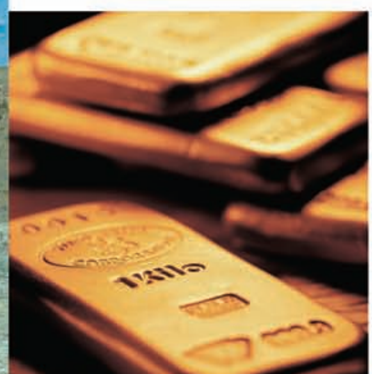
ANNUAL REPORT **2009**

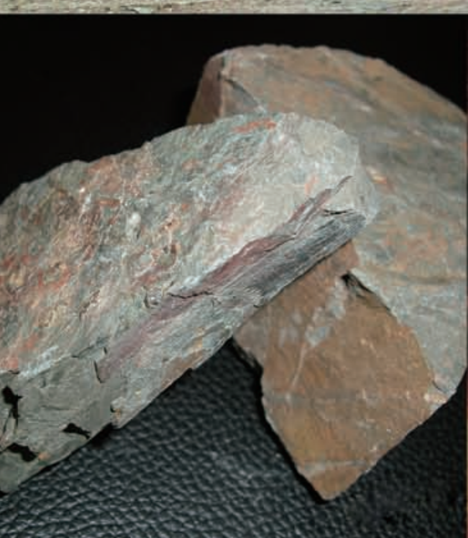
Sino Prosper Holdings Limited

中盈控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 766)





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Corporate Information

EXECUTIVE DIRECTORS

Mr. LEUNG Ngai Man *(Chairman)*
Mr. YEUNG Kit
Mr. WONG Wa Tak
Mr. NG Kwok Chu, Winfield
(appointed on 26 June 2009)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CAI Wei Lun
Mr. CHAN Sing Fai
Dr. LEUNG Wai Cheung

COMPANY SECRETARY

Ms. CHIU Ngan Ling Annie

HONG KONG LEGAL ADVISORS

Chiu & Partners

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1702-04
17th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China
Dalian Shahekou Subbranch

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Sino Prosper Holdings Limited (the "Company"), I present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2009.

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 Group, 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 Group, 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, amongst 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 annual report.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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 Group, 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 annual report.

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 annual report, 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 placees 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.

On 21 May 2008, the Company and the placing agent entered into a placing agreement ("old placing agreement") (and supplemented by a few supplemental agreements made between the same parties) whereby the Company had conditionally agreed to place through the placing agent, on a best effort basis, 257,230,000 placing shares to independent investors at an issue price of HK$0.125 per placing share ("old placing"). As the old placing did not receive glamorous feedback from potential investors under the then current market volatility, the placing agent had not successfully placed the placing shares up to 15 October 2008, being the long-stop date of the old placing agreement extended by the extension agreements. Accordingly, the old placing agreement had lapsed and the parties to the old placing agreement agreed not to proceed with the old placing.

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).

TREASURY POLICIES

The Group does not engage in any interest rates, currency speculation and operates deposit banking accounts with principal bankers in Hong Kong, the PRC and Indonesia. The interest rates of these deposit banking accounts are fixed by reference to the respective countries interbank offer rate. The Group maintains sufficient funding resources to execute its exploration and development business plans and generally takes a prudent and cautious approach to cash application and its capital commitments, particularly in respect of the Group's business in the development of energy and natural resources related projects which may require heavy investments.

Chairman's Statement

CONTINGENT LIABILITIES

As at 31 March 2009, the Group had no contingent liabilities (as at 31 March 2008: Nil).

CAPITAL COMMITMENTS

As at 31 March 2009, the Group had the following commitments which were not provided for in the financial statements:

	2009 HK$'000	2008 HK$'000
Authorised and contracted for investment in a joint venture company	**40,544**	44,587

Note: The registered capital of the joint venture company is RMB50 million which is to be contributed by Sino Prosper Gas Limited ("SPGL", a wholly owned subsidiary of the Company) as to RMB47.5 (2008: RMB47.5 million) and by Wuhan Hengsheng Shimao Petroleum Natural Gas Pipeline Engineering Company Limited as to RMB2.5 million. Approximately RMB11.8 million, equivalent to HK$12.8 million (2008: approximately RMB7.4 million, equivalent to HK$7.8 million) has been contributed by SPGL during the year ended 31 March 2009.

