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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)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009**

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 2009 together with comparative figures for the previous year, which have been reviewed by the audit committee of the Board, as follows:

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 March 2009*

	<i>Notes</i>	<b>2009</b> <b>HK\$’000</b>	2008 <i>HK\$’000</i>
Revenue	3	<b>31,335</b>	84,714
Cost of sales		<u>(30,774)</u>	<u>(84,405)</u>
Gross profit		<b>561</b>	309
Other income and gains	5	<b>6,147</b>	5,292
General and administrative expenses		<b>(16,275)</b>	(33,376)
Finance costs		<u>(40)</u>	<u>(40)</u>
Loss before tax		<b>(9,607)</b>	(27,815)
Income tax expense	6	<u>(355)</u>	–
<b>Loss for the year</b>	7	<b><u>(9,962)</u></b>	<b><u>(27,815)</u></b>
Attributable to:			
Equity holders of the Company		<b>(9,764)</b>	(27,398)
Minority interests		<u>(198)</u>	<u>(417)</u>
		<b><u>(9,962)</u></b>	<b><u>(27,815)</u></b>
<b>Loss per share</b>	9		
Basic and diluted (HK cents per share)		<b><u>0.74</u></b>	<b><u>2.13</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<u>733</u>	<u>988</u>
<b>Current assets</b>			
Trade and other receivables	10	81,870	22,703
Amounts due from minority shareholders		2,815	3,548
Bank balances and cash		<u>230,232</u>	<u>270,413</u>
		<u>314,917</u>	<u>296,664</u>
<b>Current liabilities</b>			
Trade and other payables	11	40,951	25,389
Obligation under a hire-purchase contract		124	186
Tax liabilities		<u>355</u>	<u>–</u>
		<u>41,430</u>	<u>25,575</u>
<b>Net current assets</b>		<u>273,487</u>	<u>271,089</u>
Total assets less current liabilities		<u>274,220</u>	<u>272,077</u>
<b>Non-current liabilities</b>			
Obligation under a hire-purchase contract		<u>–</u>	<u>124</u>
<b>Net assets</b>		<u><u>274,220</u></u>	<u><u>271,953</u></u>
<b>Capital and reserves</b>			
Share capital		15,674	12,862
Share premium and reserves		<u>257,461</u>	<u>257,586</u>
Equity attributable to equity holders of the Company		273,135	270,448
Minority interests		<u>1,085</u>	<u>1,505</u>
<b>Total equity</b>		<u><u>274,220</u></u>	<u><u>271,953</u></u>

Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

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 the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had 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 not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

		<i>Notes</i>
HKFRSs (Amendments)	Improvements to HKFRSs	<i>1</i>
HKFRSs (Amendments)	Improvements to HKFRSs 2009	<i>2</i>
HKAS 1 (Revised)	Presentation of Financial Statements	<i>3</i>
HKAS 23 (Revised)	Borrowing Costs	<i>3</i>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	<i>4</i>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation	<i>3</i>

HKAS 39 (Amendment)	Eligible Hedged Items	4
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	3
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations	3
HKFRS 3 (Revised)	Business Combinations	4
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments	3
HKFRS 8	Operating Segments	3
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives	5
HK(IFRIC)-Int 13	Customer Loyalty Programmes	6
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate	3
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation	7
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners	4
HK(IFRIC)-Int 18	Transfers of Assets from Customers	8

*Notes:*

1. Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2. Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3. Effective for annual periods beginning on or after 1 January 2009
4. Effective for annual periods beginning on or after 1 July 2009
5. Effective for annual periods ending on or after 30 June 2009
6. Effective for annual periods beginning on or after 1 July 2008
7. Effective for annual periods beginning on or after 1 October 2008
8. Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The Directors anticipate that the application of the other new and revised standards, amendments 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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue from sales of copper concentrate powder	–	82,813
Revenue from sales of fuel oil and chemicals	<b>21,817</b>	1,901
Revenue from sales of steel products	<b>9,518</b>	–
	<b>31,335</b>	<b>84,714</b>

### 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segment 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

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

For the years ended 31 March 2008 and 2009, all the Group's revenue is derived from the Group's operations in the 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. Accordingly, no further segment information is presented.

