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If you have sold or transferred all your shares in **Sino Prosper Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**RENEWAL OF THE 10% GENERAL LIMIT
ON THE GRANT OF OPTIONS UNDER
THE SHARE OPTION SCHEME,
PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting to be held at Room 3203, Admiralty Centre I, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Wednesday, 23 August 2006 is set out on pages 18 to 24 of this circular.

Whether or not you intend to attend the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the Annual General Meeting or any adjournment thereof to the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

CONTENTS

	<i>Pages</i>
RESPONSIBILITY STATEMENT	1
DEFINITIONS	2
LETTER FROM THE BOARD	
– Introduction	4
– Grant of General Mandate, Repurchase Mandate and Extension Mandate	5
– Amendments to the Articles of Association	6
– Share Option Scheme – Renewal of 10% General Limit	6
– Re-election of retiring Directors	8
– Actions to be taken	9
– Procedures for demanding a poll at the Annual General Meeting	9
– Recommendations	10
– General information	10
– Miscellaneous	10
APPENDIX I – EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE	11
APPENDIX II – DETAILS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING	15
NOTICE OF THE ANNUAL GENERAL MEETING	18

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“10% General Limit”	the limit imposed under Clause 8.2(a) of the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company, being 10% of the Company’s issued share capital as at the date of adoption of the Share Option Scheme, which has been “refreshed” and may be further “refreshed” on and pursuant to the rules of the Share Option Scheme
“Annual General Meeting”	the annual general meeting of the Company to be convened and held at Room 3203, Admiralty Centre I, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Wednesday, 23 August 2006, the notice of which is set out on pages 18 to 24 of this circular, and any adjournment thereof
“Articles of Association”	the articles of association of the Company adopted pursuant to a written resolution passed by all the then Shareholders on 25 April 2002, as amended from time to time
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Sino Prosper Holdings Limited 中盈控股有限公司, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the General Mandate may be increased by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate

DEFINITIONS

“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Refresh Resolution”	the ordinary resolution passed at the annual general meeting of the Company held on 22 August 2005 for refreshing the then 10% General Limit
“Latest Practicable Date”	28 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase Shares the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the Annual General Meeting
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme of the Company adopted pursuant to a resolution in writing of the then sole Shareholder passed on 25 April 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



SINO PROSPER HOLDINGS LIMITED
中盈控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

Executive Directors:

Leung Ngai Man (*Chairman*)
Tang Yan Tian (*Chief Executive Officer*)
Yeung Kit
Wong Wa Tak

Non-executive Director:

Gao Shi Kui

Independent non-executive Directors:

Cai Wei Lun
Chan Sing Fai
Leung Wai Cheung

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands
British West Indies

*Head office and principal place of
business in Hong Kong:*

Units D-E, 7th Floor
Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

31 July 2006

*To the Shareholders and, for information only,
the holders of outstanding options of the Company*

Dear Sir or Madam,

**RENEWAL OF THE 10% GENERAL LIMIT
ON THE GRANT OF OPTIONS UNDER
THE SHARE OPTION SCHEME,
PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
RE-ELECTION OF RETIRING DIRECTORS**

INTRODUCTION

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include: (a) ordinary resolutions on the

LETTER FROM THE BOARD

proposed grant of each of the General Mandate, Repurchase Mandate and the Extension Mandate; (b) an ordinary resolution relating to the proposed renewal of the 10% General Limit; (c) a special resolution relating to the proposed amendments to the Articles of Association; and (d) an ordinary resolution relating to the proposed re-election of the retiring Directors.

GRANT OF GENERAL MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

Pursuant to the ordinary resolutions passed by the then Shareholders on 22 August 2005, the Directors were granted (a) a general unconditional mandate to allot, issue and deal with the Shares up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the said resolution; (b) a general unconditional mandate to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the said resolution; and (c) the power to extend the general mandate mentioned in (a) above by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the mandate to repurchase Shares referred to (b) above.