The joint venture company, namely 中油中盈石油燃氣銷售有限公司, was treated as a subsidiary of the Group as at 31 March 2009.

Save as disclosed above, the Company had no significant capital commitments as at the balance sheet date.

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.

CONCLUSION

On behalf of the Group, I would like to thank our business partners for their cooperation and support. I would also like to take this opportunity to thank our Board, staff and valued partners in business for their contribution and efforts throughout the year. We will continue to strive for outstanding results for the Group and better returns for our investors.

Leung Ngai Man
Chairman

Hong Kong, 24 July 2009

Management Profile

DIRECTORS

Mr. LEUNG Ngai Man, aged 48, is the founder and Chairman of the Group. He was appointed as an executive Director in 2001. He is also a director of all of the Group's subsidiaries. Mr. Leung has over 20 years' experience in the areas of trading, property development and management in the PRC. Mr. Leung was first engaged in the PRC business in 1983. Since then, he established an extensive network and relationship with numerous PRC companies and authorities. Mr. Leung is currently the Chairman and executive director of China Metal Resources Holdings Limited (stock code: 8071), the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM"). Mr. Leung is also currently the shareholder and director of Climax Park Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial Shareholders and Other Persons' Interests and Short Positions in Shares and Underlying Shares" in this annual report.

Mr. YEUNG Kit, aged 46, joined the Group in 2001. He was appointed as an executive Director in 2002. He is also a director of Sino Prosper Resources Limited, Sino Prosper Gas Limited, Joint Profit Group Limited, Konrich (Asia) Limited, Sino Prosper Medical Technology Limited, Sino Prosper LNG Limited and Sino Prosper Coal Mining Investment Limited, all being wholly-owned subsidiaries of the Company. Mr. Yeung has over 10 years' experience in the field of banking and finance, and more than 16 years' experience in the area of China trade and investment.

Mr. WONG Wa Tak, aged 46, joined the Group in 2005. He was appointed as an executive Director in 2005. He is also a director of Sino Prosper Resources Limited, Sino Prosper Gas Limited and P.T. Sino Prosper Indocarbon, all being subsidiaries of the Company. Mr. Wong graduated from The Hong Kong Polytechnic University. He obtained a Master's Degree of Science in Corporate Governance & Directorship from The Hong Kong Baptist University. He has extensive experience in the shipping industry for over 10 years, particularly in bulk cargo transportation for petroleum products, chemicals and gas cargoes. Since 1993, he has concentrated on equity investment and business development in the PRC. For the past 16 years, Mr. Wong has been involved in numerous merger and acquisition transactions, covering sectors of real estate development, power plants, toll roads and mining business. Mr. Wong also has experience in the usage of asphalt for toll road/high way construction and maintenance.

Mr. Ng Kwok Chu, Winfield, aged 51, joined the Group as an executive Director in 2009. Mr. Ng has over 20 years' experience in consumer and commercial finance in the markets of Hong Kong and the PRC. Mr. Ng is currently an executive Director of China Metal Resources Holdings Limited (stock code: 8071), a company listed on the GEM and an independent non-executive Director of Long Success International (Holdings) Limited (stock code: 8017), a company listed on the GEM. Mr. Ng was an independent non-executive Director of The Quaypoint Corporation Limited (stock code: 2330), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Main Board") from September 2006 to November 2008.

Mr. CAI Wei Lun, aged 54, joined the Group in 2004. He was appointed as an independent non-executive Director in 2004 and has over 20 years' experience in the property development sector in the PRC.

