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Sino Prosper Holdings Limited **中盈控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

Financial adviser



信達國際融資有限公司
CINDA INTERNATIONAL CAPITAL LIMITED

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

On 17 April 2009, the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Share and the Sale Loan, at a total consideration of RMB300 million (equivalent to approximately HK\$340.9 million) (subject to adjustment).

Pursuant to the terms of the Acquisition Agreement, the Consideration shall be satisfied by (i) the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor, and (ii) the Purchaser (or the Company (if mutually agreed by both parties)) to issue the Promissory Note to the Vendor on Completion.

Details of the Acquisition, in particular the Target Group and the Target Mines, are set out in the main text below. **The attention of the Shareholders and potential investors of the Company is drawn to the potential investment risk in the Target Group including but not limited to the lack of track record of operation, the short life span of the aforesaid permits and the possible failure of the renewal thereof. Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 10.43% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The Acquisition also constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the Listing Rules, the Vendor and his associates will abstain from voting on the resolution to approve the Acquisition and any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

GENERAL

A circular containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and a notice convening the EGM, will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rules 14.38A and 14A.49 of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Acquisition within 21 days after the publication of the Announcement, that is, on or before 19 May 2009. However, the Directors expect that additional time is required to prepare the information to be presented in the Circular, especially the technical report for the Target Mines which is expected to be available in the end of July 2009. Besides, the preparation of the valuation on the project of Target PRC and the advices from the independent financial advisers would only be commenced after the technical report is available, the Directors therefore expect that the despatch of the Circular has to be postponed and the Company has applied for a waiver from strict compliance of the requirements of Rules 14.38A and 14A.49 of the Listing Rules for an extension of the deadline for the despatch of the Circular to no later than 30 September 2009.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 17 April 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 29 April 2009.

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – THE ACQUISITION AGREEMENT

Date: 17 April 2009

Parties:

Purchaser: Sino Prosper (States Gold) Investment Limited, a wholly-owned subsidiary of the Company and an investment holding company

Vendor: Mr. Leung Ngai Man

As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capital of Target BVI. Target BVI has an authorised capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each, of which one share has been issued and fully paid up and is beneficially owned by the Vendor.

The Vendor is a connected person of the Company by virtue of him being a Director and a substantial Shareholder, holding approximately 10.43% of the issued share capital of the Company as at the date of this announcement.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (being the entire issued share capital of Target BVI) and the Sale Loan.

Consideration

Pursuant to the terms of the Acquisition Agreement, the Consideration of RMB300 million (equivalent to approximately HK\$340.9 million) (subject to adjustment) shall be settled in the following manner: (i) RMB120 million (equivalent to approximately HK\$136.4 million) shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion; and (ii) the balance of RMB180 million (equivalent to approximately HK\$204.5 million) shall be satisfied by the Purchaser (or the Company (if mutually agreed by both parties)) to issue the Promissory Note to the Vendor on Completion. As set out in the paragraph headed “The Target Group” below, after the Completion, the Group is required to contribute the outstanding registered capital of the Target PRC payable by Target HK of RMB4.16 million (equivalent to approximately HK\$4.73 million). The total capital outflow of the Group in relation to the Acquisition is therefore approximately RMB304.16 million (equivalent to approximately HK\$345.6 million).

The Conversion Shares, together with the Shares beneficially owned by the Vendor as at Completion will represent approximately 58.53% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. Under the Acquisition Agreement, the Vendor and the Company have agreed to adopt the exchange rate of RMB0.88 to HK\$1.00 for the purpose of determining the amount of Consideration to be settled in Hong Kong dollars.

The Consideration was determined by the Vendor and the Purchaser on the basis of normal commercial terms and arm's length negotiations by reference to, inter alia: (i) the Target PRC is the holder of the exploration permits of the Target Mines; (ii) the expected valuation for the mining rights of Target Mine No.1 and Target Mine No.2, to be not less than RMB500 million (equivalent to approximately HK\$568.2 million) and the valuation for the mining rights of Target Mine No.3 is yet to be made; (iii) the opportunity for the Group to gain access to the precious metals market in the PRC and to broaden the income base of the Group. Based on a preliminary report provided by an independent valuer, Norton Appraisals Limited, the valuation for the mining rights of Target Mine No.1 and Target Mine No.2 as at 16 April 2009 was RMB545 million (equivalent to approximately HK\$619.3 million), such preliminary valuation is subject to, among other matters, further physical inspection by the valuer and the valuer's formal valuation report, and the technical report to be prepared by independent qualified mineral technical adviser appointed. The Target PRC is the holder of exploration permit of the Target Mines and Target Mine No.3 also forms part of the assets to be acquired under the Acquisition Agreement. As the area covered by Target Mine No.3 is relatively small, no preliminary valuation has been prepared. Further explanation about the basis of the Consideration are disclosed in the paragraph headed "The Target Group" below.

