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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)

ADDENDUM TO HEADS OF AGREEMENT AND FURTHER DELAY IN DESPATCH OF CIRCULAR RELATING TO THE MAJOR TRANSACTION – INVESTMENT IN RENEWABLE FUEL BUSINESS

Reference is made to the announcement of the Company dated 6 June 2006 (the “Announcement”) in relation to the major transaction relating to the proposed investment in renewable fuel business and the announcement of the Company dated 27 June 2006 in relation to delay in despatch of circular. Terms used herein shall have the same meanings as defined in the Announcement, unless the context otherwise requires.

Pursuant to Rule 14.38 of the Listing Rules, the Company is required to despatch to the Shareholders a circular within 21 days after the publication of the Announcement, being on or before 28 June 2006. The Company has applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 14.38 of the Listing Rules to extend the despatch date of the circular to no later than 31 July 2006.

Recently, a potential investor has shown strong interest in co-investing in Picnic Ethanol and the terms of its offer will probably have a positive and significant impact on Picnic Ethanol. The potential investor may consider subscribing shares in Picnic Ethanol after the Capital Increase, which may affect SPE’s shareholding and other rights and obligation in Picnic Ethanol after the Subscription. Therefore, the parties to the Heads of Agreement have agreed to consider the offer given by the potential investor subject to the terms and conditions thereof to be finalized on a later date. Also, the Company needs additional time for conducting due diligence on Picnic Ethanol and to ensure Picnic Ethanol will likely have the ability to acquire long-term supply of cassava (raw material for production of ethanol).

As a result, an addendum (the “Addendum”) was entered into by SPE, Picnic Ethanol and Picnic Public on 26 July 2006, pursuant to which the Heads of Agreement have been amended, inter alia, as follows:–

1. the parties thereto shall consider the proposed offer to be made by the potential investor shortly;
2. the deadline for SPE to complete the due diligence exercise on, inter alia, Picnic Ethanol has been extended from 18 July 2006 to 31 August 2006;
3. the latest time for the entering into of the Definitive Agreements has been extended from 28 July 2006 to 15 September 2006;
4. the exclusivity period (where SPE, Picnic Public and Picnic Ethanol shall negotiate and proceed to work in concert exclusively to facilitate the completion of the transactions contemplated in the Heads of Agreement) has been extended from 28 July 2006 to 30 September 2006; and
5. Picnic Public shall assist Picnic Ethanol to acquire long-term supply of cassava (raw material for production of ethanol) from local suppliers.

The Board considers that, in the absence of finalization of the terms of the Definitive Agreements and the execution thereof, it is impracticable and not sensible to despatch a circular to the Shareholders as much of the material information of the Subscription cannot be ascertained until the signing of the Definitive Agreements. In order to ensure that the circular will contain full, true and accurate disclosure of all material information about the Subscription, the circular to the Shareholder therefore cannot be despatched on the deadline of 31 July 2006.

The Company has applied to the Stock Exchange for a waiver from strict compliance of the requirements of Rule 14.38 of the Listing Rules and a further extension of the deadline for the despatch of the Circular to no later than 29 September 2006, being 14 days after the deadline for the entering into of the Definitive Agreements.

As at the date of this announcement, Mr. Leung Ngai Man, Mr. Yeung Kit, Mr. Wong Wa Tak and Mr. Tang Yan Tian are the executive Directors, Mr. Gao Shi Kui is the non-executive Director, and Mr. Chan Sing Fai, Mr. Cai Wei Lun and Dr. 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, 31 July 2006

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