Mr. CHAN Sing Fai, aged 53, joined the Group in 2002. He was appointed as an independent non-executive Director in 2002. He obtained a Master's Degree in Business Administration from The Chinese University of Hong Kong in 1981. He is also the chairman of Finnex Development Limited. Mr. Chan has about 27 years' experience in property development and management. Mr. Chan is also an executive director of China Outdoor Media Group Limited (previously known as eCyberChina Holdings Limited) (stock code: 0254), the shares of which are listed on the Main Board. He was an independent non-executive Director of China Metal Resources Holdings Limited (stock code: 8071), a company listed on the GEM.

Management Profile

Mr. Leung Wai Cheung, aged 44, is an independent non-executive Director of the Company. He joined the Group in 2004. He is currently the chief financial officer of FlexSystem Holdings Limited (stock code: 8050), a company listed on the GEM and the independent non-executive director of Wing Hing International (Holdings) Limited (stock code: 0621), Mobicon Group Limited (stock code: 1213) and United Gene High-Tech Group Limited (previously known as Far East Pharmaceutical Technology Company Limited) (stock code: 0399), which are companies listed on the Main Board. Dr. Leung is also an independent non-executive director of China Metal Resources Holdings Limited (stock code: 8071), the shares of which are listed on the GEM. Dr. Leung is qualified accountant and chartered secretary with over 22 years of experience in accounting. He graduated from Curtin University with a Bachelor's degree in commerce majoring in accounting and subsequently obtained a postgraduate diploma in corporate administration, Master of Professional Accounting from The Hong Kong Polytechnic University, Doctor of Philosophy degree in Management from The Empresarial University of Costa Rica and Doctor of Education in educational management from Bulacan State University. He is an associate member of each of the Hong Kong Institute of Certified Public Accountants, CPA Australia, the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute Secretaries and the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants. He is also a professor of European University. Dr. Leung is also a visiting lecturer of The Open University of Hong Kong (LiPACE) and The University of Hong Kong (SPACE).

SENIOR MANAGEMENT

Mr. Kingston Lee, aged 50, joined the Group in 2006. Mr. Lee is the Chief Operating Officer of the Company. Mr. Lee has over 23 years' experience in the areas of management of project development, toll road, gold mining, real estate and logistics in the PRC and overseas. Mr. Lee has held various senior positions in companies of the above fields in Hong Kong and overseas listed companies.

Ms. CHIU Ngan Ling Annie, aged 41, joined the Group as Company Secretary in 2006. Ms. Chiu holds a Bachelor's degree in Arts majoring in Accountancy from The Hong Kong Polytechnic University. She has over 18 years' experience in the field of auditing, accounting, finance and company secretarial administration. She is a fellow member of The Association of Chartered Certified Accountants, an associate member of Hong Kong Institute of Certified Public Accountants and a member of Hong Kong Securities Institute.

Ms. WU Wei Hua, aged 38, joined the Group in 1996. Ms. Wu is the Finance Manager of the Group in the PRC. Ms. Wu holds a Bachelor degree in Textile Engineering from the Donghua University in the PRC. Ms. Wu has more than 13 years' experience in the accounting field.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Sino Prosper Holdings Limited (the "Company") is committed to maintaining high standard of corporate governance practices required of publicly listed companies in Hong Kong. The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The board ("Board") of directors ("Directors") of the Company periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. Save and except as hereinafter mentioned, the Company has complied with the Code 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.

BOARD OF DIRECTORS

The composition of the Board for the year ended 31 March 2009 and up to the date of this annual report was as follows:

Executive Directors

Mr. Leung Ngai Man *(Chairman)*
Mr. Yeung Kit
Mr. Wong Wa Tak
Mr. Ng Kwok Chu, Winfield (appointed on 26 June 2009)

Corporate Governance Report

Independent Non-executive Directors

Mr. Cai Wei Lun
Mr. Chan Sing Fai
Dr. Leung Wai Cheung

The biographical details of the Directors are set out on pages 7 to 8 of this annual report. The Board possesses a balance of skills and experience which is appropriate for the requirements of the business of the Group. The opinions raised by the independent non-executive Directors in the Board meetings facilitate the maintenance of good corporate governance practices. A balanced composition of executive and independent non-executive Directors also provides a strong independent element on the Board, which allows for independent and objective decision making in the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the three independent non-executive Directors to be independent.