The Consideration is subject to adjustment. In the event that the valuation for the mining rights of Target Mine No.1 and Target Mine No.2 as assessed by the independent valuer, Norton Appraisals Limited, appointed by the Purchaser is equal to or more than RMB600 million (equivalent to approximately HK\$681.8 million), the Consideration shall be adjusted and increase to RMB360 million (equivalent to approximately HK\$409.1 million). In such case, the amount of the Consideration to be satisfied by the issuance of Convertible Bonds shall remain unchanged at RMB120 million, while the amount of Consideration to be satisfied by the issuance of the Promissory Note shall increase from RMB180 million (equivalent to approximately HK\$204.5 million) to RMB240 million (equivalent to approximately HK\$272.7 million).

The Directors (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) consider that the terms of Acquisition (including the basis of the Consideration), which are determined on an arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In this connection, the Company has conducted and will, up to Completion, continue to conduct due diligence on the assets, liabilities, operations and affairs and the feasibility of the business plan of the Target Group at the Completion, which include without limitation, the Target PRC is permitted to carry on mining and exploration operations. The Company will also arrange for an independent qualified valuer, Norton Appraisals Limited, to issue a valuation report on the value of the mining rights of all the Target Mines and such valuation report will be included in the Circular. As a condition

precedent to the Completion, the Company will proceed with the Completion only if the total value of the mining rights of Target Mine No.1 and Target Mine No.2 is not less than RMB500 million (equivalent to approximately HK\$568.2 million). The Consideration of RMB300 million (equivalent to approximately HK\$340.9 million) (subject to adjustment) represents at least 7% discount to the above valuation attributed by the Target Group. **Notwithstanding the above, the attention of the Shareholders and potential investors of the Company is drawn to the potential investment risk in the Target Group including but not limited to the lack of track record of operation, the short life span of the aforesaid permits and the possible failure of the renewal thereof. Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

Conditions precedent

Completion of the Acquisition is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) all necessary governmental and other consents and approvals required to be obtained on the part of the Target Group, the Vendor and the Purchaser in respect of the Acquisition Agreement and the transactions contemplated thereby;
- (b) the Vendor's warranties contained in the Acquisition Agreement remaining true and accurate in all respects and the Vendor having complied with all of its obligations under the Acquisition Agreement;
- (c) the Listing Committee of the Stock Exchange granting listing of, and the permission to deal, in the Conversion Shares;
- (d) the passing by the Independent Shareholders at an extraordinary general meeting to be convened and held of a resolution to approve the Acquisition Agreement and the transactions contemplated hereunder, including but not limited to the allotment and issue of the Convertible Bonds and the Conversion Shares to the Vendor (or such person as may be nominated by the Vendor) at the Conversion Price credited as fully paid;
- (e) the delivery to the Purchaser of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the Acquisition Agreement and the transactions contemplated thereby and the delivery to the Purchaser of a BVI legal opinion (in form and substance satisfactory to the Purchaser) from a BVI legal adviser appointed by the Purchaser in relation to the due incorporation and valid subsistence of Target BVI;

- (f) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations (including without limitation the Target PRC has become the holder of the exploration permits in respect of the Target Mines and the Target PRC is permitted to carry on mining and exploration operations) and affairs and the feasibility of the business plan of the Target Group; and
- (g) the obtaining of a valuation report (in substance satisfactory to the Purchaser) from a valuer appointed by the Purchaser and showing the aggregate value of the mining rights of Target Mine No.1 and Target Mine No.2 to be not less than RMB500 million (equivalent to approximately HK\$568.2 million).

