



Sino Prosper Holdings Limited
中盈控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 766)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The board (“Board”) of directors (the “Directors”) of Sino Prosper Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2008 together with comparative figures for the previous year, which have been reviewed by the audit committee of the Company, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000
Continuing operations			
Revenue	3	84,714	20,138
Cost of sales		(84,405)	(19,334)
Gross profit		309	804
Other income and gains	5	5,292	6,661
General and administrative expenses		(33,376)	(131,300)
Finance costs		(40)	(40)
Loss before tax		(27,815)	(123,875)
Income tax expense	6	—	—
Loss for the year from continuing operations		(27,815)	(123,875)
Discontinued operations			
Result for the year from discontinued operations	7	—	—
Loss for the year	8	(27,815)	(123,875)
Attributable to:			
Equity holders of the Company		(27,398)	(122,173)
Minority interests		(417)	(1,702)
		(27,815)	(123,875)
Loss per share			
From continuing and discontinued operations	10		
Basic and diluted (HK cents per share)		2.13	9.91
From continuing operations			
Basic and diluted (HK cents per share)		2.13	9.91

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Property, plant and equipment		<u>988</u>	<u>586</u>
Current assets			
Trade and other receivables	11	22,703	17,269
Amounts due from minority shareholders		3,548	3,698
Bank balances and cash		<u>270,413</u>	<u>258,960</u>
		<u>296,664</u>	<u>279,927</u>
Current liabilities			
Trade and other payables	12	25,389	15,397
Obligation under a hire-purchase contract		<u>186</u>	<u>186</u>
		<u>25,575</u>	<u>15,583</u>
Net current assets		<u>271,089</u>	<u>264,344</u>
Total assets less current liabilities		<u>272,077</u>	<u>264,930</u>
Non-current liabilities			
Obligation under a hire-purchase contract		<u>124</u>	<u>311</u>
Net assets		<u><u>271,953</u></u>	<u><u>264,619</u></u>
Capital and reserves			
Share capital		12,862	12,742
Share premium and reserves		<u>257,586</u>	<u>250,362</u>
Equity attributable to equity holders of the Company		270,448	263,104
Minority interests		<u>1,505</u>	<u>1,515</u>
Total equity		<u><u>271,953</u></u>	<u><u>264,619</u></u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, a number of new standard, amendment and interpretations (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning 1 April 2007. The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

		<i>Notes</i>
HKAS 1 (Revised)	Presentation of Financial Statements	1
HKAS 23 (Revised)	Borrowing Costs	1
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	2
HKAS 32 & HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation	1
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations	1
HKFRS 3 (Revised)	Business Combinations	2
HKFRS 8	Operating Segments	1
HK(IFRIC)-Int 12	Service Concession Arrangements	3
HK(IFRIC)-Int 13	Customer Loyalty Programmes	4
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	3

Notes:

1. Effective for annual periods beginning on or after 1 January 2009
2. Effective for annual periods beginning on or after 1 July 2009
3. Effective for annual periods beginning on or after 1 January 2008
4. Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from sales of copper concentrate powder	82,813	16,074
Revenue from sales of fuel oil	1,901	–
Revenue from sales of asphaltic rocks	–	4,064
	<hr/> 84,714 <hr/>	<hr/> 20,138 <hr/>

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segmental information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Business segments

