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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)

**ANNOUNCEMENT IN RELATION TO THE
BUTON BITUMEN MINE PROJECT
IN INDONESIA AND CLARIFICATION ANNOUNCEMENT**

The Board wishes to provide the latest information in relation to the Buton Bitumen Mine and also wishes to clarify certain information contained in the Previous Announcement and the subsequent interim results announcement dated 17 November 2005, interim report for the six months ended 30 September 2005, annual results announcement dated 27 July 2006 and the annual report for the financial year ended 31 March 2006.

The Board wishes to provide the latest information regarding the Buton Bitumen Mine and also wishes to clarify certain information contained in the Company's announcement dated 12 September 2005 (the "Previous Announcement") and the subsequent interim results announcement dated 17 November 2005, interim report for the six months ended 30 September 2005, annual results announcement dated 27 July 2006 and the annual report for the financial year ended 31 March 2006. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Previous Announcement.

CLARIFICATION OF PREVIOUS ANNOUNCEMENT

The Board wishes to clarify certain information contained in the Previous Announcement and in the subsequent results announcements, annual and interim reports. Due to an inadvertent typographical error, it was stated in the Chinese version of the Previous Announcement that the Joint Venture Company had been granted exploitation rights for the total area of 24,253 hectares described in the Previous Announcement (the "Area"). The Board wishes to clarify that as at the date of the Previous Announcement, the Joint Venture Company was only granted the mining right (which is commonly referred to as exploration right in most other countries) for general exploration of the Area, and had not yet been granted any exploitation rights for the Area. As stated below, general exploration work and detailed exploration work (as the case maybe) have already commenced on parts of the Buton Bitumen Mine. So far as the Board is aware, the Joint Venture Company has to date complied with all relevant laws and regulations applicable to this stage of the mining work in relation to the Buton Bitumen Mine.

The Board also wishes to inform shareholders of the Company that it has recently become aware that a draft bill has been published in Indonesia with the proposal to separate the administration of several districts on Buton Island where the Buton Bitumen Mine is located, from Muna Regency to a new regency (the “New Regency”). As at the date of this announcement, it is not yet clear if and when the proposed law will be promulgated and become effective. According to the Company’s Indonesian legal advisers, there is no assurance that the New Regency will be established and in any event, this would not itself cause any mining right owned by the Joint Venture Company to be cancelled or otherwise invalidated even though the subject area thereof is located within the New Regency. If a New Regency is established, according to the Company’s Indonesian legal advisers, the Joint Venture Company may however be required to exchange the existing mining right for an identical mining right issued by the New Regency. The Company will issue further announcement(s) in relation to the Buton Bitumen Mine if and when appropriate.

GENERAL EXPLORATION AND DETAILED EXPLORATION WORK

The Board is pleased to announce that the general exploration work on an area of 9,924 hectares (out of the Area) was completed in January 2006 by an Indonesian geology exploration team (the “Indonesian Team”). In addition, detailed exploration work on an area of 1,150 hectares within the aforesaid 9,924 hectares was commenced by the Indonesian Team. A preliminary report submitted on 7 August 2006 by the Indonesian Team to the Joint Venture Company indicates that there are estimated to be approximately 36 million tons of asphaltic rocks. A further detailed report is expected to be completed in September 2006 and if appropriate, the Company will make further announcement(s) in relation thereto. Upon completion of the detailed exploration work and upon compliance with all relevant laws and regulations, the Joint Venture Company may then proceed with exploitation work in those aforesaid 1,150 hectares of the Buton Bitumen Mine.

SUCCESSFUL DEVELOPMENT OF A NEW EXTRACTION TECHNIQUE

The Board is also pleased to announce that the Buton Bitumen Mine project in Indonesia has succeeded in the development of a new extraction technique. The Beijing Petrochemical Design Institute and the China University of Petroleum, Beijing, who were jointly commissioned by the Company to research and develop new extraction techniques, have succeeded in the development of a new extraction technique. The new extraction technique is expected to increase extraction speed by approximately 50% in comparison with the original extraction technique proposed by the Joint Venture Company. Under the new extraction technique, the time required to extract raw materials at the Buton Bitumen Mine will be shortened and the amount of energy (electricity and heat) to be consumed can also be reduced. Furthermore, with the new extraction technique, the size of the extraction machine will also be reduced, thus overall production costs can also be expected to be reduced.

By order of the Board of
Sino Prosper Holdings Limited
Tang Yan Tian
Chief Executive Officer

Hong Kong, 15 September 2006

As at the date of this announcement, Mr. Leung Ngai Man, Mr. Tang Yan Tian, Mr. Yeung Kit, and Mr. Wong Wa Tak 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.