The above general mandates will expire at the conclusion of the Annual General Meeting. At the Annual General Meeting, the following ordinary resolutions, among other matters, will be proposed:

- (a) to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with the Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution;
- (b) to grant the Repurchase Mandate to the Directors to enable them to repurchase Shares on the Stock Exchange up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

The General Mandate and the Repurchase Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the Annual General Meeting; (b) the date by which the next annual general meeting is required by the Companies Law or the Articles of Association to be held; or (c) when the authority given to the Directors thereunder is revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors wish to state that they have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be allotted and issued upon the exercise of any options granted under the share option scheme of the Company on 25 April 2002.

LETTER FROM THE BOARD

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has made certain amendments to the Listing Rules including, among other matters, the implementation of the Code on Corporate Governance Practices (“**CG Code**”), being Appendix 14 to the Listing Rules, which came into effect on 1 January 2005. Appendices 3 and 13 to the Listing Rules have also been recently revised to the effect that the listed issuer shall have the power by ordinary resolution in general meeting to remove any director before the expiration of his period of office and such amendment came into effect on 1 March 2006.

To align with the CG Code and the amended Appendices 3 and 13 to the Listing Rules, it is proposed that the Articles of Association be changed, inter alia, to the effect that:

- (a) all Directors appointed by the Board to fill a casual vacancy should be subject to election by the Shareholders at the first general meeting after their appointment;
- (b) all Directors should be subject to retirement by rotation at least once every three years; and
- (c) any Director can be removed by an ordinary resolution before expiration of his period of office.

A special resolution in relation to the above proposed amendments to the Articles of Association will be put forth as special business at the Annual General Meeting to be considered, and if thought appropriate, approved by the Shareholders. A full text of the special resolution for the proposed amendments to the Articles of Association is contained in resolution numbered 8 set out on pages 21 to 23 of this circular.

SHARE OPTION SCHEME – RENEWAL OF 10% GENERAL LIMIT

Under the rules of the Share Option Scheme:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time (“**30% Overall Limit**”);
- (2) the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company is subject to the 10% General Limit; and

LETTER FROM THE BOARD

- (3) unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted to each participant of the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company (“**Single Participant Limit**”).

The Company may seek approval from the Shareholders in general meeting for refreshing the 10% General Limit so that the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company shall be re-set at 10% of the Shares in issue as at the date of the approval of the limit as “refreshed”.

In this connection, options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% General Limit as “refreshed”.

The 10% General Limit has been “refreshed” pursuant to the Last Refresh Resolution passed by the then Shareholders on 22 August 2005. The existing 10% General Limit is 92.7 million Shares, being 10% of the Shares in issue as at the date of passing of the Last Refresh Resolution. As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 92.4 million Shares had been granted under the Share Option Scheme since the passing of the Last Refresh Resolution. A breakdown of these grants is set out below:

- (i) options carrying the right to subscribe for 3.4 million Shares were granted to a Director;
- (ii) options carrying the right to subscribe for a total of 69 million Shares were granted to eight employees of the Group; and
- (iii) options carrying the right to subscribe for a total of 20 million Shares were granted to two consultants of the Group.

All the above grantees of the options fall within the category of eligible participants under the Share Option Scheme. The Directors confirm that the grants of options to the above grantees were in accordance with the rules of the Share Option Scheme (including the Single Participant Limit) and the relevant requirements of the Listing Rules. Save for the Director as mentioned above, none of these grantees is a connected person (as defined under the Listing Rules) of the Company.

Since the adoption of the Share Option Scheme, none of the grantees has been granted options that exceed the Single Participant Limit.

As at the Latest Practicable Date, (i) a total number of 15 million Shares have been issued pursuant to the exercise of options granted under the Share Option Scheme since the passing of the Last Refresh Resolution, and (ii) none of these options had lapsed and been cancelled, and (iii) the total number of Shares which may fall to be issued upon the exercise of all outstanding options granted and

LETTER FROM THE BOARD

yet to be exercised under the Share Option Scheme is 99.6 million Shares (representing approximately 8.2% of the Shares in issue as at the Latest Practicable Date). Unless the 10% General Limit is “refreshed”, only up to 300,000 Shares (“**Remaining Options**”, which include limits previously sought but not yet granted as at the Latest Practicable Date) may be issued pursuant to the grant of further options under the Share Option Scheme.

