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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: 0766)

PRIVATE PLACING OF NON-LISTED WARRANTS AND SUSPENSION AND RESUMPTION OF TRADING

PLACING OF WARRANTS

The Directors are pleased to announce that on 16 May 2007, the Warrant Subscription Agreement was entered into between the Company and Turbo Advant in relation to a private placing of 244,000,000 Warrants at an issue price of HK\$0.01 per Warrant.

The Warrants entitle Turbo Advant to subscribe for the New Shares at an initial exercise price of HK\$0.64 per New Share for a period of three years commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

Completion is subject to the fulfillment of the conditions stated in the section headed "Conditions of the Warrant Placing" in this announcement.

It is intended that the net proceeds from the Warrant Placing of approximately HK\$2,000,000 and any proceeds from the issue of New Shares upon exercise of the subscription rights attaching to the Warrants in the future will be applied for future acquisition of resources related projects and possible expansion of existing projects such as trading in fuel oil by its 95% owned subsidiary, CNPC, and as general working capital of the Group.

The New Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 11:41 a.m. on 16 May 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 May 2007.

WARRANT SUBSCRIPTION AGREEMENT

Date: 16 May 2007

Parties: (i) Issuer: the Company
(ii) Subscriber: Turbo Advant

Information on Turbo Advant

Turbo Advant is an investment holding company. Currently, Turbo Advant is legally and beneficially owned as to 50% by Ms. Hung Wai (“Ms. Hung”) and 50% by Ms. Kam Yuet Ling (“Ms. Kam”). Ms. Hung and Ms. Kam are both third parties independent of the Group and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries and their respective associates as defined in the Listing Rules.

Ms. Hung has been engaged in mining and non-ferrous metals trading business in China since 1985. Ms. Hung has many years of experience in investment in China and has a broad network of business relationships in the mining and natural resources industry in China. Ms. Kam is Ms. Hung’s stepmother.

Number of Warrants

244,000,000 Warrants

Warrant Issue Price

HK\$0.01 per Warrant

Exercise Price

HK\$0.64 per New Share, subject to adjustment for, subdivision or consolidation of shares, capitalization issue from profits or reserve, capital distribution, rights issues, and other dilutive events.

The Warrant Issue Price and the Exercise Price were negotiated on an arm’s length basis between the Company and Turbo Advant and by reference to the closing price on 28 December 2006, the day immediately before the resumption of trading on 16 May 2007.

The terms of the Warrant Subscription Agreement were fixed on 16 May 2007 on which day the market price of the Shares was HK\$0.54.

The Exercise Price represents (i) a premium of approximately 18.52% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on 16 May 2007, being the last trading day before the date of the Warrant Subscription Agreement; and (ii) a discount of approximately 1.54% to the average closing price of HK\$0.65 per Share as quoted on the Stock Exchange for the last five trading days up to and including 16 May 2007.

The aggregate of the Warrant Issue Price and the Exercise Price represents (i) a premium of approximately 20.37% of the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on 16 May 2007; and (ii) the same price as the average closing price of HK\$0.65 per Share as quoted on the Stock Exchange for the last five trading days up to and including 16 May 2007.

Transferability

The Warrants are freely transferable in integral multiples of 4,000,000 Warrants.

The Company will notify the Stock Exchange if it becomes aware of any dealings in the Warrants by any connected person of the Company.

Completion Date

Completion will take place on the third Business Day after the fulfillment of the conditions referred to in the section headed "Conditions of the Warrant Placing" below.

Information of the Warrants

The Warrants will be issued to Turbo Advant upon Completion in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one New Share at the Exercise Price and is issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants can be exercised at any time during a period of three years commencing from the date of issue of the Warrants. The New Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares.

A total of 244,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 244,000,000 New Shares, representing (i) approximately 19.15% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.07% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares from the full exercise of the subscription rights attaching to the Warrants.

Conditions of the Warrant Placing

Completion shall be subject to and conditional upon, among other things, the following:

- (1) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor Turbo Advant shall reasonably object and the satisfaction of such conditions; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares.

If the conditions of the Warrant Subscription Agreement are not fulfilled on or before 31 May 2007 (or such later date as may be agreed between the Company and Turbo Advant), the Warrant Subscription Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Voting rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of their being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the New Shares

The New Shares will be allotted and issued under the General Mandate which authorizes the Directors to issue Shares not exceeding 20% of the aggregate nominal amount of the Shares in issue as at the date of passing of the resolution approving the General Mandate, on which date the total number of Shares in issue was 1,220,163,158. The 244,000,000 New Shares to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants will almost fully utilize the General Mandate.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE WARRANT PLACING

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

With an intention to widen the shareholders base and in view of the current stock market sentiment, the Board believes the Warrant Placing is an appropriate means of fund raising for the Company. The Warrant Placing does not have any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon Completion, further share capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holder of the Warrants during the subscription period.