As advised by the PRC legal advisers of the Company, there are no governmental and other consents and approvals required to be obtained on the part of the Target PRC, the Vendor and the Purchaser in respect of the Acquisition Agreement and the transactions contemplated thereby. The valuer to be appointed, Norton Appraisals Limited, pursuant to condition numbered (g) above will be a third party independent of the Company and its connected persons. The valuer will be a qualified valuer under Chapter 5 of the Listing Rules. As at the date of this announcement, the methodology and form of the valuation report have not been finalised.

The Purchaser has the right to waive all of the above conditions in part or in full, except for conditions numbered (a), (c) and (d). In the event that the above conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 October 2009 or such later date as the Vendor and the Company may agree in writing, the Acquisition Agreement shall cease and determine and neither party shall have any obligations towards each other. The Directors confirm that as at the date of this announcement, none of the above conditions have been fulfilled and the Company has no intention to waive any of the above conditions which are capable of being waived.

If the valuation of the mining rights of Target Mine No.1 and Target Mine No.2 as prepared by the independent valuer appointed by the Purchaser, Norton Appraisals Limited, is less than RMB500 million (equivalent to approximately HK\$568.2 million), the Purchaser has the right (but not obliged) to refuse to proceed to the Completion, and the Purchaser and the Vendor may further negotiate to re-determine the Consideration (provided that all the adjustments to be made shall comply with the applicable Listing Rules).

Completion

Completion of the Acquisition shall take place at 4:00 p.m. on the Completion Date.

Upon Completion, Target BVI will become a wholly-owned subsidiary of the Company and the financial results of Target BVI will be consolidated into the consolidated financial statements of the Company.

The original cost of the Target Group (inclusive of the capital, shareholder's loan and purchase cost of the Target Mines contributed and to be contributed) to the Vendor up to the Completion is estimated by the Vendor to be about HK\$1.2 million (including the amount of capital contribution made by the Vendor (on behalf of Target HK) to the Target PRC of RMB1.04 million).

The Acquisition Agreement does not contain any terms which will render the Vendor and its concert parties to be in a position to control the Board by appointing further representatives to the Board upon Completion. Further, the Vendor will at Completion undertake in favour of the Company that he and his associates will not become a controlling shareholder (within the meaning of the Listing Rules) of the Company within 24 months from the later of (i) the date of Completion; and (ii) the date of completion of the 2008 Acquisition Agreement (both assuming so).

THE CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK\$136,363,636 (equivalent to approximately RMB120 million)
Conversion Price	:	The Conversion Price of HK\$0.075 per Share represents: <ul style="list-style-type: none">(i) a premium of approximately 7.14% over the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Last Trading Date;(ii) a premium of approximately 2.74% over the average of the closing prices of HK\$0.073 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and(iii) a premium of approximately 2.74% over the average of the closing prices of HK\$0.073 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.
Interest	:	Interest free

- Transferability : the Convertible Bonds may be transferred or assigned in whole or in part by the Bondholder(s) to any person or company provided that where such transfer is made to a connected person of the Company, such transfer shall comply with the requirements (if any) of the Stock Exchange
- Maturity Date : 5 years from the date of issue
- Conversion rights : The Bondholder may convert the whole or part (in multiples of HK\$15,000) of the principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Bonds up to the maturity date provided that no Convertible Bond may be converted, to the extent that following such conversion, the Vendor and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 29% of the entire issued Shares
- Early redemption : Upon occurrence of an event of default set out in the conditions of the Convertible Bonds, including among others, a sufficient number of authorised but unissued Shares of the Company is not available for the fulfilment of the obligations regarding the conversion of the Convertible Bonds, a breach of the provisions of the Convertible Bonds, breach of major terms of the Acquisition Agreement and dissolution or winding up of the Company, Bondholder(s) may give written notice to the Company that the Convertible Bonds are immediately due and repayable. Upon any such notice being given to the Company, the Convertible Bonds will become due and repayable on the business day falling 15 business days of the date of such notice at their principal amount.
- Conversion Price : The Conversion Shares will be issued at an initial conversion price of HK\$0.075 per Conversion Share, subject to adjustment upon the occurrence of a capitalisation issue, capitalisation of profits and reserves, rights issue, subdivision, consolidation, re-classification or re-construction of Shares or reduction of share capital, which adjustments shall be certified by the auditor of the Company or an approved merchant bank in such manner as it thinks fit
- Ranking of the Conversion Shares : The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares
- Ranking of the Convertible Bonds : The Convertible Bonds constitute direct, general, unconditional and unsecured obligations of the Company and rank pari passu and rateably without preference among themselves, and with other direct, unconditional, unsubordinated and unsecured obligations of the Company