#### Geographical segments

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

For the years ended 31 March 2008 and 2009, all the Group's revenue is derived from customers based in the PRC. Accordingly, no further analysis of the Group's segment revenue by geographical area is presented. An analysis of the Group's assets and capital expenditure by geographical segments is as follows:

	Hong Kong		PRC		Other Asia Pacific countries		Total	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Carrying amounts of segment assets	<b>1,524</b>	4,887	<b>311,250</b>	288,940	<b>2,876</b>	3,825	<b>315,650</b>	297,652
Additions to property, plant and equipment	<b>7</b>	–	<b>22</b>	885	–	10	<b>29</b>	895

## 5. OTHER INCOME AND GAINS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest income on bank deposits	1,321	2,600
Net foreign exchange gains	3,476	2,406
Sundry income	1,350	286
	<u>6,147</u>	<u>5,292</u>

## 6. INCOME TAX EXPENSE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	<u>355</u>	<u>—</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2008: 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 2008 and 2009.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2008: 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 changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards.

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss before tax	<u><b>(9,607)</b></u>	<u>(27,815)</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	<b>(1,585)</b>	(4,868)
Tax effects of expenses not deductible for tax purpose	<b>608</b>	637
Tax effects of income not taxable for tax purpose	<b>(614)</b>	(255)
Tax effect of deductible temporary differences not recognized	<b>3</b>	6
Tax effect of estimated tax losses not recognized	<b>1,828</b>	4,565
Utilization of tax losses not previously recognized	<b>(6)</b>	(85)
Effect of different tax rates of group entities operating in other jurisdictions	<u><b>121</b></u>	<u>–</u>
Tax charge for the year	<u><b>355</b></u>	<u>–</u>

No deferred tax assets and liabilities are recognized in the consolidated financial statements as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as at 31 March 2008 and 2009.

## 7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Employee benefits expense (including directors' emoluments)		
– Salaries and other benefits	<b>6,451</b>	7,237
– Contributions to defined contribution retirement benefits schemes	<u><b>112</b></u>	<u>71</u>
	<u><b>6,563</b></u>	<u>7,308</u>
Depreciation for property, plant and equipment		
– Owned assets	<b>293</b>	234
– Leased assets	<u>–</u>	<u>98</u>
	<u><b>293</b></u>	<u>332</u>
Operating lease rentals in respect of land and buildings	<b>1,621</b>	1,750
Auditors' remuneration	<b>520</b>	600
Expense in relation to share options granted to consultants	<u><b>1,560</b></u>	<u>500</u>

## 8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year (2008: Nil).

## 9. LOSS PER SHARE

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:

	<b>2009</b> <i>HK\$'000</i>	2008 <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><b>9,764</b></u>	<u>27,398</u>
<b>Number of shares</b>		
	<b>2009</b>	2008
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>1,314,971,514</b></u>	<u>1,283,796,035</u>

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



## 10. TRADE AND OTHER RECEIVABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables	16,962	4,064
Prepayments, deposits and other receivables	<u>64,908</u>	<u>18,639</u>
Total trade and other receivables	<u><u>81,870</u></u>	<u><u>22,703</u></u>

The Group allows an average credit period ranging from 30 to 90 days to its trade customers. Trade receivables are non-interest-bearing. The following is an aging analysis of trade receivables at the balance sheet date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 90 days	16,895	–
91 – 120 days	67	–
Over 1 year	<u>–</u>	<u>4,064</u>
	<u><u>16,962</u></u>	<u><u>4,064</u></u>

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately HK\$1,743,000 (2008: HK\$4,064,000) which are past due at the reporting date for which the Group has not provided for impairment loss. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables which are past due but not impaired are as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 90 days	1,743	–
91 – 120 days	–	–
Over 1 year	<u>–</u>	<u>4,064</u>
	<u><u>1,743</u></u>	<u><u>4,064</u></u>

Included in the balance of prepayments, deposits and other receivables of the Group as at 31 March 2009 was an initial deposit of RMB50,000,000 (equivalent to approximately HK\$56,776,000) paid by the Group upon entering into an acquisition agreement on 10 June 2008 (which was amended and supplemented by a supplemental agreement dated 27 August 2008 and made by the same parties) (the “Acquisition Agreement”). Pursuant to the Acquisition Agreement, Sino Prosper Minerals Investment Limited (“SPML”, a wholly owned subsidiary of the Company) had agreed to acquire and Mr. Leung Ngai Man (the “Vendor”, being a Director and substantial shareholder of the Company), had agreed to dispose of the entire issued capital of Agortex Development Limited (a company wholly and beneficially owned by the Vendor), at a total consideration of RMB230,000,000. On the date of the Acquisition Agreement, an aggregate amount of RMB50,000,000 (equivalent to approximately HK\$56,776,000) was paid by the SPML to the Vendor as a deposit. Subsequent to the balance sheet date, the Vendor and SPML entered into a termination deed, whereby SPML and the Vendor have mutually agreed to terminate the Acquisition Agreement with effect from 11 May 2009 in accordance with its terms.

