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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)

### **TERMINATION OF MAJOR TRANSACTION & RIGHT OF FIRST REFUSAL**

References are made to the announcements of the Company dated 4 May 2006 in relation to the Acquisition and 26 May 2006 in relation to delay in despatch of circular.

Under the Termination Deed, SPCL and the Vendors (Ample Pacific and On Faith) have mutually agreed to terminate the Agreement on 30 July 2006 in accordance with its terms. The Vendors have also granted a right of first refusal regarding negotiation on, among others, the Relevant Cooperation in favour of the Group. The parties have also agreed that, upon completion of the exploration report in respect of the Site by the Coalfield Exploration Team, the parties shall enter into further negotiations on the Relevant Cooperation.

**The Board wishes to emphasize that no Further Agreement in relation to the Relevant Cooperation has been entered into as at the date of this announcement. As the Further Agreement may or may not be entered into, public investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.**

The transactions contemplated by the Further Agreement, if entered into, may or may not constitute notifiable transactions under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to these possible notifiable transactions.

References are made to the announcements of the Company dated 4 May 2006 in relation to the Acquisition (“**May Announcement**”) and 26 May 2006 in relation to delay in despatch of circular. Capitalised terms used herein shall have the same meaning as defined in the May Announcement, unless the context requires otherwise.

### **Termination of the Acquisition**

As disclosed in the May Announcement, SPCL entered into the Agreement with the Vendors (Ample Pacific and On Faith), whereby SPCL agreed to acquire from the Vendors the Sale Shares and the Sale Debts in Sky Gain, which is the legal and beneficial owner of 51% of the registered capital in Xinjiang Jingxin Mineral.

Under the Agreement, Completion is conditional upon, among other conditions, the approval by the Shareholders at the EGM of the Agreement and the transactions contemplated thereunder by 12:00 noon on 30 July 2006 or such later date as SPCL may agree, failing which, the Agreement shall cease and terminate. Up to the date hereof, the Company has not received any indication as to when the exploration program and the report thereof can be completed, and therefore the circular in relation to the Agreement cannot be despatched and the parties cannot have a practical estimate as to when such condition can be fulfilled. For the reason above, pursuant to a termination deed entered into between SPCL and the Vendors dated 31 July 2006 (“**Termination Deed**”), SPCL and the Vendors have mutually agreed to terminate the Agreement on 30 July 2006 in accordance with its terms.

### **Continuing exploration of the Site and right of first refusal**

Pursuant to the Termination Deed, the Vendors will procure the Coalfield Exploration Team to continue the relevant exploration works of the Site and to assist SPCL to prepare the technical report pursuant to the requirements stipulated under Rule 18.09 of the Listing Rules. In addition, the Vendors have also granted a right of first refusal in respect of negotiation regarding, among others, the Acquisition (“**Relevant Cooperation**”) in favour of the Group.

The parties have also agreed that, upon completion of the exploration report in respect of the Site by the Coalfield Exploration Team, the parties shall enter into further negotiations on the Relevant Cooperation.

In the event that a formal agreement in respect of the Relevant Cooperation (the “**Further Agreement**”) cannot be entered into by the parties on or before such deadline as prescribed by SPCL at its absolute discretion (taking into account, among other factors, the progress of the exploration works by the Coalfield Exploration Team), SPCL may release its right of first refusal under the Termination Deed. As at the date hereof, the Group has not yet been determined the aforesaid deadline.

Under the Agreement, the Vendors shall, within seven business day after 30 July 2006, refund to SPCL the Earnest Money of HK\$50 million paid to the Vendors under the Agreement together with the interest accrued thereon from the date of payment of the Earnest Money up to and inclusive of the date of full repayment of the Earnest Money. No consideration is and will be payable by the Group in respect of the aforesaid right of first refusal.

## **General**

**The Board wishes to emphasize that no Further Agreement in relation to the Relevant Cooperation has been entered into as at the date of this announcement. As the Further Agreement may or may not be entered into, public investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.**

The transactions contemplated by the Further Agreement, if entered into, may or may not constitute notifiable transactions under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to these possible notifiable transactions.

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

Hong Kong, 31 July 2006

*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.*

*\* for identification purpose only*

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