If the 10% General Limit is “refreshed”, on the basis of 1,220,163,158 Shares in issue as at the Latest Practicable Date and assuming that, prior to the Annual General Meeting, (i) no Shares are issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company and (ii) none of the Remaining Options are granted, the 10% General Limit will be reset at 122,016,315 Shares (“**Available Limit**”) and the Company will be allowed to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe for up to the Available Limit.

On the basis of 1,220,163,158 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 366,048,947 Shares. Accordingly, the aggregate of (i) the Available Limit arising from the “refreshing” of the 10% General Limit and (ii) the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company does not exceed the 30% Overall Limit as at the Latest Practicable Date.

The purposes of the Share Option Scheme are to provide incentives or rewards to employees, customers and suppliers of the Group and other eligible participants of the Share Option Scheme for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Given that the existing 10% General Limit is near depletion, the Share Option Scheme cannot continue to serve its intended purpose for the benefits of the Group and its Shareholders unless the 10% General Limit is “refreshed” in accordance with the rules of the Share Option Scheme.

The Directors consider that it will be for the benefit of the Company and its Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will motivate the eligible participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the Annual General Meeting for “refreshing” the 10% General Limit.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 108(A) of the Articles of Association, Mr. Leung Ngai Man and Mr. Cai Wei Lun, an executive Director and an independent non-executive Director respectively, will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Further, in accordance with Article 112 of the Articles of Association, the office of Mr. Gao Shi Kui, who was appointed as a non-executive Director with effect from 23 June 2006 by the Board, shall end at the Annual General Meeting. Mr. Gao Shi Kui, being eligible, offer himself for re-election at the Annual General Meeting.

LETTER FROM THE BOARD

Biographical information of Mr. Leung Ngai Man, Mr. Gao Shi Kui and Mr. Cai Wei Lun is set out in Appendix II to this circular.

ACTIONS TO BE TAKEN

Set out on pages 18 to 24 of this circular is a notice convening the Annual General Meeting at which resolutions will be proposed to approve, among other matters, the following:

- (a) the renewal of the 10% General Limit;
- (b) the grant of the General Mandate, Repurchase Mandate and Extension Mandate;
- (c) the amendments to Articles of Association; and
- (d) the re-election of retiring Directors.

A form of proxy for use at the Annual General Meeting is enclosed herewith. Whether or not you intend to attend the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL AT THE ANNUAL GENERAL MEETING

Pursuant to Article 72 of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Board considers that the resolutions to be proposed at the Annual General Meeting which include, (a) ordinary resolutions on the proposed grant of each of the General Mandate, Repurchase Mandate and Extension Mandate; (b) an ordinary resolution relating to the renewal of the 10% General Limit; (c) a special resolution relating to the proposed amendments to the Articles of Association; and (d) an ordinary resolution relating to the proposed re-election of the retiring Directors, are in the best interest of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the Annual General Meeting.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
For and on behalf of the Board of
Sino Prosper Holdings Limited
Leung Ngai Man
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the grant of the Repurchase Mandate to the Directors.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing are on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which shares of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at Latest Practicable Date, there were a total of 1,220,163,158 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under Repurchase Mandate to repurchase a maximum of 122,016,315 Shares, representing not exceeding 10% of the aggregate nominal value of the issued share capital of the Company as at the Latest Practicable Date.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

4. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles of Association, the Companies Law, other applicable laws of the Cayman Islands and the Listing Rules. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital. Any premium payable on

a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

5. GENERAL

There might be a material adverse impact on the working capital and/or the gearing position as disclosed in the audited consolidated financial statements of the Company for the year ended 31 March 2006 in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 calendar months immediately preceding the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2005	0.345	0.179
August 2005	0.600	0.350
September 2005	0.760	0.550
October 2005	0.670	0.400
November 2005	0.670	0.475
December 2005	0.700	0.570
January 2006	N/A	N/A
February 2006	1.380	0.780
March 2006	1.410	1.080
April 2006	N/A	N/A
May 2006	1.580	1.100
June 2006	1.210	0.450
July 2006 (<i>Note</i>)	0.940	0.660

Note: up to the Latest Practicable Date

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Islands and in accordance with the regulations set out in the memorandum of association of the Company and the Articles of Association.

