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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)

**(A) TERMINATION OF VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITION OF IRON MINES
UNDER THE 2008 ACQUISITION AGREEMENT
AND
(B) CHANGE OF USE OF PROCEEDS**

**(A) TERMINATION OF VERY SUBSTANTIAL ACQUISITION AND CONNECTED
TRANSACTION UNDER THE 2008 ACQUISITION AGREEMENT**

As disclosed in the 2008 Announcement, the Purchaser and the Vendor entered into the 2008 Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the entire issued share capital in, and the shareholder's loans to, 2008 Target.

On 8 May 2009, the Company received a letter from the independent valuer which stated that the worth of the project of the WFOE would be significantly lower than the estimation made in 2008. The Directors consider that the letter from the independent valuer practically meant that the value of the project of the WFOE would be less than RMB370 million. After careful consideration, the Directors (including the independent non-executive Directors) were of the view that it would not be in the interest of the Company to pursue the 2008 Acquisition. The Vendor and the Purchaser thus entered into the Termination Deed, whereby the Purchaser and the Vendor have mutually agreed to terminate the 2008 Acquisition Agreement with effect from 11 May 2009 in accordance with its terms.

(B) CHANGE OF USE OF PROCEEDS

As disclosed in the announcement of the Company dated 15 October 2008, the net proceeds from the Placing of approximately HK\$7.789 million were intended to be used as the partial payment of the consideration for the 2008 Acquisition. Due to the termination of the 2008 Acquisition Agreement, the Board proposes to change the use of proceeds from the Placing and apply the net proceeds as general working capital of the Company and its subsidiaries and/or funding for investment when opportunities arise. As at the date of this announcement, the Directors do not identify any potential investment opportunity.

References are made to the 2008 Announcement, the announcements of the Company dated 10 October 2008 and 27 February 2009 in relation to the extension of the long-stop date of the 2008 Acquisition Agreement and announcements of the Company dated 15 October 2009 and 25 February 2009 in relation to the Placing.

(A) TERMINATION OF VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION UNDER THE 2008 ACQUISITION AGREEMENT

As disclosed in the 2008 Announcement, the Purchaser and the Vendor entered into the 2008 Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the entire issued share capital in, and the shareholder's loans to, 2008 Target.

Under the 2008 Acquisition Agreement, completion of the 2008 Acquisition is conditional upon, among other conditions, the obtaining of a valuation report (in substance satisfactory to the Purchaser) from a valuer appointed by the Purchaser and showing the value of the project of the WFOE, comprising a mining portion, an exploration portion and a product processing portion, to be not less than RMB370 million. Based on the iron ore resources estimation of the 2008 Target Mines made by a PRC exploration team, the independent valuer appointed by the Company issued a letter to the Company on 8 May 2009 which stated that the worth of the project of the WFOE would be significantly lower than the estimation made in 2008. The Directors consider that the letter from the independent valuer practically meant that the value of the project of the WFOE would be less than RMB370 million.

In this respect, the Company and the Vendor had discussions on examining the possibility of adjustment to the consideration for the 2008 Acquisition. However, the Vendor and the Company could not reach an agreement on the proposed adjustment. After careful consideration, the Directors (including the independent non-executive Directors) were of the view that it would not be in the interest of the Company to pursue the 2008 Acquisition, having regard to factors such as the setback of the global economy and the substantial drop of iron ore price in the recent months. The Directors (including the independent non-executive Directors) were of the unanimous view that it was in the interest of the Company and its shareholders as a whole to have the 2008 Acquisition Agreement terminated. On 11 May 2009, the Vendor and the Purchaser thus entered into the Termination Deed, whereby the Purchaser and the Vendor have mutually agreed to terminate the 2008 Acquisition Agreement with effect from 11 May 2009 in accordance with its terms.

As set out in the 2008 Announcement, a sum of RMB50 million (equivalent to approximately HK\$56.18 million) had been paid as initial deposit by the Purchaser to the Vendor as the Deposit (if the 2008 Acquisition is completed, as part of the consideration). After preliminary discussion with the Vendor, it was agreed that the Deposit should be repaid to the Purchaser or any other subsidiaries of the Company by no later than 1 June 2009, unless further extended by the Company (through the Purchaser).

(B) CHANGE OF USE OF PROCEEDS

As disclosed in the announcement of the Company dated 15 October 2008, the Company and Cinda International Capital Limited (as placing agent) entered into the Placing Agreement in relation the Placing, and the net proceeds from the Placing of approximately HK\$7.789 million were intended to be used as the partial payment of the consideration for the 2008 Acquisition. As announced by the Company on 25 February 2009, completion of the Placing took place on 25 February 2009.

As at the date of this announcement, the net proceeds from the Placing of approximately HK\$7.789 million have yet to be utilised. Due to the termination of the 2008 Acquisition Agreement as disclosed in the paragraphs above, the Board proposes to change the use of proceeds from the Placing and apply the net proceeds as general working capital of the Company and its subsidiaries and/or funding for investment when opportunities arise. As at the date of this announcement, the Directors do not identify any potential investment opportunity.

The Board considers that the aforesaid change of use of proceeds is in the interests of the Company and the shareholders of the Company as a whole.

TERMS USED IN THIS ANNOUNCEMENT

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

“2008 Acquisition”	the acquisition of the entire issued share capital in, and the shareholder’s loans to, the 2008 Target pursuant to the terms and conditions of the 2008 Acquisition Agreement and the related supplemental agreement and extension agreements
“2008 Acquisition Agreement”	the agreement dated 10 June 2008 and entered into between the Purchaser and the Vendor in respect of the 2008 Acquisition (and supplemented by the supplemental agreement dated 27 August 2008) as announced by the Company on 19 September 2008 and the related extension agreements as announced on 10 October 2008 and 27 February 2009

“2008 Announcement”	announcement of the Company dated 19 September 2008 in relation to the 2008 Acquisition
“2008 Target”	Agortex Development Limited, a company incorporated in the British Virgin Islands, and at as the date of the 2008 Announcement, wholly and beneficially owned by the Vendor
“2008 Target Mines”	two iron mining sites located at Chengde County, Chengde City, Hebei Province, the PRC with an area of 70,600 square meters and 6.46 square kilometers respectively as referred to in the 2008 Announcement
“Board”	the board of Directors
“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 of Hong Kong Limited
“Deposit”	the initial deposit of RMB50 million (equivalent to approximately HK\$56.18 million) paid by the Purchaser to the Vendor on the date of the 2008 Acquisition Agreement, as partial consideration for the 2008 Acquisition
“Directors”	directors of the Company
“Placing”	placing of 257,230,000 new Shares pursuant to the terms of the Placing Agreement as announced on 15 October 2008
“Placing Agreement”	the conditional placing agreement dated 15 October 2008 and entered into between the Company and Cinda International Capital Limited (as placing agent) (which was supplemented by a few supplemental agreements made between the same parties) in relation to 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
“Purchaser”	Sino Prosper Minerals Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company and the purchaser named under the 2008 Acquisition Agreement

“Termination Deed”	the termination deed dated 11 May 2009 and entered into between the Purchaser and the Vendor in relation to the termination of the 2008 Acquisition Agreement
“Vendor”	Mr Leung Ngai Man, the Chairman of the Company and an executive Director, being the vendor under the 2008 Acquisition Agreement
“WFOE”	中盈連(大連)實業有限公司 (Zhonglianying (Dalian) Industry Co., Ltd.), a wholly foreign owned enterprise established under the PRC laws on 3 March 2008
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 11 May 2009

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 Wei Lun and Dr. Leung Wai Cheung.