As at the date of this annual report, there is no financial relationship between any of the Directors and the members of the senior management, nor is there any business, family or other material or relevant relationships among the members of the Board.

BOARD MEETINGS

It is intended that regular Board meetings should be held at least four times a year, at approximately quarterly intervals to discuss and formulate the overall strategies of the Group, to approve annual and interim results, as well as to review the business operation and the internal control system of the Group. The meeting schedule will be fixed at the beginning of each year. Apart from these regular Board meetings, the Board will meet on other occasions when a board-level decision on a particular matter is required, such as material contracts and transactions as well as other significant policy and financial matters. The Board has delegated the power to oversee the daily operational matters of the Group to senior management under the supervision of the Board.

For the year ended 31 March 2009, 14 Board meetings were held and the individual attendance of Directors is set out below:–

Executive Directors	**Attendance**
Mr. Leung Ngai Man	13/14
Mr. Yeung Kit	14/14
Mr. Wong Wa Tak	4/14
Independent Non-executive Directors	
Mr. Cai Wei Lun	13/14
Mr. Chan Sing Fai	3/14
Dr. Leung Wai Cheung	14/14

The Directors attended Board meetings in person or through electronic means in accordance with the Articles.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the Chairman and the CEO, in that the Chairman is primarily responsible for overseeing the operation of the Board, while the CEO is mainly responsible for managing the day-to-day operations of the Group. The Chairman is Mr. Leung Ngai Man throughout the year. Since the resignation of the previous CEO in February 2008, the responsibilities of the CEO have been performed by the Chairman, Mr. Leung Ngai Man. The Board is actively seeking for an appropriate replacement of CEO.

Corporate Governance Report

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee.

The Board is empowered under the Articles to appoint any person as a Director either to fill a casual vacancy or as an additional member of the Board. New Directors appointed by the Board must retire and be re-elected at the first general meeting after his appointment under the requirements of the Articles.

The selection criteria of new Directors are mainly based on the professional qualification and experience of the candidate for directorship. Nomination procedure has been in place, pursuant to which (i) an interview/meeting will be conducted with the candidates for Directors; and (ii) Board meeting may be held to consider, if thought fit, to approve the appointment of the new Directors. The Chairman of the Board is responsible for nominating any suitable person to join the Board if considered necessary, such nomination will have to be approved by the Board.

REMUNERATION COMMITTEE

The Remuneration Committee was established with its terms of reference prepared in accordance with the provisions set out in the Code. The roles and functions of the Remuneration Committee is to make recommendation to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance, having regard to the interests of shareholders of the Company. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all executive Directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No Director or any of his associates should be involved in any decision as to his own remuneration.

The members of the Remuneration Committee are as follows:–

Mr. Chan Sing Fai	Chairman *(Independent non-executive Director)*
Mr. Cai Wei Lun	Member *(Independent non-executive Director)*
Dr. Leung Wai Cheung	Member *(Independent non-executive Director)*
Mr. Leung Ngai Man	Member *(Chairman and Executive Director)*
Mr. Yeung Kit	Member *(Executive Director)*

For the year ended 31 March 2009, no Remuneration Committee meeting was held.

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.

During the year ended 31 March 2009, two audit committee meetings were held and the individual attendance of its members is set out below:–

Independent non-executive Directors	
Mr. Chan Sing Fai *(Chairman)*	2/2
Mr. Cai Wei Lun	2/2
Dr. Leung Wai Cheung	2/2

During the aforesaid meetings, members of the audit committee reviewed the Group's annual results of 2008 and interim results of 2008 and reviewed the internal control system of the Group. One of the aforesaid meetings was convened in the presence of the Company's auditors.

AUDITORS' REMUNERATION

During the year, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

Services rendered	**Fees paid/payable** *(HK$'000)*
Audit services	520
Non-audit services	–

ACCOUNTABILITY

The Directors acknowledge their responsibility for preparing the accounts for the year ended 31 March 2009 which were prepared in accordance with statutory requirements and applicable accounting standards. The Company's auditors acknowledge their reporting responsibilities in the auditors' report on the financial statements for the year ended 31 March 2009.