8. CONNECTED PERSON

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

9. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If on the Company exercising the powers of repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of members kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, Climax Park Limited, a company incorporated in the British Virgin Islands the entire issued share capital of which is owned by Mr. Leung Ngai Man, held approximately 31.17% of the then issued Shares, and Mr. Leung Ngai Man, by himself and through Climax Park Limited, held an aggregate of approximately 31.23% of the then issued Shares.

On the basis that 1,220,163,158 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be allotted and issued or repurchased before the Annual General Meeting, if the Repurchase Mandate were exercised in full, the percentage interest of Climax Park Limited and Mr. Leung Ngai Man in the Shares would increase to approximately 34.63% and 34.70% respectively of the then issued Shares.

On the basis of the above, each of Climax Park Limited and Mr. Leung Ngai Man would be obliged to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate is exercised in full. However, the Directors have no intention to exercise the Repurchase Mandate to such an extent that as would give rise to such obligation. Save as aforesaid, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in hands of public falling below the prescribed minimum percentage of 25%.

10. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

The brief biographical information of the retiring Directors eligible for re-election at the Annual General Meeting is set out below:

EXECUTIVE DIRECTOR

Mr. Leung Ngai Man (梁毅文), aged 45, was appointed as an executive Director in April 2002 and is currently the Chairman of the Board. He is also a director of all of the Group's subsidiaries. Mr. Leung has nearly 20 years of experience in the areas of trading, property development and property management in the PRC. Mr. Leung first engaged in the PRC trading business in 1983, since then he established an extensive network and relationship with numerous PRC companies and authorities. Mr. Leung commenced his business in the property development industry in the 1990s. He was previously the vice-chairman and general manager of China Land Group Limited (currently known as "China Velocity Group Limited"), the shares of which are listed on the Main Board of the Stock Exchange. In the three years preceding the Latest Practicable Date, Mr. Leung did not hold any directorship in other listed public companies.

Mr. Leung has entered into a service agreement with the Company on 25 April 2002 for an initial fixed term of two years commencing from 1 April 2002, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. As at the Latest Practicable Date, Mr. Leung was entitled to an annual remuneration of approximately HK\$2,400,000. Under the service agreement, his salary is subject to an annual increment at the discretion of the Directors of not more than 15% of his annual salary immediately prior to such increase. Mr. Leung is entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to all the executive Directors in respect of any financial year of the Company may not exceed 20% of the audited consolidated or combined net profit of the Company (after taxation and minority interests and payment of such bonuses but excluding extraordinary and exceptional items) in respect of that financial year of the Company. The emolument of Mr. Leung has been determined by the Board with reference to his duties and responsibilities with the Group.

As at the Latest Practicable Date, Mr. Leung was the beneficial owner of 710,000 Shares and he was deemed to be interested in the 380,330,000 Shares held by Climax Park Limited, the entire issued share capital of which is owned by Mr. Leung, by virtue of the SFO. In addition, Mr. Leung was also interested in share options, carrying rights to subscribe for 8,000,000 Shares at the exercise price of HK\$0.41 per Share during the exercise period from 3 January 2005 to 2 January 2015, pursuant to the share option scheme of the Company. Save as disclosed above, Mr. Leung did not have any other interest in the Shares, underlying shares or debenture in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Except that Mr. Leung is a shareholder of Climax Park Limited, a controlling Shareholder, Mr. Leung did not have any relationship with any other Directors, senior management or substantial or controlling Shareholder (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

There is no information which is disclosable nor is/was Mr. Leung involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There are no other matters concerning Mr. Leung that need to be brought to the attention of the Shareholders.

NON-EXECUTIVE DIRECTOR

Mr. Gao Shi Kui (高世魁), aged 54, was appointed as a non-executive Director in June 2006. Mr. Gao has over 33 years' experience in the areas of exploration, development, production and sales of crude oil and has held various senior positions in companies of these fields. Mr. Gao has been the director and president of China Everbright Petroleum (International) Limited and China Everbright Petroleum Exploration & Investment Co., Ltd. since November 1998. Mr. Gao is also the deputy chairman of executive of the Society of China Petroleum – Guangdong Province Petroleum and the deputy chairman of the Petroleum Society of All-China Federation of Industry and Commerce. In the three years preceding the Latest Practicable Date, Mr. Gao did not hold any directorship in other listed public companies.