	Continuing operations		Discontinued operations		Total	
	Energy and natural resources		Property development and management			
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
REVENUE						
External sales	<u>84,714</u>	<u>20,138</u>	<u>-</u>	<u>-</u>	<u>84,714</u>	<u>20,138</u>
RESULTS						
Segment results	(14,039)	(7,441)	-	-	(14,039)	(7,441)
Unallocated income and gains					5,292	6,661
Unallocated corporate expenses					(19,028)	(123,055)
Finance costs					(40)	(40)
Loss before tax					(27,815)	(123,875)
Income tax expense					-	-
Loss for the year					<u>(27,815)</u>	<u>(123,875)</u>
ASSETS						
Segment assets	16,537	10,296	-	-	16,537	10,296
Unallocated corporate assets					281,115	270,217
Consolidated total assets					<u>297,652</u>	<u>280,513</u>
LIABILITIES						
Segment liabilities	13,721	3,350	10,364	10,364	24,085	13,714
Unallocated corporate liabilities					1,614	2,180
Consolidated total liabilities					<u>25,699</u>	<u>15,894</u>
OTHER INFORMATION						
Capital additions	895	101	-	-	895	101
Depreciation	102	122	-	-	102	122
Corporate and other unallocated amounts					230	378
					<u>332</u>	<u>500</u>

Geographical segments

	Hong Kong		PRC		Other Asia Pacific countries		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	-	4,064	84,714	16,074	-	-	84,714	20,138
Carrying amounts of segment assets	4,887	15,312	288,940	261,090	3,825	4,111	297,652	280,513
Additions to property, plant and equipment	-	-	885	-	10	101	895	101

5. OTHER INCOME AND GAINS

	2008 HK\$'000	2007 HK\$'000
Interest income on bank deposits	2,600	1,187
Net foreign exchange gains	2,406	5,474
Sundry income	286	-
	<u>5,292</u>	<u>6,661</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made as the Company and its subsidiaries had no assessable profits derived from or arising in Hong Kong for the years ended 31 March 2007 and 2008.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 33% (2007: 33%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008.

The tax charge for the year can be reconciled to the loss per the consolidated income statement as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss before tax	<u>(27,815)</u>	<u>(123,875)</u>
Tax at Hong Kong profits tax rate of 17.5% (2007: 17.5%)	(4,868)	(21,678)
Tax effects of income not taxable for tax purpose	(255)	(1,073)
Tax effects of expenses not deductible for tax purpose	637	18,603
Tax effect of deductible temporary differences not recognized	6	30
Tax effect of estimated tax losses not recognized	4,565	4,169
Utilization of tax losses previously not recognized	<u>(85)</u>	<u>(51)</u>
Tax charge for the year	<u>-</u>	<u>-</u>

No deferred tax assets and liabilities are recognized in the financial statements as the Group and the Company did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at 31 March 2007 and 2008.

7. DISCONTINUED OPERATIONS

The Group discontinued the operations of property development and management in the PRC during the year ended 31 March 2007. The discontinuance was effected in order to streamline the operations of the Group to focus on its core businesses in investment in energy and natural resources related projects and investment in production of raw materials for power generation and construction of highways in the PRC and other countries. For the years ended 31 March 2007 and 2008, no revenue, expenses and cash flows were attributable to these discontinued operations.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Employee benefits expense (including directors' emoluments)		
– Salaries and other benefits	7,237	7,053
– Equity-settled share-based payments	–	103,721
– Contributions to defined contribution retirement benefits schemes	71	68
	<u>7,308</u>	<u>110,842</u>
Depreciation for property, plant and equipment		
– Owned assets	234	206
– Leased assets	98	294
	<u>332</u>	<u>500</u>
Operating lease rentals in respect of land and buildings	1,750	1,498
Auditors' remuneration	600	480
Expense in relation to share options granted to consultants	500	1,010
	<u>500</u>	<u>1,010</u>

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year (2007: Nil).

10. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to equity holders of the Company)	<u>27,398</u>	<u>122,173</u>

Number of shares

	2008	2007
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,283,796,035</u>	<u>1,232,969,892</u>

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company	27,398	122,173
Less: Loss for the year from discontinued operations	<u>—</u>	<u>—</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u>27,398</u>	<u>122,173</u>

The computation of diluted loss per share did not assume the exercise of the Company's share options granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivable	4,064	4,064	—	—
Prepayments, deposits and other receivables	<u>18,639</u>	<u>13,205</u>	<u>12</u>	<u>272</u>
	<u>22,703</u>	<u>17,269</u>	<u>12</u>	<u>272</u>

The Group allows an average credit period ranging from 90 to 120 days to its trade customers. Trade receivable is non-interest-bearing. The following is an aged analysis of trade receivable at the balance sheet date:

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 – 90 days	—	4,064
Over 1 year	<u>4,064</u>	<u>—</u>

Included in the Group's trade receivable balance is a debtor with a carrying amount of approximately HK\$4,064,000 (2007: Nil) which is past due at the reporting date for which the Group has not provided for impairment loss. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable. The Group does not hold any collateral over this balance.