There were no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for the year ended 31 March 2009.

INTERNAL CONTROLS

The Board has conducted interim and annual review of the effectiveness of the internal control system of the Group covering the financial, operational, compliance controls and risk management functions. In addition, the Board has considered the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget. The Internal control system is designed to provide reasonable, but not absolute assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

Directors' Report

The directors (the "Directors") of Sino Prosper Holdings Limited (the "Company") present their annual report and the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are investment holding, investment in energy and natural resources related projects and investment in production of raw materials for power generation and construction of highways in the People's Republic of China ("PRC") and other countries. Details of the subsidiaries are set out in note 17 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 March 2009 and the state of affairs of the Group as at that date are set out on pages 22 to 63 of this annual report.

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 March 2009.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 64 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year are set out in notes 23, 24 and 27 respectively, to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on page 26 and in note 26 to the financial statements, respectively.

Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the distribution or payment of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 March 2009, the reserves of the Company available for distribution to shareholders amounted to approximately HK$37,566,000 (2008: approximately HK$43,680,000).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 86.2% of the total sales for the year and sales to the largest customer included therein amounted to 39.5%. Purchases from the Group's five largest suppliers accounted for 76.0% of the total purchases for the year and purchases from the largest supplier included therein amounted to 39.9%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's largest customer or supplier.

Directors' Report

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors:
Mr. LEUNG Ngai Man *(Chairman)*
Mr. YEUNG Kit
Mr. WONG Wa Tak
Mr. NG Kwok Chu, Winfield (appointed on 26 June 2009)

Independent non-executive Directors:
Mr. CAI Wei Lun
Mr. CHAN Sing Fai
Dr. LEUNG Wai Cheung

In accordance with Article 108(A) of the articles of association ("Articles") of the Company, Mr. Leung Ngai Man, an executive Director and chairman of the Company, and Mr. Cai Wei Lun, an independent non-executive Director, will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting ("Annual General Meeting") of the Company.

In accordance with Article 112 of the Articles, Mr. Ng Kwok Chu, Winfield who was appointed as an executive Director with effect from 26 June 2009 by the Board, shall hold office only until the Annual General Meeting and being eligible, offer himself for re-election at the Annual General Meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 7 to 8 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Leung Ngai Man has entered into a service contract with the Company for an initial term of one year commencing from 1 April 2007 which was automatically renewable for the successive terms of one year but not more than an aggregate of three years from the date of initial commencement, unless terminated by either party giving not less than three months' notice in writing to the other party.

Mr. Yeung Kit has entered into a service contract with the Company on 1 January 2009 for an initial term of two years commencing from 1 January 2009, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Wong Wa Tak has entered into a service contract with the Company on 15 January 2009 for an initial term of two years commencing from 15 January 2009, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Ng Kwok Chu, Winfield has entered into a service contract with the Company on 25 June 2009 for an initial term of one year commencing from 26 June 2009, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Chan Sing Fai has signed an appointment letter with the Company on 1 April 2008 for an initial term of two years commencing from 1 April 2008, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Dr. Leung Wai Cheung has signed an appointment letter with the Company on 1 April 2008 for an initial term of two years commencing from 1 April 2008, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

Mr. Cai Wei Lun has signed an appointment letter with the Company on 1 April 2008 for an initial term of two years commencing from 1 April 2008, which would then be renewed thereafter on terms to be mutually agreed, unless terminated by either party giving not less than one month's notice in writing to the other party.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the related party transactions are set out in note 32 to the financial statements.