- Voting : The Convertible Bonds do not confer any voting rights at any meetings of the Company
- Public float : The Company, at all times, shall use its reasonable endeavours to ensure that the relevant provisions as to the minimum public float requirement of the Listing Rules are complied with. It will be a term of the Convertible Bonds that the Bondholder shall not exercise any of the conversion rights attaching to the Convertible Bonds, if following such exercise, the Company's minimum public float cannot be maintained

The Conversion Price was determined by the Purchaser and the Vendor on an arm's length basis with reference to the current market price of the Shares and the terms of the Convertible Bonds. The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The issue of the Conversion Shares will be made pursuant to the specific mandate to be sought at the EGM. As illustrated in the table set out under the paragraph headed "Changes in shareholding structure of the Company" below and based on the assumption set out therein, the maximum number of Conversion Shares issuable under the Convertible Bonds is 1,818,181,813 if the initial conversion price of HK\$0.075 per Conversion Share is not adjusted. The 1,818,181,813 Conversion Shares represent approximately 116.0% of the existing issued share capital of the Company as at the date of this announcement and 53.70% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

THE PROMISSORY NOTE

The terms of the Promissory Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	the Purchaser (or the Company (if mutually agreed by both parties))
Principal amount	:	RMB180 million (equivalent to approximately HK\$204.5 million) (may increase to RMB240 million if the Consideration adjusted to RMB360 million)
Interest	:	1.5% per annum
Maturity	:	2 years from the date of issue
Early repayment	:	the issuer could, at its option, repay the Promissory Note with the relevant interests in whole or in part by giving a prior seven days' written notice to the Vendor. There will not be any premium or discount to the payment obligations under the Promissory Note for any early repayment

INFORMATION ON THE TARGET GROUP AND THE TARGET MINES

The Target Group

Target BVI is a company incorporated in the BVI and is wholly and beneficially owned by the Vendor. Target BVI is principally engaged in investment holding. The sole asset of Target BVI is the entire issued capital of Target HK, which is an investment holding company and expected to own 65% of the registered and paid up capital of the Target PRC.

The Target PRC was owned as to 60% and 40% respectively by two independent third parties, which to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). The then registered capital and paid up capital of the Target PRC were RMB500,000. In March 2009, Target HK entered into a subscription agreement with the two independent third parties pursuant to which Target HK is required to contribute RMB5.2 million (equivalent to approximately HK\$5.9 million) to obtain 65% interests in the Target PRC. As advised by the Vendor, the two existing shareholders of the Target PRC are independent from and not connected to the Vendor. The consideration of the Vendor's subscription for the 65% interest in the Target PRC is determined on an arm's length basis after commercial negotiation between the Vendor and the two independent third parties. Up to the date of the Acquisition Agreement, the Vendor has made capital contribution (on behalf of Target HK) of RMB1.04 million (equivalent to approximately HK\$1.19 million) to the Target PRC. According to the terms of the Acquisition Agreement, after the Completion, the Group is required to contribute the outstanding registered capital of the Target PRC payable by Target HK of RMB4.16 million (equivalent

to approximately HK\$4.73 million). Such amount of outstanding capital contribution is not included in the Consideration. According to the approval issued by Harbin Economic Cooperation and Promotion Bureau (哈爾濱市經濟合作促進局), the outstanding registered capital of the Target PRC has to be paid on or before 1 October 2009. Subsequent to the subscription of the Target PRC by Target HK, the registered capital and the total investment of the Target PRC are RMB5.7 million (equivalent to approximately HK\$6.48 million) and RMB8.1 million (equivalent to approximately HK\$9.20 million) respectively.