The aged analysis of trade receivable which is past due but not impaired is as follows:

	Group	
	2008	2007
	HK\$'000	HK\$'000
Over 1 year	4,064	–

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	228	228	–	–
Other payables and accruals	25,161	15,169	1,015	1,295
	25,389	15,397	1,015	1,295

The following is an aged analysis of trade payables at the balance sheet date:

	Group	
	2008	2007
	HK\$'000	HK\$'000
0 – 90 days	–	228
Over 1 year	228	–

The trade payables and other payables are non-interest-bearing.

BUSINESS REVIEW

For the year ended 31 March 2008, the Group recorded total turnover of approximately HK\$84,714,000 which comprises of a turnover of (i) approximately HK\$1,901,000 from the sale of fuel oil (year ended 31 March 2007: Nil) and (ii) approximately HK\$82,813,000 from the sale of copper concentrate powder (year ended 31 March 2007: approximately HK\$16,074,000). For the year ended 31 March 2007, the Group recorded a turnover of approximately HK\$4,064,000 from the sale of asphaltic rocks. Total turnover of the Group increased by approximately 321% as compared to last year. For the year ended 31 March 2008, the Group's net loss attributable to shareholders was approximately HK\$27,398,000 (year ended 31 March 2007: approximately HK\$122,173,000).

The Group has been transforming to focus its development on energy and resources businesses, which are still at the developing stage. The following sets out briefly the progress of these projects.

1. CNPC Sino Prosper Petroleum and Gas Company Ltd (“CNPC”)

CNPC, a 95%-owned subsidiary of the Group, has been established with the approval of the Ministry of Commerce of the PRC and has obtained a business licence granted by the Guangdong Administration for Industry and Commerce in 2007. CNPC is principally engaged in the wholesale and commission agency of fuel oil and related supporting and consultation services in the PRC. The business of wholesale of fuel oil has already been carried out during the year.

2. Indonesia-Bitumen Joint Venture Extraction Project

P.T. Sino Prosper Indocarbon (“Indocarbon”), a 65%-owned joint venture of the Group, has been actively engaged in mineral resources exploration project in Indonesia. Indocarbon owns the right to carry out general exploration in bitumen mines covering a total of 22,076 hectares of land in Buton, Indonesia, and has been granted four licences by the Government of the Buton Administrative Region to conduct regional detailed exploration work within the exploratory area. These licences are valid for three years and can be extended for another two years upon expiry.

3. Hainan Tairui Mining Development Company Limited (“Hainan Tairui”)

Hainan Tairui, a 95%-owned subsidiary of the Company, has the requisite licence for processing of minerals and for the mining, smelting as well as the sales of ferrous and non-ferrous products in the PRC. In 2007, Hainan Tairui set up a branch in Yunnan, the PRC which was granted a licence to engage in the sale of ferrous and non-ferrous products. The Yunnan Branch has been engaged in the trading of copper concentrate powder since its establishment.

OUTLOOK AND NEW DEVELOPMENTS

The Group will continue to take a prudent yet proactive approach and focus on seeking investment opportunities of energy and resources-related projects to capture the business opportunities arising from China’s rapid economic development.