Save as disclosed above and in the section headed "Chairman's Statement – Business Review" in relation to the 2008 acquisition agreement, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in appendix 10 to the Listing Rules were as follows:–

(i) Interests and short positions in shares of the Company

	Capacity	Number of ordinary shares *(Note 1)*	Approximate percentage of total issued shares
Executive Directors:			
Leung Ngai Man	Interest of a controlled corporation	163,550,000 (L) *(Note 2)*	10.43%
Wong Wa Tak	Interest of a controlled corporation	1,600,000 (L) *(Note 3)*	0.10%

Notes:

1. The letter "L" represents the Director's long position in the shares of the Company.

2. These shares were held and beneficially owned by Climax Park Limited, a company incorporated in the British Virgin Islands and wholly owned by Leung Ngai Man. Under the SFO, Leung Ngai Man was deemed to be interested in these 163,550,000 shares.

3. These 1,600,000 shares were held and beneficially owned by Master Hill Development Ltd., a company incorporated in Hong Kong with 50% of its shareholdings held and beneficially owned by Wong Wa Tak. Under the SFO, Wong Wa Tak was deemed to be interested in these 1,600,000 shares held by Master Hill Development Ltd.

(ii) Interest in options to subscribe for shares in the Company outstanding under the share option scheme of the Company adopted on 25 April 2002

Name	Capacity	Total number of underlying shares	Approximate percentage of shareholding *(Note 1)*
Leung Ngai Man	Beneficial owner	8,000,000 *(Note 2)*	0.51%
Yeung Kit	Beneficial owner	6,400,000 *(Note 3)*	0.41%
Chan Sing Fai	Beneficial owner	800,000 *(Note 4)*	0.05%
Wong Wa Tak	Interest of a controlled corporation	3,000,000 *(Note 5)*	0.19%
Cai Wei Lun	Beneficial owner	3,400,000 *(Note 6)*	0.22%

Notes:

1. This percentage is calculated on basis of 1,567,393,158 shares of the Company in issue as at 31 March 2009 but does not take into account of any shares which may fall to be allotted and issued upon the exercise of any options or warrants which remained outstanding as at 31 March 2009.

2. Share options carrying rights to subscribe for 8,000,000 shares were granted to Leung Ngai Man on 3 January 2005 pursuant to the share option scheme.

3. Share options carrying rights to subscribe for 1,400,000 and 6,600,000 shares were granted to Yeung Kit on 1 November 2004 and 12 January 2005 respectively pursuant to the share option scheme. Yeung Kit exercised 1,600,000 share options on 7 February 2006 and as at 31 March 2009, he had 6,400,000 outstanding share options.

4. Share options carrying rights to subscribe for 800,000 shares were granted to Chan Sing Fai on 1 November 2004 pursuant to the share option scheme.

5. Share options carrying rights to subscribe for 7,000,000 shares were granted to Master Hill Development Ltd. on 29 November 2004 pursuant to the share option scheme. 50% of the shareholdings of Master Hill Development Ltd. was held and beneficially owned by Wong Wa Tak. Master Hill Development Ltd. exercised 4,000,000 share options on 8 February 2006 and as at 31 March 2009, it had 3,000,000 outstanding share options. Under the SFO, Wong Wa Tak was deemed to be interested in these 3,000,000 share options held by Master Hill Development Ltd.

6. Share options carrying rights to subscribe for 3,400,000 shares were granted to Cai Wei Lun on 8 May 2006 pursuant to the share option scheme.

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain Directors in trust for the Group, as at 31 March 2009, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in appendix 10 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares" and "Share Option Scheme" of this annual report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in and debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year and up to the date of this annual report, no Director and his associates are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses of which the Directors were nominated and appointed as directors and/or senior management to represent the interests of the Company and/or the Group.

ANNUAL CONFIRMATIONS FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange. The Company considers all of the independent non-executive Directors are independent.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2009, the interests or short positions of persons, other than a Director or chief executive of the Company, in the shares or underlyings shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO are as follows:

Name of Shareholder	**Number of ordinary share/ underlying share** *(Note 1)*	**Capacity**	**Approximate percentage of shareholding** *(Note 2)*
Climax Park Limited	163,550,000 (L)	Beneficial owner *(Note 3)*	10.43%
Tsim Wing Kong	140,330,000 (L)	*(Note 4)*	8.95%

Notes:

1. The letter "L" represents the entity's long position in the shares of the Company.

2. This percentage is calculated on the basis of 1,567,393,158 shares of the Company in issue as at 31 March 2009 but does not take into account of any shares which may fall to be allotted and issued upon the exercise of any options or warrants which remained outstanding as at 31 March 2009.

