

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SINO PROSPER HOLDINGS LIMITED **中盈控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
(stock code: 766)

CLARIFICATION ANNOUNCEMENT

The Board wishes to make a clarification in response to various newspaper articles on 16 August 2006 regarding the Bitumen Project and Picnic Ethanol.

Trading in the Shares was suspended with effect from 10:00 a.m. on 16 August 2006 pending the issue of this clarification announcement. An 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 21 August 2006.

PRESS CLARIFICATION

The board of the directors (the “Board”) of Sino Prosper Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) wishes to make a clarification in response to various newspaper articles on 16 August 2006 (the “Articles”) regarding the Group’s bitumen project in Indonesia (the “Bitumen Project”) and the Group’s investment in Picnic Ethanol Company Limited (“Picnic Ethanol”) in Thailand. The Articles referred to a media conference of 15 August 2006 (the “Media Conference”) jointly held by the Company and China National Machinery & Equipment Import & Export Corporation (中國機械設備進出口總公司)(“CMEC”), at which, amongst others, the Company announced a breakthrough in the development of extraction technique for and the estimated operation schedule of the Bitumen Project. The Articles also referred to various financial information such as possible (i) US\$296 million (the “US\$296 million Figure”) operating profit of the Bitumen Project, (ii) US\$154.6 million, US\$203.1 million and US\$300 million EBITDA (earnings before interest, tax, depreciation and amortization) of the Bitumen Project (the “EBITDA Figures”) and (iii) HK\$187.5 million gross profit of Picnic Ethanol. The Board wishes to clarify the figures mentioned above as follows:

- (i) The US\$296 million Figure and the EBITDA Figures were disclosed at the Media Conference as part of a project viability and scenario analysis (the “Analysis”) in which possible earnings before interest and tax (“EBITs”) and EBITDAs of the Bitumen Project resulting from various levels of oil prices and based on certain assumptions (in relation to production and exchange rates) were shown to the attendees of the Media Conference. The Analysis was made to show possible effects of changes in oil prices on the EBITs (if applicable) and the EBITDAs (if applicable) of the Bitumen Project. The Analysis was prepared by CMEC, who is the project consultant of the Group to perform feasibility study and due diligence of the Bitumen Project and provides financing arrangement for phase 1 of the Bitumen Project. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, CMEC and its ultimate controlling shareholders

are third parties independent of the Company and connected persons of the Company, save and except for a call option granted by the controlling shareholder of the Company to CMEC (which was disclosed in the annual report of the Company for the year ended 31 March 2006).

- (ii) In one of the Articles, it was also stated that the Company expects Picnic Ethanol to generate gross profit of approximately HK\$187.5 million per year. However, the Company did not mention the above gross profit figure in relation to Picnic Ethanol at the Media Conference and the Board is not aware of the source nor the basis upon which the Article was based.

Other than the above, the Board is not aware of any other information relevant to the Articles which should be brought to the attention of the shareholders of the Company. Further announcement will be made by the Company to inform shareholders regarding the latest development of the projects involved by the Group as and when appropriate.

The US\$296 million Figure and the EBITDA Figures as stated in the Articles should not be considered as a profit estimate of the Group as a whole since they were only disclosed in the context of the Analysis to show the possible effects of different oil prices on the EBITs (if applicable) and EBITDAs (if applicable) of the Bitumen Project, and oil prices do fluctuate from time to time and may not reach the prices used in the Analysis. Further, the assumptions on which the Analysis was based may turn out to be incorrect.

Investors and shareholders of the Company should exercise caution in dealing with the shares (“Shares”) of the Company.

RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 10:00 a.m. on 16 August 2006 pending the issue of this clarification announcement. An 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 21 August 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.

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

Hong Kong, 18 August 2006

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