The two existing shareholders of the Target PRC were introduced to the Vendor by a common friend in the PRC for personal investment purpose in October 2008. The Target PRC was then a non-state-owned enterprise which sought for investors. As the Vendor considered the potential investment in the Target PRC as his personal investment at the outset, he did not refer such investment opportunity to the Group at the first instance. After the negotiations between the parties, the Vendor commenced to conduct due diligence for the Target PRC including (i) the various procedures and approvals required for the Target PRC becoming a sino-foreign-owned equity joint venture; and (ii) the legality and the business potential of Target Mines. After satisfactory due diligence by the Vendor and the business negotiations with the existing shareholders of the Target PRC, Target HK entered into the subscription agreement of the Target PRC in March 2009. According to a valuation report prepared by an independent PRC valuer dated 8 December 2008, the valuation on the Target PRC as at 30 November 2008 was approximately RMB2.82 million. The consideration of subscription of a 65% interest in the Target PRC was finally determined on the basis that the Target PRC was valued at RMB2.8 million before the subscription. By injecting RMB5.2 million into the Target PRC by Target HK, the Target PRC will be valued at RMB8 million in total and Target HK will have a 65% interest in the Target PRC. After entering into the said subscription agreement, the Vendor began to look for potential investors for the Target PRC. The Group was only one of the potential investors which the Vendor approached. The Vendor provided the information of the Target PRC to the Group in April 2009. After assessing the information on the Target PRC, the Board is of the view that Target Mines are with business potential. As such, the Company proposed to the Vendor to acquire the interests of the Target PRC from the Vendor. After commercial negotiations between the Vendor and the Company on an arm's length basis, both parties agreed to use the independent valuer's valuation on Target Mine No.1 and Target Mine No.2 for the basis of the determination of the Consideration.

The Directors consider that the difference between the valuation made by the PRC independent valuer and Norton Appraisals Limited, an independent valuer was attributable to their respective valuation method and the availability of additional information in February 2009. The PRC independent valuer used replacement cost method in its valuation in December 2008 and Norton Appraisals Limited used the market value method in its valuation in April 2009 with reference to the exploration data in a feasibility report prepared by an Independent Third Party on Target Mine No.1 and Target Mine No.2 in February 2009.

The Board has noticed the estimate cost incurred by the Vendor for the Target Group which amounted to approximately HK\$1.2 million. The Directors are of the view that such figure only forms one of the various criteria considered by them which may not solely reflect the genuine investment value of the Target Group. Given that (i) the Consideration was arrived at after commercial negotiations which based on the valuation made by independent valuer; (ii) the Acquisition provides the opportunity for the Group to gain access to the precious metals market in the PRC and to broaden the income base of the Group; and (iii) the Consideration of RMB300 million (equivalent to approximately HK\$340.9 million) (subject to adjustment) represents at least 7% discount to the required valuation of Target Mine No.1 and Target Mine No.2 as stated as one of the conditions precedent in the Acquisition Agreement and the valuation for the mining rights of Target Mine No.3 is yet to be made as disclosed in the paragraph headed "Consideration" above, the Board is of the view that the Consideration is fair and reasonable.

The current business scope of the Target PRC includes the wholesale of steel, building materials, sunflower seeds, green beans, red beans and kidney beans and carrying out exploration work at the places which have obtained the exploration permits.

According to the unaudited financial statements of Target BVI prepared under the Hong Kong Financial Reporting Standards, the unaudited net loss of Target BVI from 10 October 2007 (being its incorporation date) to 31 December 2008 was HK\$15,600 and the unaudited net liabilities of Target BVI as at 31 December 2008 was approximately HK\$15,592. According to the unaudited financial statements of Target HK prepared under the Hong Kong Financial Reporting Standards, the unaudited net loss of Target HK from 21 August 2008 (being its incorporation date) to 31 December 2008 was HK\$6,610 and the unaudited net liabilities of Target HK as at 31 December 2008 was approximately HK\$6,609. According to the unaudited financial statements of the Target PRC prepared under the PRC GAAP, the unaudited net loss of the Target PRC from 15 February 2007 (being its establishment date) to 31 December 2008 was approximately RMB97,101, and the unaudited net assets of the Target PRC as at 31 December 2008 was approximately RMB402,899.

The Target Mines

Target Mine No.1 is located at Paoshouying Dongshan, Hulin City, Heilongjiang Province, the PRC. The Target PRC is the holder of the exploration permit of Target Mine No.1. The exploration area covered by the exploration permit in respect of Target Mine No.1 is 94.92 sq. km. The exploration permit has been granted by the Department of Land and Resources, the PRC and is valid for a period between 16 April 2008 and 16 April 2011. The predominant resources in Target Mine No.1 are various kinds of metals including copper and gold.

