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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)

**LAPSE OF THE PLACING AGREEMENT
AND
ENTERING INTO THE NEW PLACING AGREEMENT**

PLACING AGENT



Hantec Capital Limited

LAPSE OF THE PLACING AGREEMENT

The Board announces that the Placing Agreement entered into between the Company and the Placing Agent in relation to the Placing was lapsed on 15 October 2008.

THE NEW PLACING

On 15 October 2008, the Company and the Placing Agent entered into the New Placing Agreement whereby the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, 257,230,000 New Placing Shares to independent investors at a price of HK\$0.033 per New Placing Share.

The 257,230,000 New Placing Shares under the New Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 1,286,163,158 Shares; (ii) approximately 16.67% of the Company's issued share capital of 1,543,393,158 Shares as enlarged by the New Placing; and (iii) assuming the acquisition under the Acquisition Agreement will be completed, approximately 13.58% of the Company's issued share capital of 1,894,516,753 Shares as enlarged by the New Placing and the acquisition under the Acquisition Agreement.

The net proceeds of approximately HK\$7,788,590 from the New Placing are intended to be used for the partial payment of the Consideration under the Acquisition Agreement. The New Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange agreeing to grant the listing of and permission to deal in the New Placing Shares under the New Placing.

Completion of the New Placing is subject to the satisfaction of the condition(s) precedent in the New Placing Agreement.

As the New Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(A) LAPSE OF THE PLACING AGREEMENT

Reference is made to the Announcement in relation to the Placing. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless otherwise requires. The Company was notified by the Placing Agent that since the Placing did not receive glamorous feedback from potential investors under the current market volatility, the Placing Agent has not successfully placed the Placing Shares up to 15 October 2008, being the long-stop date of the Placing Agreement extended by the Extension Agreements. Accordingly, the Placing Agreement has been lapsed and the parties to the Placing Agreement agreed not to proceed with the Placing.

All rights, obligations and liabilities of the parties hereunder in relation to the Placing as contemplated by the Placing Agreement cease and determine and none of the parties have any claim against any other in respect thereof.

The Board considers that the lapse of the Placing Agreement shall have no material adverse impact on the daily operations and working capital of the Group.

(B) THE NEW PLACING

THE NEW PLACING AGREEMENT

With the lapse of the Placing Agreement, the Company and the Placing Agent had entered into the New Placing Agreement with principal terms set out below:

Date

15 October 2008

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place up to 257,230,000 New Placing Shares on a best effort basis and will receive a placing commission of 1% on the aggregate New Placing Prices of such New Placing Shares which are successfully placed by the Placing Agent under the New Placing Agreement to independent investors. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are independent of and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in Listing Rules).

Placees

The Placing Agent agreed to place the New Placing Shares, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and will be independent of and will not be connected with the Company and its connected persons. No individual Placee will become a substantial Shareholder (as defined under the Listing Rules) immediately after the New Placing.

New Placing Shares

The 257,230,000 New Placing Shares under the New Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 1,286,163,158 Shares; (ii) approximately 16.67% of the Company's issued share capital of 1,543,393,158 Shares as enlarged by the New Placing; and (iii) assuming the acquisition under the Acquisition Agreement will be completed, approximately 13.58% of the Company's issued share capital of 1,894,516,753 Shares as enlarged by the New Placing and the allotment and issue of the consideration Shares under the Acquisition Agreement.

Ranking New Placing Shares

The New Placing Shares under the New Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the New Placing Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the New Placing Shares.

New Placing Price

The New Placing Price of HK\$0.033 represents:

- (i) a discount of approximately 8.33% to the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Last Trading Date;

- (ii) a discount of approximately 12.70% to the average closing price per Share of HK\$0.0378 in the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 29.18% to the average closing price per Share of HK\$0.0466 in the last ten consecutive trading days up to and including the Last Trading Date.

The New Placing Price was determined with reference to the market price of the Share in recent times and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the New Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

General Mandate

The New Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the annual general meeting held on 26 September 2008 subject to a limit up to 20% of the issued share capital of the Company as at the date of the annual general meeting. Under the General Mandate, the Company is authorized to issue up to 257,232,631 Shares. Up to the date of this announcement, the Company has not exercised any of the General Mandate. The Company is therefore allowed to issue up to 257,232,631 Shares under the General Mandate. Upon completion of the New Placing, 257,230,000 Shares will be issued under the General Mandate and the balance of 2,631 Shares will remain outstanding under the General Mandate.

Condition precedent to completion of the New Placing

Completion of the New Placing is conditional upon the Listing Committee of the Stock Exchange agreeing to grant the listing of and permission to deal in the New Placing Shares. As at the date of this announcement, the condition precedent to the New Placing has not yet been satisfied.