FINANCIAL REVIEW

Net assets

As at 31 March 2008, the Group recorded total assets of approximately HK\$297,652,000 (as at 31 March 2007: approximately HK\$280,513,000), and recorded liabilities of approximately HK\$25,699,000 (as at 31 March 2007: approximately HK\$15,894,000). The Group’s net asset value as at 31 March 2008 increased by 2.77% to approximately HK\$271,953,000 as compared to approximately HK\$264,619,000 as at 31 March 2007.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows. For the year ended 31 March 2008,

- (i) 12,000,000 shares were issued upon the exercise of share options at an exercise price of HK\$0.455 per share, giving rise to an aggregate of net proceeds of approximately HK\$5,460,000; and
- (ii) 244,000,000 warrants were issued by way of private placing pursuant to a warrant subscription agreement dated 16 May 2007 entered into between the Company and an independent investor at an issue price of HK\$0.01 per warrant, giving rise to an aggregate of net proceeds of approximately HK\$2,000,000.

As at 31 March 2008, the Group had cash and bank balances of approximately HK\$270,413,000 (as at 31 March 2007: approximately HK\$258,960,000). Its gearing ratio calculated as a ratio of interest bearing net debt to shareholders' funds was nil (as at 31 March 2007: Nil). As at 31 March 2008, net current assets totalled approximately HK\$271,089,000 (as at 31 March 2007: approximately HK\$264,344,000) and the current ratio was maintained at a level of approximately 11.60 (as at 31 March 2007: approximately 17.96).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2008, the Group mainly operated in the PRC and the majority of the Group's transactions and balances as at and for the year ended 31 March 2008 was denominated in RMB. All the sales and purchases for the year ended 31 March 2008 were denominated in RMB, which is the functional currency of the operating units making the sales and purchases. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2008, the Group employed 42 full-time employees in the PRC, Hong Kong and Indonesia. The Group remunerated its employees based on their performance, qualifications, work experience and prevailing market prices. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

Save and except as hereinafter mentioned, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2008:

(i) Code Provision A.2.1

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive officer of listed issuers should be separate and should not be performed by the same individual. The Chief Executive Officer ("CEO") of the Group has resigned with effect from 22 February 2008. Subsequent to 22 February 2008, the Company has not yet appointed any individual to fill in the post of chief executive officer and the responsibilities of the chief executive officer have been performed by the Chairman. To ensure compliance with the Code and an effective operation of the Board, the Board is actively seeking for an appropriate replacement of CEO.

(ii) Code Provision A.4.1

Pursuant to code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. However, independent non-executive Directors are not appointed for specific terms as required, but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association ("Articles") of the Company. In order to ensure compliance with the Code, the Company will arrange to fix the terms of offices of each of the independent non-executive Directors, subject to earlier determination and the re-election and rotational requirements in accordance with the Articles.

(iii) Code Provision E.1.2

Pursuant to code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. However, the Chairman of the Board was absent from the annual general meeting held on 24 August 2007 due to business matters. To ensure compliance with the Code, the Company will arrange to furnish all Directors with appropriate information on the general meetings and take all reasonable measures to arrange the schedule in such a cautious way that Directors and particularly the Chairman of the Board can confirm his attendance to the annual general meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the Company's code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2008.

AUDIT COMMITTEE

The Audit Committee was established with specific written terms of reference which are not less than the code provisions set out in the Code. The Audit Committee is responsible for reviewing and supervising the financial reporting processes and internal control system of the Group and providing advice on the financial and accounting policies and practices of the Group and ensuring the Group's financial statements and auditors' reports present a true and balanced assessment of the Group's financial position.

The annual consolidated results of the Group for the year ended 31 March 2008 have been reviewed by the Audit Committee.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2008 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the website of the Company at <http://www.sinoproper.com>. An annual report for the year ended 31 March 2008 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

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

Hong Kong, 28 July 2008

As at the date of this announcement, Mr. Leung Ngai Man, Mr. Wong Wa Tak and Yeung Kit are the executive Directors. Mr. Cai Wei Lun, Mr. Chan Sing Fai and Dr. Leung Wai Cheung are the independent non-executive Directors.