Target Mine No.2 is located at the headstream of Dumuhe, Hulin City, Heilongjiang Province, the PRC. The Target PRC is the holder of the exploration permit of Target Mine No.2. The exploration area covered by the exploration permit in respect of Target Mine No.2 is 83.02 sq. km. The exploration permit has been granted by the Department of Land and Resources, the PRC and is valid for a period between 16 April 2008 and 16 April 2011. The predominant resources in Target Mine No.2 are various kinds of metals including copper and gold.

Target Mine No.3 is located at No. 290 Highland, Hulin City, Heilongjiang Province, the PRC. The Target PRC is the holder of the exploration permit of Target Mine No.3. The exploration area covered by the exploration permit in respect of Target Mine No.3 is 18.37 sq. km. The exploration permit has been granted by the Department of Land and Resources, the PRC and is valid for a period between 5 November 2008 and 5 November 2011. The predominant resources in Target Mine No.3 are various kinds of metals including copper and gold.

Further information for the exploration works including exploration status and estimated reserves in Target Mines will be included in the Circular.

As advised by the Company's PRC legal advisers, according to the confirmation provided by the Department of Land and Resources, the PRC, the predominant mineral of the Target Mines are not regarded as business prohibited by foreign investment as stipulated in the applicable PRC regulation (“外商投資產業指導目錄”), thus the subscription of the Target PRC by Target HK shall not form any legal obstacles for the renewal of the exploration permit held by the Target PRC. However, as advised by the Company's PRC legal advisers, the successful renewal of the exploration permit is subject to the applicable PRC rules and regulations at the time of applying the renewal and the administrative decision of the Department of Land and Resources, the PRC.

Further details regarding the Target Mines will be included in the technical report on the Target Mines in compliance with the Rule 18.09 of the Listing Rules as contained in the Circular to be despatched to the Shareholders. A valuation report on the value of the mining rights of Target Mines (including Target Mine No.3) will also be contained in the Circular to be despatched to the Shareholders.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the exercise of the Convertible Bonds; and (iii) immediately after the exercise of the Convertible Bonds and the completion of acquisition as stated in the announcement of the Company dated 19 September 2008, are as follows:

	As at the date of this announcement		Immediately after the exercise of the Convertible Bonds		Immediately after the exercise of the Convertible Bonds and the completion of the 2008 Acquisition Agreement	
	<i>No of Shares</i>	<i>%</i>	<i>No of Shares</i>	<i>%</i>	<i>No of Shares</i>	<i>%</i>
The Vendor and parties acting in concert with it						
– Existing Shares	163,550,000	10.43	163,550,000	4.83	163,550,000	4.37
– Shares to be issued after the exercise of the Convertible Bonds	–	–	1,818,181,813	53.70	1,818,181,813	48.66
– Shares to be issued upon completion of the 2008 Acquisition Agreement	–	–	–	–	351,123,595	9.40
<i>The Vendor and parties acting in concert with it</i>	<i>163,550,000</i>	<i>10.43</i>	<i>1,981,731,813</i>	<i>58.53</i>	<i>2,332,855,408</i>	<i>62.43</i>
Mr. Wong Wa Tak, a Director (<i>Note</i>)	1,600,000	0.10	1,600,000	0.05	1,600,000	0.04
Other existing public Shareholders	1,402,243,158	89.47	1,402,243,158	41.42	1,402,243,158	37.53
Total	<u>1,567,393,158</u>	<u>100.00</u>	<u>3,385,574,971</u>	<u>100.00</u>	<u>3,736,698,566</u>	<u>100.00</u>

Note: These 1,600,000 Shares were registered under the name of Master Hill Development Limited, 50% of its shareholding was held and beneficially owned by Wong Wa Tak.

The Completion and the completion of the 2008 Acquisition Agreement would not lead to a general offer obligation by the Vendor.

REASONS FOR THE ACQUISITION

The Group is principally engaged in investment in energy and resources related projects and production of raw materials for power generation and construction of highways in the PRC.

The Company notes that the prices of gold are on the upward trend over the past few years. As the Target Mines are estimated to have abundant reserve of copper and gold resources, the Directors consider it desirable to expand the Group's resources-related projects into those containing precious metal resources. The Directors believe that the economy of the PRC will continue to grow, the national demand of copper and gold will continue to rise in the near future. The Directors therefore believe that the Acquisition can bring a diversified portfolio and favourable returns to the Group.

