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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)

(1) REASONS FOR SUSPENSION OF TRADING IN THE SHARES IN DECEMBER 2006, (2) UPDATE ON THE GROUP'S BUSINESS DEVELOPMENTS, (3) REQUISITION FOR EGM AND (4) RESUMPTION OF TRADING

REASONS FOR SUSPENSION OF TRADING IN THE SHARES IN DECEMBER 2006

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 28 December 2006 pending the announcement of the Framework Agreement. The Company published its interim report for the six months period ended 30 September 2006 on 28 December 2006, based on which together with the information provided to the Listing Division subsequently, the Listing Division formed the Decision on 15 February 2007 that the Company was a "cash company" under Rule 14.82 of the Listing Rules and requested the suspension in the Shares to be continued until the Company could demonstrate that it has a business suitable for listing, i.e. the "cash company" issue is resolved. As such, progress of the Framework Agreement was also suspended and the Directors considered it not meaningful to release such announcement. Subsequent to the Decision, the Company sought legal opinion from its legal advisers and was advised that the Company should not be regarded as a "cash company" under the Listing Rules. The Group also made progresses and new developments in its businesses following the Decision. The Company then made further submissions to the Listing Division including the New Information, which was not made available to the Listing Division as at the date of the Decision letter, and which related to the progress of the latest developments of the Group's businesses. Simultaneously, the Company lodged an application to the Listing Committee to appeal the Decision. On 14 May 2007, following the submission by the Compliance Adviser its report regarding, inter alia, the New Information, the Listing Division concluded that the Company is not a cash company and agreed to a resumption of trading in the Shares.

UPDATES ON THE GROUP'S BUSINESS DEVELOPMENTS

The Directors are pleased to announce the latest business developments of the Group, including (i) the progress on the establishment of the Group's CNPC joint venture further to its circular dated 12 April 2005; (ii) the Group's recent acquisition of 95% equity interest in a PRC company, Hainan Tairui; and (iii) the proposed investment in 30% equity interest in Guangxi Shenzhou.

REQUISITION FOR EGM

The Company has received a letter from one of its Shareholders requesting the holding of an EGM, the details of which are set forth below.

RESUMPTION OF TRADING

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 16 May 2007.

REASONS FOR SUSPENSION OF TRADING IN THE SHARES IN DECEMBER 2006

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UPDATES ON THE GROUP’S BUSINESS DEVELOPMENTS

The Directors are pleased to update the Group’s latest business developments as follows.

(i) Progress on the establishment of the Group’s CNPC joint venture project

As set out in the announcement and the circular of the Company dated 22 March 2005 and 12 April 2005 respectively, the Company announced that an equity joint venture agreement for the establishment of CNPC, which is owned as to 95% by the Group and the remaining 5% by the joint venture partner, was entered into by the relevant parties on 15 March 2005. CNPC would be principally engaged in the wholesale and commission agent of fuel oil, as well as relevant supporting and consulting services in the PRC. The Group has been actively involved in the pursuit of the requisite approvals since then and is pleased to report that the Ministry of Commerce of the PRC has issued a letter on 25 February 2007 which approved the establishment of CNPC and the Guangdong Provincial Administration for Industry & Commerce has on 30 April 2007 issued CNPC with its business licence.

Based on the aforesaid approval letter and the business licence of CNPC, the total investment of CNPC is RMB125 million, and the registered capital is RMB50 million which will be contributed as to RMB47.5 million in cash by SPGL from internal resources of the Group and as to RMB2.5 million in cash by the joint venture partner. Pursuant to the aforesaid equity joint venture

agreement and the approval from the Ministry of Commerce of the PRC, CNPC's shareholders shall contribute 15% of the registered capital of CNPC within 90 days and the remaining balance within two years after the date of issuance of its business licence. The Directors currently intend to make the capital contributions on a pro-rata basis with its joint venture partner in June 2007 as to RMB7.5 million and in September 2007 as to RMB42.5 million.

