclosed form of proxy proposes to vote, or, in the case of a poll taken subsequently to the date of the Meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the enclosed form of proxy shall not be treated as valid provided always that the chairman of the Meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. Where there are joint registered holders of any share in the Company, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
4. The enclosed form of proxy must be signed by the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.