Currently, the Company does not have any capital commitment in relation to the exploration in the Target Mines. Upon Completion, the Target PRC will continue to carry out the exploration work in Target Mines. It will also apply for the relevant mining operation permit in accordance with the applicable PRC laws and regulations. Upon completion of the exploration, it is planned that exploitation and processing of minerals will (assuming the Completion) be conducted by the Target PRC subject to the relevant PRC laws and regulations. The Acquisition is anticipated to be beneficial to the Company and enable the Company to generate income and cash flow from investment and trading activities in the natural resources sector.

For the reasons given above, the Directors believe that the Acquisition would enhance the future growth and profitability of the Group.

Taking into account the benefits of the Acquisition, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATION OF THE ACQUISITION UNDER THE LISTING RULES

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 10.43% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The Acquisition also constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the Listing Rules, the Vendor and his respective associates will abstain from voting on the resolution to approve the Acquisition and any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

The Independent Board Committee will be established to consider the Acquisition and to advise the Independent Shareholders in relation to the terms of the Acquisition and on how to vote. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Acquisition.

UPDATES ON THE GROUP'S BUSINESS DEVELOPMENTS

Reference is made to the Company's announcements dated 15 May 2007 and 19 September 2008 containing, among others, the then business development of the Group, and the interim report of the Company for the six months ended 30 September 2008. The Directors would briefly report the latest business developments as follows:

(i) Progress on the Group's CNPC joint venture project

CNPC, a subsidiary of the Company which is owned as to 95% by the Group and as to 5% by the joint venture partner. Up to March 2009, a total of approximately RMB12.2 million was injected by the joint venture parties as part of its registered capital. During the period from October 2008 to March 2009, CNPC recorded an unaudited turnover of approximately RMB13.6 million (equivalent to approximately HK\$15.5 million).

(ii) Progress on the Group's bitumen project in Indonesia

P.T. Sino Prosper Indocarbon, a 65%-owned subsidiary of the Group, has been actively engaged in mineral resources exploration project in Indonesia. Due to the economic downturn and significant decrease of oil price, the Group has slowed down exploration works of the relevant bitumen mine. With reference to the change of economic conditions and the trend of oil price, the Group will carefully evaluate the progress of the exploration works in the second half of 2009.

(iii) Business development of mineral trading company, Hainan Tairui Mining Development Company Limited ("Hainan Tairui")

Hainan Tairui is a 95%-owned subsidiary of the Company. In 2007, Hainan Tairui set up a branch in Yunnan, the PRC. Hainan Tairui and the Yunnan Branch were principally engaged in the trading of copper concentrate powder, however, due to serious economic downturn since late 2008, customers' demand on copper concentrate has substantially lowered, the sales teams of Hainan Tairui and the Yunnan Branch then stopped the trading of copper concentrate powder and commenced to explore business opportunity in trading of other ferrous and non-ferrous products. Since 30 September 2008, no turnover has been recorded by Hainan Tairui and the Yunnan Branch.

(iv) Proposed investment in iron mines project in the PRC

Pursuant to the 2008 Acquisition Agreement, the Group agreed to acquire a group of target companies, including Zhonglianying (Dalian) Industry Co., Ltd. from the Vendor. Up to the date of this announcement, the aforesaid acquisition has not been completed, a exploration team is carrying out research and preliminary geological exploration program on the relevant mines, which are the necessary steps for the technical consultant to perform its due diligence and for further preparation of the technical report to be included in the relevant circular of the Company.

EGM

The EGM will be convened at which resolutions will be proposed to seek the approval of the Shareholders by way of a poll for the transactions contemplated under the Acquisition Agreement, including, amongst other things, the Acquisition, the allotment and issue of the Conversion Shares, the approval of a specific mandate to issue the Conversion Shares. In accordance with the Listing Rules, the Vendor and his associates, Shareholders interested in the Acquisition, will abstain from voting on the resolution to approve the Acquisition. Any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

GENERAL INFORMATION

A circular containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and a notice convening the EGM, will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rules 14.38A and 14A.49 of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Acquisition within 21 days after the publication of the Announcement, that is, on or before 19 May 2009. However, the Directors expect that additional time is required to prepare the information to be presented in the Circular, especially the technical report for the Target Mines which is expected to be available in the end of July 2009. Besides, the preparation of the valuation on the project of Target PRC and the advices from the independent financial advisers would only be commenced after the technical report is available, the Directors therefore expect that the despatch of the Circular has to be postponed and the Company has applied for a waiver from strict compliance of the requirements of Rules 14.38A and 14A.49 of the Listing Rules for an extension of the deadline for the despatch of the Circular to no later than 30 September 2009.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 17 April 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 29 April 2009.