The Group has already started certain preparatory works for CNPC's business which is expected to commence business in the third quarter of 2007. The Group has also taken steps to seek suppliers and customers for the fuel oil business. The Group expects that the business of CNPC will become one of the principal income streams of the Group commencing in 2008.

(ii) Recent acquisition of mineral trading company, Hainan Tairui

In February 2007, the Group completed the acquisition of 95% equity interest in Hainan Tairui, from an Independent Third Party for a consideration of approximately RMB1.9 million. Hainan Tairui has the requisite licence for, among others, processing of minerals and sales of ferrous and non-ferrous products in the PRC. The remaining 5% equity interest in Hainan Tairui is held by another Independent Third Party. Hainan Tairui has not commenced any revenue generating business as at the time of the acquisition by the Group.

Subsequent to its acquisition of Hainan Tairui, the Group has set up Hainan Tairui Mining Development Company Limited, Yunnan branch (the "Yunnan Branch") in Kunming, Yunnan Province and obtained its business license on 14 March 2007. Its approved business scope includes sales of ferrous and non-ferrous products. Currently, the Yunnan Branch is principally engaged in the trading of copper concentrate powder, and a number of transactions have been completed and recorded in the books of the Group in March and April 2007. Given the current strong market demand for minerals in the PRC, the Directors are of the view that the investment in Hainan Tairui is in the interest of the Company and its Shareholders.

Reasons for the development of the mineral business

The PRC is one of the leading metal trading markets. According to the China Statistical Yearbook, total revenue from the wholesale of metal materials in the PRC increased from approximately RMB451 billion in 2003 to approximately RMB1,083 billion in 2005, representing a compound annual growth rate of approximately 55%.

The Group has been pursuing diversification of its business interests into various categories of natural resources to reduce the reliance on any particular type of natural resources. The acquisition of Hainan Tairui is another step in line with the diversification and expansion plan of the Group's business and a key development in the Group's business strategy. As Hainan Tairui has the requisite licence for the processing of minerals and sales of ferrous and non-ferrous products in the PRC, the Directors consider that the acquisition of Hainan Tairui will benefit the Group as it will allow the Group to participate in the trading of various kinds of natural resources in the PRC.

(iii) Framework Agreement in respect of proposed investment in Guangxi Shenzhou

Sino Prosper Renewable Resources has entered into the Framework Agreement with Guangxi Shenzhou on 28 December 2006 in respect of a proposed investment in Guangxi Shenzhou through subscription of shares in Guangxi Shenzhou by the Group. The principal businesses of Guangxi Shenzhou are research, development and application of environmental protection technology, consultation, design and contracting of environmental protection engineering, research, manufacture and sale of environmental protection products and equipment, promotion of use of renewable energy and clean production technology. Guangxi Shenzhou and its subsidiaries and associates are Independent Third Parties. Pursuant to the Framework Agreement, the aforesaid proposed investment shall be subject to the results of the due diligence review on Guangxi Shenzhou to be conducted by the Group, and such due diligence review should be completed within 120 days from the signing date of the Framework Agreement. Upon completion of the

proposed investment, Sino Prosper Renewable Resources would hold 30% of the entire issued share capital of Guangxi Shenzhou as enlarged by the allotment and issue of the new shares of Guangxi Shenzhou. However, due to the continuing suspension of trading in the Shares since the signing of the Framework Agreement on 28 December 2006, Guangxi Shenzhou considered it inappropriate for the Group to commence the due diligence review and hence the Group has not yet commenced its due diligence review up to the date of this announcement. The Directors are currently in negotiation with Guangxi Shenzhou for the terms and conditions of an extension of the due diligence review period and the Directors expect that the due diligence review would be carried out after resumption of trading in the Shares.

Further announcement in respect of aforesaid proposed investment will be made by the Company upon the occurrence of any material development about the proposed investment, including the extension of the due diligence review period and signing of any formal agreement.