3. Climax Park Limited is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Leung Ngai Man, the Chairman and an executive Director of the Company.

4. Such information was extracted from the individual substantial shareholder notice of Tsim Wing Kong filled on 21 August 2007 as shown on the website of the Stock Exchange. However, the capacity of which these 140,330,000 shares were held was not stated in such notice. According to the notice filed by Mr. Tsim, Ms. Tsim Chan Mee Yim, being his spouse, held the long position in 4,930,000 shares in the Company.

5. According to the information as shown on the website of the Stock Exchange, each of CMEC International Trading Import & Export Co., Ltd and China National Machinery & Equipment Import & Export Corporation was interested in 80,000,000 underlying shares of the Company as at 31 March 2009.

   Climax Park Limited granted a call option to CMEC International Trading Import & Export Co., Ltd. on 19 July 2005, pursuant to which CMEC International Trading Import & Export Co., Ltd. may require Climax Park Limited to sell to it up to 80,000,000 shares. CMEC International Trading Import & Export Co., Ltd. is a company incorporated in the PRC and wholly owned by China National Machinery & Equipment Import & Export Corporation. Under the SFO, China National Machinery & Equipment Import & Export Corporation was deemed to be interested in the underlying shares of the Company under the call option.

   However, as the call option has lapsed on 19 July 2008, the call option is not shown in the table above.

Save as disclosed above, as at 31 March 2009, no person, other than Directors whose interests are set out in the section headed "Directors' interests and short positions in shares" above, had interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

EMOLUMENT POLICY

The Group's emolument policy, including salaries and bonuses, are in line with the local practices where the Company and its subsidiaries operate, and is reviewed and determined by the Directors regularly with reference to the duties, responsibility and performance of individual employees, the legal framework and the market conditions.

The emolument of the Directors will be reviewed by the Remuneration Committee of the Board. Their emoluments are determined with reference to their roles and responsibilities in the Group and the prevailing market conditions.

Details of Directors' and employees' emoluments are set out in notes 11 and 12, respectively to the financial statements.

A share option scheme was adopted by the Company on 25 April 2002 to grant share options to eligible participants for the purpose of providing incentives and rewards to those who contribute to the success of the Group's operations. Details of the share option scheme are set out in note 24 to the financial statements.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 24 to the financial statements.

As at 31 March 2009, the Company had 260,600,000 share options outstanding under the share option scheme, which represented approximately 16.63% of the Company's shares in issue as at 31 March 2009. The share options exercised during the year resulted in the issue of 24,000,000 ordinary shares of the Company.

CONTRACT OF SIGNIFICANCE

During the year, the Group did not enter into any contract of significance with the controlling Shareholder or any of its subsidiaries, nor was there any contract of significance for the provision of services to the Group by the controlling Shareholder or any of its subsidiaries.

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.

Directors' Report

TAXATION RELIEF

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float for the year ended 31 March 2009.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

AUDIT COMMITTEE'S REVIEW

The annual results of the Group for the year ended 31 March 2009 have been reviewed by the Audit Committee.

AUDITORS

The accompanying accounts were audited by Messrs. HLB Hodgson Impey Cheng.

A resolution for their reappointment as auditors of the Company will be proposed at the Annual General Meeting.