PUBLICATION OF THE ANNOUNCEMENT

The announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and at the website of the Company www.sinoproper.com.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2008 Acquisition Agreement”	the agreement dated 10 June 2008 and entered into between the Sino Prosper Minerals Investment Limited (a wholly-owned subsidiary of the Company) and the Vendor as announced by the Company on 19 September 2008
“ Acquisition”	the acquisition of the Sale Share and the Sale Loan pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 17 April 2009 and entered into between the Purchaser and the Vendor in respect of the Acquisition
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“business day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Circular”	the circular to be issued by the Company in relation to the Acquisition
“Company”	Sino Prosper 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
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement

“Completion Date”	the date of Completion, being the date falling five business days after all the conditions of the Acquisition Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration for the Acquisition, being RMB300 million (equivalent to approximately HK\$340.9 million) (subject to adjustment)
“Conversion Price”	the issue price of HK\$0.075 per Share as agreed between the Vendor and the Purchaser per Consideration Share
“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$136,363,636 (equivalent to approximately RMB120 million), that may be issued by the Company in favour of the Vendor as consideration for the Acquisition
“CNPC”	CNPC Sino Prosper Petroleum and Gas Company Limited (中油中盈石油燃氣銷售有限公司), a sino-foreign joint venture company established in the PRC
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the relevant matters mentioned in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors

“Independent Shareholders”	Shareholders other than the Vendor and his associates
“Independent Third Party”	a person who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons
“Last Trading Date”	16 April 2009, being the last trading date for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Leung” or “Vendor”	Mr. Leung Ngai Man, the Chairman of the Company and an executive Director
“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
“Promissory Note”	promissory note to be executed by the Purchaser (or the Company (if mutually agreed by both parties)) in the favour of the Vendor for the purpose of settling partially the consideration for the Sale Shares and the Sale Loan under the Acquisition Agreement
“Purchaser”	Sino Prosper (States Gold) Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company and the purchaser named under the Acquisition Agreement
“Sale Loan”	all obligations, liabilities and debts owing or incurred by Target BVI to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion and as at the date of the Acquisition Agreement, amounted to approximately HK\$1.22 million
“Sale Share”	one ordinary share having a nominal value of US\$1 in the issued share capital of Target BVI, representing the entire issued share capital of Target BVI
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Code on Takeovers and Mergers.
“Target BVI”	Nice Think Group Limited, a company incorporated in the BVI, and at as the date of this announcement, wholly and beneficially owned by the Vendor
“Target HK”	Victor Bright Investment Limited, a company incorporated in Hong Kong and as at the date of this announcement, wholly and beneficially owned by Target BVI
“Target Group”	together with Target BVI, Target HK and the Target PRC
“Target Mine No.1”	an area of approximately 94.92 sq. km. of mining site located at Paoshouying Dongshan, Hulin City, Heilongjiang Province, the PRC
“Target Mine No.2”	an area of approximately 83.02 sq. km. of mining site located at the headstream of Dumuhe, Hulin City, Heilongjiang Province, the PRC
“Target Mine No.3”	an area of approximately 18.37 sq. km. of mining site located at No. 290 Highland, Hulin City, Heilongjiang Province, the PRC
“Target Mines”	collectively, Target Mine No.1, Target Mine No.2 and Target Mine No. 3
“Target PRC”	黑龍江中誼偉業經貿有限公司 (Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd.), was a non-state-owned enterprise and has become an equity joint venture established under the PRC laws on 1 April 2009

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“sq. km.”	square kilometres
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB0.88 to HK\$1.

By Order of the Board
Sino Prosper Holdings Limited
Yeung Kit
Executive Director

Hong Kong, 28 April 2009

* *the English translation of the Chinese name is for information purposes only, and should not be regarded as the official English translation of such name.*

As at the date of this announcement, the executive Directors of the Company are Mr. Leung Ngai Man, Mr. Yeung Kit and Mr. Wong Wa Tak, and the independent non-executive Directors of the Company are Mr. Chan Sing Fai, Mr. Cai Wei Lun and Dr. Leung Wai Cheung.