Mr. Gao has not entered into any service contract with the Company and has not fixed term of service with the Company. He is subject to the rotational retirement and re-election requirements at the annual general meetings of the Company pursuant to the Articles of Association. The emoluments to Mr. Gao have not been fixed but will be determined and subject to review by the Board from time to time by reference to his duties and responsibilities with the Company.

Mr. Gao did not have any interest in the Shares, underlying shares or debenture in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Mr. Gao did not have any relationship with any other Directors, senior management or substantial or controlling Shareholder (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

There is no information which is disclosable nor is/was Mr. Gao involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There are no other matters concerning Mr. Gao that need to be brought to the attention of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Cai Wei Lun (蔡偉倫), aged 51, was appointed as independent non-executive Director in June 2004. Mr. Cai has over 17 years of experience in the property development sector in the PRC. In the three years preceding the Latest Practicable Date, Mr. Cai did not hold any directorship in other listed public companies.

Mr. Cai has not entered into any service contract with the Company and has not fixed term of service with the Company. He is subject to the rotational retirement and re-election requirements at the annual general meetings of the Company pursuant to the Articles of Association. Save for his interest in the share options of the Company disclosed below, Mr. Cai is not entitled to any emolument for his appointment as an independent non-executive Director.

As at the Latest Practicable Date, Mr. Cai was interested in share options, carrying rights to subscribe for 3,400,000 Shares at the exercise price of HK\$1.46 per Share during the exercise period from 8 May 2006 to 7 May 2016, pursuant to the share option scheme of the Company. Save as the aforesaid, Mr. Cai did not have any other interest in the Shares, underlying shares or debenture in the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Mr. Cai did not have any relationship with any other Directors, senior management or substantial or controlling Shareholder (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

There is no information which is disclosable nor is/was Mr. Cai involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There are no other matters concerning Mr. Cai that need to be brought to the attention of the Shareholders.



SINO PROSPER HOLDINGS LIMITED

中盈控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**Meeting**”) of Sino Prosper Holdings Limited (“**Company**”) will be held at Room 3203, Admiralty Centre I, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Wednesday, 23 August 2006 to consider and, if thought fit, transact the following ordinary businesses:

1. to receive and approve the audited consolidated financial statements and the reports of the directors (“**Directors**”) and auditors (“**Auditors**”) of the Company for the year ended 31 March 2006;
2. to re-elect each retiring Director (namely, Mr. Leung Ngai Man, Mr. Gao Shi Kui and Mr. Cai Wei Lun) (each as a separate resolution) and to authorise the board of Directors to fix their remuneration;
3. to re-appoint HLB Hodgson Impey Cheng as the Auditors and to authorise the board of Directors to fix their remuneration;
4. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all other applicable laws, the exercise by the directors (“**Directors**”) of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the additional shares (“**Shares**”) of HK\$0.01 each in the share capital of the Company, and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares), which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF THE ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital of the Company allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to
- (i) a Rights Issue (as defined in paragraph (d) below);
 - (ii) the exercise of any options granted under the share option schemes or similar arrangement of the Company adopted from time to time;
 - (iii) any issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association (“**Articles of Association**”) of the Company and other relevant regulations; or
 - (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution; and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; and
 - (iii) the date on which such mandate granted under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in the general meeting.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares or any class of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

NOTICE OF THE ANNUAL GENERAL MEETING

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors (**“Director”**) of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase the shares (**“Shares”**) of HK\$0.01 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (**“SFC”**) and the Stock Exchange for such purpose, and subject to and in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws as amended from time to time in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable law to be held; and
 - (iii) the date on which such mandate granted under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in the general meeting.”