The Board considers that the terms of the Warrant Placing including the Warrant Issue Price and the Exercise Price, which is at or above the prevailing market price as shown above, have been arrived at after arm's length negotiations between the Company and Turbo Advant and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It is intended that the net proceeds from the Warrant Placing of approximately HK\$2,000,000 and any proceeds from the issue of New Shares upon exercise of the subscription rights attaching to the Warrants in the future will be applied for future acquisition of resources related projects and possible expansion of existing projects such as trading in fuel oil by its 95% owned subsidiary, CNPC, and as general working capital of the Group. Assuming the full exercise of the subscription rights attaching to the Warrants, the total amount, including the funds raised by the Warrant Placing, to be raised is approximately HK\$155,400,000, net of, among other fees, legal fees, printing expenses and the fees for the application of listing of the New Shares.

Immediately after Completion, there will be no change to the composition of the Board (except the potential change of the Board requested by one of the substantial shareholder of the Company, Kan Che Kin, Billy Albert at the EGM) and the principal business engaged by the Group.

The Group has not engaged in any fund raising activities on any issue of equity securities for the 12 months immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,274,163,158 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants are as follows:

Shareholder	At the date of this announcement		Immediately after full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Leung Ngai Man (<i>Note 1 and Note 3</i>)	308,000,000	24.17%	308,000,000	20.29%
Kan Che Kin, Billy Albert (<i>Note 2</i>)	212,460,000	16.67%	212,460,000	14%
Turbo Advant	Nil	N/A	244,000,000	16.07%
Public	753,703,158	59.16%	753,703,158	49.64%
Total	<u>1,274,163,158</u>	<u>100%</u>	<u>1,518,163,158</u>	<u>100%</u>

Note 1: Mr. Leung Ngai Man's interest in the Company is held as to 8,000,000 shares beneficially owned and 300,000,000 shares through Climax Park Limited, a company wholly owned by himself.

Note 2: Mr. Kan Che Kin, Billy Albert's spouse, Mrs. Kan Kung Chuen Lai, was deemed to be interested in these 212,460,000 shares in which Mr. Kan Che Kin, Billy Albert is interested under the SFO.

Note 3: Climax Park Limited granted a call option to CMEC International Trading Import & Export Co., Ltd. on 19 July 2005, pursuant to which CMEC International Trading Import & Export Co., Ltd. may require Climax Park Limited to sell to it up to 80,000,000 shares. CMEC International Trading Import & Export Co., Ltd. is a company incorporated in the PRC and wholly owned by China National Machinery & Equipment Import & Export Corporation. Under the SFO, China National Machinery & Equipment Import & Export Corporation was deemed to be interested in the underlying shares of the Company under the call option.

Save for the Warrants and options granted under the Share Option Scheme, there are no warrants, options or other securities convertible into Shares of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 11.41 a.m. on 16 May 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 May 2007.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Sino Prosper Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Warrant Placing in accordance with the terms and conditions of the Warrant Subscription Agreement
“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 equity joint venture company established in the PRC
“Directors”	the directors of the Company
“Exercise Price”	an initial exercise price of HK\$0.64 per New Share (subject to adjustment) at which holder of the Warrants may subscribe for the New Shares
“EGM”	An extraordinary general meeting of the Company requested by Mr. Kan Che Kin, Billy Albert and the Board convened to hold at 10 a.m. on 12 June 2007
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 August 2006, pursuant to which a maximum of 244,032,631 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Turbo Advant”	Turbo Advant Limited, a company incorporated in the British Virgin Islands whose registered address is situated at Sea Meadow House, Blackburne Highway (P.O. Box 116), the subscriber of the Warrant Placing Agreement
“New Share(s)”	new Share(s) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrant(s)
“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
“Share(s)”	Ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Option Scheme”	Share option scheme of the Company adopted pursuant to a resolution passed on 25 April 2002
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s)”	244,000,000 non-listed warrants to be issued by the Company at the Warrant Issue Price, each entitles the holder thereof to subscribe for one New Share at the Exercise Price of HK\$0.64 (subject to adjustment) at any time during a period of three years commencing from the date of issue of the Warrants
“Warrant Issue Price”	HK\$0.01 per unit of Warrant to be issued pursuant to the Warrant Placing
“Warrant Placing”	a private placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreement
“Warrant Subscription Agreement”	the subscription agreement dated 16 May 2007 and entered into between the Company and Turbo Advant in relation to the placing of 244,000,000 Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of directors of
Sino Prosper Holdings Limited
Leung Ngai Man
Chairman

Hong Kong, 21 May 2007

As at the date of this announcement, Mr. Leung Ngai Man, Mr. Yeung Kit, Mr. Wong Wa Tak and Mr. Tang Yan Tian are the executive Directors, Mr. Gao Shi Kui is the non-executive director and Mr. Chan Sing Fai, Mr. Cai Wei Lun and Mr. Leung Wai Cheung are the independent non-executive Directors.

Please also refer to the published version of this announcement in International Herald Tribune.