## 11. TRADE AND OTHER PAYABLES

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade payables	<b>15,312</b>	228
Other payables and accruals	<b>25,639</b>	25,161
	<b>40,951</b>	25,389

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 90 days	<b>15,148</b>	–
91 – 120 days	<b>164</b>	–
Over 1 year	–	228
	<b>15,312</b>	228

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

## **BUSINESS REVIEW**

For the year ended 31 March 2009, the Group recorded total turnover of approximately HK\$31,335,000 which comprises a turnover of (i) approximately HK\$21,817,000 from the sale of fuel oil and chemicals (year ended 31 March 2008: HK\$1,901,000); and (ii) approximately HK\$9,518,000 from the sale of steel products (year ended 31 March 2008: approximately HK\$Nil). For the year ended 31 March 2008, the Group recorded a turnover of approximately HK\$82,813,000 from the sale of copper concentrate powder. Total turnover of the Group decreased by approximately 63% as compared to last year. Such decrease was mainly caused by the fall in turnover from the sale of copper concentrate powder. For the year ended 31 March 2009, the Group's net loss attributable to shareholders was approximately HK\$9,764,000 (year ended 31 March 2008: approximately HK\$27,398,000).

The Group has been transforming to focus its development on energy and resources businesses, which are still at a 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, 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 commenced in 2008. For the year ended 31 March 2009, a total of approximately RMB12.2 million was injected by the joint venture parties as part of its entire registered capital. During the year ended 31 March 2009, CNPC recorded a turnover of approximately RMB19.2 million (equivalent to approximately HK\$21.8 million).

### **2. Indonesia-Bitumen Joint Venture Extraction Project**

P.T. Sino Prosper Indocarbon (“Indocarbon”), a 65%-owned subsidiary of the Group, has been 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 North Buton Administrative Region to conduct regional detailed exploration work within the exploratory area. These licences are valid for three years commencing from 6 November 2007 and can be extended for another two years upon expiry.

Due to the economic downturn and significant decrease of oil price, the Group has slowed down exploration works of the relevant bitumen mines. In light of the change of economic conditions and the trend of oil price, the Group will carefully evaluate the progress of the exploration works in the second half of 2009.

### **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 the mining, smelting as well as the sales of ferrous and non-ferrous products in the PRC. Due to serious economic downturn since late 2008, customers’ demand on copper concentrate has substantially dropped. The sales teams then stopped the trading of copper concentrate powder and commenced to explore business opportunity in trading of other ferrous and non-ferrous products.

### **4. Investment and termination of investment in iron mines project in Hebei Province, the PRC**

On 10 June 2008, Sino Prosper Minerals Investment Limited (the “Purchaser”), a wholly-owned subsidiary of the Company, entered into an acquisition agreement (“2008 acquisition agreement”) (and supplemented by a supplemental agreement dated 27 August 2008) with Mr. Leung Ngai Man (the “Vendor”), an executive Director and a substantial shareholder of the Company, for the acquisition of, amongst others, Agortex Development Limited (“Agortex”), at a total consideration of RMB230 million (equivalent to HK\$258 million).

The partial consideration of RMB50 million (equivalent to approximately HK\$56.78 million) was paid by the Purchaser to the Vendor as initial deposit. The remaining consideration of RMB130 million (equivalent to approximately HK\$147.62 million) shall be payable by the Purchaser to the Vendor on completion of the acquisition; and RMB50 million (equivalent to HK\$56.78 million) shall be settled by the Purchaser procuring the Company to allot and issue up to 351,123,595 new shares at an issue price of HK\$0.16 per share on completion of the acquisition.

The sole asset of Agortex is the entire issued share capital of Fordtec Investment Limited (“Fordtec”), which owns 中連盈(大連)實業有限公司 (Zhonglianying (Dalian) Industry Co., Ltd) (“WFOE”).

The acquisition would only be completed, among others, the obtaining of a valuation report showing the value of the project of WFOE, comprising a mining portion, an exploration portion and a product processing portion, to be not less than RMB370 million.

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder of the Company. As such, the acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The acquisition also constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules.

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. 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

agreement. The Vendor and the Purchaser thus entered into a termination deed, whereby the Purchaser and the Vendor had mutually agreed to terminate the 2008 acquisition agreement with effect from 11 May 2009 in accordance with its terms. The aforesaid initial deposit of RMB50 million had been repaid by the Vendor to the Purchaser as at the date of this announcement.