Termination

Notwithstanding anything contained in the New Placing Agreement, if at any time on or prior to the New Placing Completion Date:

- (a) in the reasonable opinion of the Placing Agent, there shall have been, since the date of the New Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the New Placing; or**
- (b) any material breach of any of the representations and warranties set out in the New Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the New Placing Agreement and prior to**

the New Placing Completion Date which if it had occurred or arisen before the date of the New Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the New Placing Agreement; or

- (c) any suspension of dealings in the Shares for more than five consecutive trading days (other than as a result of the New Placing); or**
- (d) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the New Placing Completion Date,**

then and in any such case, the Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the New Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to the New Placing Completion Date.

Completion of the New Placing

Subject to satisfaction of the condition(s) precedent in the New Placing Agreement, completion of the New Placing will take place at 12:00 noon on the New Placing Completion Date which will be no later than 30 November 2008 (or such later date as may be agreed by the Placing Agent).

Completion of the New Placing is subject to the satisfaction of the condition(s) precedent in the New Placing Agreement. As the New Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE NEW PLACING

Due to the change of market condition subsequent to the entering into the Placing Agreement on 21 May 2008, the potential placees were no longer interested in the Placing Shares at the Placing Price. With the lapse of the Placing Agreement, the Company and the Placing Agent thus consider more appropriate to enter into the New Placing Agreement to carry out the New Placing at the New Placing Price.

The purpose of the New Placing is planned to enhance the capital resources available to the Group to finance the acquisition under the Acquisition Agreement as disclosed in the Announcement. The Directors (including the independent non-executive Directors) therefore consider that the New Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the New Placing (assuming all the New Placing Shares will be placed) will be approximately HK\$8,488,590 and the net proceeds (after deducting the placing commission, legal and professional fees and publication fees payable by the Company) will be approximately

HK\$7,788,590 which are intended to be used for the partial payment of the Consideration under the Acquisition Agreement. The net proceeds raised per Share upon the completion of the New Placing will be approximately HK\$0.030 per New Placing Share. The aggregate nominal value of share capital for the New Placing Shares is HK\$2,572,300.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the Placing under the Placing Agreement which has been lapsed on 15 October 2008, the Company has not carried out any capital fund raising activities during 12 months immediately preceding to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after the completion of the New Placing, and (iii) immediately after the completion of the New Placing and the allotment and issue of the Consideration Shares under the Acquisition Agreement are as follows:

	As at the date of this announcement		Immediately after the completion of the New Placing		Immediately after completion of the New Placing and the issuance of the Consideration Shares	
	No of Shares	%	No of Shares	%	No of Shares	%
Mr Leung and parties acting in concert with him						
– Existing Shares	163,550,000	12.72	163,550,000	10.60	163,550,000	8.63
– Consideration Shares	–	–	–	–	351,123,595	18.53
<i>Mr Leung and parties acting in concert with him</i>	<u>163,550,000</u>	<u>12.72</u>	<u>163,550,000</u>	<u>10.60</u>	<u>514,673,595</u>	<u>27.16</u>
Mr Tsim Wing Kong (<i>Note</i>)	140,330,000	10.91	140,330,000	9.09	140,330,000	7.41
Existing public Shareholders	982,283,158	76.37	982,283,158	63.64	982,283,158	51.85
Placeses	–	–	257,230,000	16.67	257,230,000	13.58
Total	<u>1,286,163,158</u>	<u>100.00</u>	<u>1,543,393,158</u>	<u>100.00</u>	<u>1,894,516,753</u>	<u>100.00</u>

Note: To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as his shareholding in the Company, Mr Tsim Wing Kong is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules), and his holding of approximately 9.09% of the issued share capital of the Company upon completion of the New Placing will be regarded as public float.

Further announcement will be published in the event that the New Placing cannot or does not proceed and the terms of the Acquisition Agreement would be adjusted to the effect that the shareholdings of Mr Leung and his associates in the Company immediately after the acquisition would be equal to or less than 29%.

Further announcement will be made upon completion of the New Placing.

TERMS USED IN THIS ANNOUNCEMENT

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

“Announcement”	announcement of the Company dated 19 September 2008 in relation to the proposed very substantial acquisition and connected transaction and placing of new shares of the Company
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“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
“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 26 September 2008, among other things, to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”	15 October 2008, 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”	Mr Leung Ngai Man, the Chairman of the Company and an executive Director
“New Placing”	placing of up to 257,230,000 new Shares pursuant to the terms of the New Placing Agreement
“New Placing Agreement”	the conditional placing agreement dated 15 October 2008 and entered into between the Company and the Placing Agent in relation to the New Placing
“New Placing Completion Date”	the 4th business day next following the fulfillment of all of the conditions specified in the New Placing Agreement
“New Placing Price”	HK\$0.033 per New Placing Share
“New Placing Shares”	257,230,000 new Shares to be placed under the New Placing
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the New Placing Shares pursuant to the Placing Agent’s obligations under the New Placing Agreement
“Placing”	placing of up to 257,230,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Hantec Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 21 May 2008 and entered into between the Company and the Placing Agent (which was supplemented by a few supplemental agreements made between the same parties) in relation to the Placing
“Placing Price”	HK\$0.125 per new Shares proposed to be placed under the Placing

“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)”	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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 15 October 2008

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 Wai Lun and Dr Leung Wai Cheung.