To consider as special business, and if thought fit, pass with or without modification, the following resolutions as ordinary resolutions and a special resolution respectively:

ORDINARY RESOLUTION

6. **“THAT** conditional upon the resolutions numbered 4 and 5 above being passed, the unconditional general mandate granted to the directors of the Company to allot, issue and deal with additional shares of the Company pursuant to resolution numbered 4 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 5 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

NOTICE OF THE ANNUAL GENERAL MEETING

7. “THAT subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme (“**Share Option Scheme**”) of the Company adopted pursuant to a resolution in writing of the sole shareholder of the Company passed on 25 April 2002, representing 10% of the issued share capital of the Company as at the day on which this resolution is passed, pursuant to Clause 8.2(a) of the Share Option Scheme:
- (a) approval be and is hereby granted for refreshing the 10% mandate under the Share Option Scheme (“**Refreshed Scheme Mandate**”) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed hereby shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the day on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and
 - (b) the directors or the Company or a duly authorised committee thereof be and they are hereby authorised: (i) at their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate.”

SPECIAL RESOLUTION

8. “**THAT** the articles of association of the Company be and are hereby amended in the following manner:
- (a) Article 4

by inserting the words “or convertible securities or securities of similar nature” immediately after the words “shares or securities of the Company” on the second line and immediately after the word “warrants” on the second line and the fourth line;
 - (b) Article 72:

by inserting the words “voting by way of a poll is required by the Listing Rules or” after the words “on a show of hands unless” in the first sentence of the existing

NOTICE OF THE ANNUAL GENERAL MEETING

article 72; and by deleting the full-stop at the end of the existing article 72(iv) and replacing therewith a semicolon and the word “or” and inserting the following as new article 72(v):

“(v) by any Director or Directors who, individually or collectively, hold proxies in respect of shares in the Company representing not less than five (5) per cent. of the total voting rights of all the shareholders having the right to vote at the meeting.”;

(c) Article 105 (vii):

by deleting the words “by a Special Resolution of the Company” of the existing article 105(vii);

(d) Article 108(A):

by deleting the existing article 108(A) in its entirety and substituting thereof with the following:

“108(A) At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Company at the general meeting at which a Director retires may fill the vacated office.”

(e) Article 111

by deleting the existing article 111 in its entirety and substituting thereof with the following:

“111. Subject to the Statutes and the provisions of these Articles, the Company may from time to time in general meeting by Ordinary Resolution elect any person to be a Director either to fill a causal vacancy or as an additional Director.”

NOTICE OF THE ANNUAL GENERAL MEETING

(f) Article 112

by deleting the existing article 112 in its entirety and substituting thereof with the following:

“112. The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.”;

(g) Article 114

by deleting the existing article 114 in its entirety and substituting thereof with the following:

“114. The Company may by Ordinary Resolution remove any Director (including a Managing Director or other Executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company).”; and

(h) Article 124

by deleting the existing Article 124 in its entirety and substituting thereof with the following:

“A Director appointed to an office under Article 122 shall be subject to the same provisions as to rotation, resignation and removal as the other Directors of the Company, and he shall ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.”

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

Hong Kong, 31 July 2006

NOTICE OF THE ANNUAL GENERAL MEETING

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Head office and principal place

of business in Hong Kong:
Units D-E, 7th Floor
Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

Notes:

- 1 A shareholder (“**Shareholder**”) of the Company entitled to attend and vote at the Meeting convened by this notice shall be entitled to appoint one proxy or, if he is the holder of two or more shares (“**Shares**”) of the Company, more than one proxy to attend and, subject to the provisions of the articles of association (“**Articles of Association**”) of the Company, vote in his stead. A proxy need not be a Shareholder.
- 2 To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the branch registrar and transfer agent of the Company in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 48 hours before the time of the Meeting or any adjourned meeting.
- 3 In relation to proposed resolution numbered 2, Mr. Leung Ngai Man, Mr. Gao Shi Kui and Mr. Cai Wei Lun will retire from their office of directors (“**Directors**”) of the Company at the Meeting pursuant to the Articles of Association and, being eligible, offer themselves for re-election.
- 4 In relation to proposed resolutions numbered 4 above, approval is being sought from the Shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by Shareholders.
- 5 In relation to proposed resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase Shares in circumstances which they deem appropriate for the benefit of the Shareholders. An explanatory statement containing the information necessary to enable the Shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix I to this circular of which this notice forms part.
- 6 Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 7 In the case of joint registered holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto to if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.