PROJECTED USE OF CASH

Pursuant to the interim report of the Company, as at 30 September 2006, the cash and bank balances of the Group amounted to approximately HK\$229 million, representing approximately 91.20% of the total asset and 96.36% of the net asset of the Group. The Directors are of the view that the high level of cash is temporary in nature and is required for the development of the above-mentioned businesses and possible acquisitions of natural resources and energy related projects identified by the Group in the future. For the 18-month period from 1 April 2007 to 30 September 2008 (the "Period"), the Company currently anticipates that (i) approximately HK\$29.3 million will be used for investment in the Group's bitumen project in Indonesia, including expenses to be incurred in land and building, construction work, building architecture, furniture and equipment, and working capital; and (ii) approximately RMB47.5 million (equivalent to approximately HK\$48.9 million) will be used to fulfill its pro-rata obligation for the contribution of the registered capital of CNPC, within which approximately HK\$21.9 million will be applied for initial investment in procuring land and building and lease-hold improvement for the operation of CNPC in its initial stage, with the remaining balance as working capital for CNPC. The Directors consider a minimum of HK\$50 million would be required as working capital for the operation of CNPC during the Period. The balance of the cash in the Group will be used for the general working capital and/or acquisition of natural resources and energy related projects should opportunities arise.

The Company has engaged HLB to review its profit and working capital forecast for the Period. HLB has provided the Company and the Compliance Adviser its comfort letter and considers that the profit and working capital forecast have been made by the Directors after due and careful enquiry. On the basis of the information comprising the profit and cashflow forecast and accounting policies and calculations adopted by the Company and reviewed by HLB, the Compliance Adviser is of the opinion that the profit and cashflow forecast of the Group, for which the Directors are solely responsible, have been made after due and careful enquiry.

REQUISITION FOR EGM

On 4 April 2007 the Company received a letter requisitioning an extraordinary general meeting ("EGM") from a Mr. Kan Che Kin, Billy Albert ("Mr. Kan") claiming to be a holder of not less than one tenth of the paid up capital of the Company. On 12 April 2007 the Company received a further letter from Mr. Kan notifying the Company of Mr. Kan's intention to propose certain persons, including Mr. Kan himself, for election as directors of the Company. Pursuant to the Company's articles of association, the Board has resolved to hold the EGM on 4 June 2007 subject to compliance of relevant legal requirements. The Company will make further announcement(s) concerning the EGM as and when appropriate.

GENERAL

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 and other countries.

RESUMPTION OF TRADING

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 16 May 2007.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“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 Stock Exchange
“Compliance Adviser”	Asian Capital (Corporate Finance) Limited, a corporation licensed to carry out types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance, the compliance adviser of the Company
“Decision”	the decision of the Listing Division dated 15 February 2007 relating to the Company being regarded as a cash company under Rule 14.82 of the Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company
“Framework Agreement”	the non-legally binding framework agreement dated 28 December 2006 entered into between Guangxi Shenzhou and Sino Prosper Renewable Resources setting out the basic understanding in relation to the proposed investment
“Group”	the Company and its subsidiaries
“Guangxi Shenzhou”	廣西神州環保產業股份有限公司 (Guangxi Shenzhou Environmental Protection Company Limited*), a company established in the PRC and owned by the Independent Third Parties
“Hainan Tairui”	海南泰瑞礦產開發有限公司 (Hainan Tairui Mineral Development Company Limited*), a company established in the PRC and a 95% indirectly owned subsidiary of the Company
“HLB”	HLB Hodgson Impey Cheng, being the auditors of the Group since 2003

“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and connected persons (has the same meaning ascribed to it under the Listing Rules) of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Division”	the listing division of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Information”	new information provided by the Company to the Listing Division after the Decision relating to latest business developments of the Group in connection with CNPC, Hainan Tairui and the Yunnan Branch, and for avoidance of doubt, not the Group’s bitumen project in Indonesia and the Guangxi Shenzhou project as mentioned in this announcement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPGL”	Sino Prosper Gas Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Sino Prosper Renewable Resources”	Sino Prosper Renewable Resources Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

In this announcement, the exchange rates of RMB1.00 to HK\$1.03 is used. However, it does not constitute a representation that any amount has been or may be exchanged at this or other rates at all.

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

* *for identification purpose only*

Hong Kong, 15 May 2007

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. Gai 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.