## **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.

### **Proposed investment in copper and gold mines project in Heilongjiang Province, the PRC**

On 17 April 2009, Sino Prosper (States Gold) Investment Limited (the "Purchaser SG"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement ("2009 acquisition agreement") with the Vendor for the acquisition ("2009 acquisition") of Nice Think Group Limited, a company incorporated in the British Virgin Islands ("Target BVI"), at a total consideration of RMB300 million (equivalent to approximately HK\$340.9 million) (subject to adjustment). The consideration of RMB120 million (equivalent to approximately HK\$136.4 million) shall be settled by the Purchaser SG procuring the Company to issue convertible bonds to the Vendor and the remaining consideration of RMB180 million (equivalent to approximately HK\$204.5 million) shall be settled by the Purchaser SG (or the Company) to issue promissory note to the Vendor.

The sole asset of Target BVI is the entire issued capital of Victor Bright Investment Limited, a company incorporated in Hong Kong ("Target HK"), which owns 65% of the registered and paid up capital of 黑龍江中誼偉業經貿有限公司 (Heilongjiang Zhongyi Weiye Economic & Trade Co., Ltd) ("Target PRC"). The Target PRC is the holder of the exploration permit of three mines (referred to as "Target Mine No. 1, Target Mine No. 2 and Target Mine No. 3"). The predominant resources in Target Mine No. 1, Target Mine No. 2 and Target Mine No. 3 are various kinds of metals including copper and gold.

The 2009 acquisition would only be completed, amongst others, the obtaining of a valuation report showing the aggregate value of the mining rights of Target Mine No. 1 and Target Mine No. 2 to be not less than RMB500 million (equivalent to approximately HK\$568.2 million). The valuation report has not yet been issued as at the date of this announcement.

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder of the Company. As such, the 2009 acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The 2009 acquisition also constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the 2009 acquisition has not yet proceeded to completion.

## **FINANCIAL REVIEW**

### **Net assets**

As at 31 March 2009, the Group recorded total assets of approximately HK\$315,650,000 (as at 31 March 2008: approximately HK\$297,652,000), and recorded total liabilities of approximately HK\$41,430,000 (as at 31 March 2008: approximately HK\$25,699,000). The Group's net asset value as at 31 March 2009 increased by 0.83% to approximately HK\$274,220,000 as compared to approximately HK\$271,953,000 as at 31 March 2008.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flows and capital fund raising activities. For the year ended 31 March 2009,

- (i) 24,000,000 ordinary shares were issued upon the exercise of share options at an exercise price of HK\$0.03 per share, giving rise to an aggregate net proceeds of approximately HK\$720,000; and
- (ii) 257,230,000 ordinary shares were issued by way of placing of new shares pursuant to a placing agreement dated 15 October 2008 entered into between the Company and the placing agent (as supplemented by an extension agreement dated 25 November 2008 and entered into between the same parties), whereby the Company has conditionally agreed to place through the placing agent, on a best effort basis, 257,230,000 ordinary shares to not less than six places at an issue price of HK\$0.033 per share, giving rise to an aggregate net proceeds of approximately HK\$7,789,000, which are intended to be used as general working capital of the Group and funding for investments when opportunities arise. The market price of ordinary share of the Company on 15 October 2008 is HK\$0.036 per ordinary share.

As at 31 March 2009, the Group had cash and bank balances of approximately HK\$230,232,000 (as at 31 March 2008: approximately HK\$270,413,000). As at 31 March 2009 and 2008, the Group had no outstanding borrowings. Its gearing ratio calculated as a ratio of interest bearing net debt to shareholders' funds was nil (as at 31 March 2008: Nil). As at 31 March 2009, net current assets totalled approximately HK\$273,487,000 (as at 31 March 2008: approximately HK\$271,089,000) and the current ratio was maintained at a level of approximately 7.6 (as at 31 March 2008: approximately 11.6).

### **FOREIGN EXCHANGE EXPOSURE**

During the year ended 31 March 2009, the Group mainly operated in the PRC and the majority of the Group's transactions conducted during the year and balances of current assets and liabilities as at 31 March 2009 were denominated in RMB. All the sales and purchases for the year ended 31 March 2009 were denominated in RMB, which is the functional currency in 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 has been monitoring the Group's exposure to foreign exchange risks and will consider hedging significant foreign currency risks should the need arise.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2009, the Group employed 38 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.

## **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 2009:

### **(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 CEO and the responsibilities of the CEO have been performed by the chairman ("Chairman") of the Board. 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 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 26 September 2008 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 so 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 2009.

## **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 2009 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 2009 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://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 2009 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, 24 July 2009

*As of the date hereof, the executive directors of the Company are Mr. Leung Ngai Man, Mr. Ng Kwok Chu, Winfield, Mr. Wong Wa Tak and Mr. Yeung Kit and the independent non-executive directors of the Company are Mr. Cai Wei Lun, Mr. Chan Sing Fai and Dr. Leung Wai Cheung.*