On behalf of the Board
Leung Ngai Man
Chairman

Hong Kong, 24 July 2009

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
SINO PROSPER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sino Prosper Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 63, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 24 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	5	**31,335**	84,714
Cost of sales		**(30,774)**	(84,405)
Gross profit		**561**	309
Other income and gains	7	**6,147**	5,292
General and administrative expenses		**(16,275)**	(33,376)
Finance costs	8	**(40)**	(40)
Loss before tax		**(9,607)**	(27,815)
Income tax expense	9	**(355)**	–
Loss for the year	10	**(9,962)**	(27,815)
Attributable to:			
Equity holders of the Company		**(9,764)**	(27,398)
Minority interests		**(198)**	(417)
		(9,962)	(27,815)
Loss per share	14		
Basic and diluted (HK cents per share)		**0.74**	2.13

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**733**	988
Current assets			
Trade and other receivables	*18*	**81,870**	22,703
Amounts due from minority shareholders	*19*	**2,815**	3,548
Bank balances and cash	*20*	**230,232**	270,413
		314,917	296,664
Current liabilities			
Trade and other payables	*21*	**40,951**	25,389
Obligation under a hire-purchase contract	*22*	**124**	186
Tax liabilities		**355**	–
		41,430	25,575
Net current assets		**273,487**	271,089
Total assets less current liabilities		**274,220**	272,077
Non-current liabilities			
Obligation under a hire-purchase contract	*22*	**–**	124
Net assets		**274,220**	271,953
Capital and reserves			
Share capital	*23*	**15,674**	12,862
Share premium and reserves		**257,461**	257,586
Equity attributable to equity holders of the Company		**273,135**	270,448
Minority interests		**1,085**	1,505
Total equity		**274,220**	271,953

The financial statements were approved and authorized for issue by the Board of Directors on 24 July 2009 and signed on its behalf by:

Leung Ngai Man *Director*	**Yeung Kit** *Director*

Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investments in subsidiaries	17	**78**	78
Current assets			
Other receivables	18	**–**	12
Amounts due from subsidiaries	17	**139,492**	140,818
Bank balances and cash		**1,033**	19
		140,525	140,849
Current liabilities			
Other payables	21	**1,233**	1,015
Amounts due to subsidiaries	17	**8,235**	6,795
		9,468	7,810
Net current assets		**131,057**	133,039
Net assets		**131,135**	133,117
Capital and reserves			
Share capital	23	**15,674**	12,862
Share premium and reserves	26	**115,461**	120,255
Total equity		**131,135**	133,117

Leung Ngai Man	**Yeung Kit**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Warrants reserve** HK$'000	**Share options reserve** HK$'000	**Shareholder's contribution** HK$'000	**Translation reserve** HK$'000	**Accumulated losses** HK$'000	**Total reserves** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
At 1 April 2007	12,742	209,815	–	61,115	12,640	2,939	(36,147)	250,362	1,515	264,619
Exchange differences arising on translation of foreign operations	–	–	–	–	–	26,342	–	26,342	407	26,749
Net income and expenses recognized directly in equity	–	–	–	–	–	26,342	–	26,342	407	26,749
Loss for the year	–	–	–	–	–	–	(27,398)	(27,398)	(417)	(27,815)
Total recognized income and expenses for the year	–	–	–	–	–	26,342	(27,398)	(1,056)	(10)	(1,066)
Placing of warrants *(Note 27)*	–	–	2,440	–	–	–	–	2,440	–	2,440
Recognition of equity-settled share based payments *(Note 25)*	–	–	–	500	–	–	–	500	–	500
Issue of ordinary shares upon exercise of share options *(Note 23(i))*	120	5,340	–	–	–	–	–	5,340	–	5,460
Transfer of reserves upon exercise of share options	–	120	–	(120)	–	–	–	–	–	–
At 31 March 2008	12,862	215,275	2,440	61,495	12,640	29,281	(63,545)	257,586	1,505	271,953

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Warrants reserve** HK$'000	**Share options reserve** HK$'000	**Shareholder's contribution** HK$'000	**Translation reserve** HK$'000	**Accumulated losses** HK$'000	**Total reserves** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
At 1 April 2008	12,862	215,275	2,440	61,495	12,640	29,281	(63,545)	257,586	1,505	271,953
Exchange differences arising on translation of foreign operations	–	–	–	–	–	1,768	–	1,768	(222)	1,546
Net income and expenses recognized directly in equity	–	–	–	–	–	1,768	–	1,768	(222)	1,546
Loss for the year	–	–	–	–	–	–	(9,764)	(9,764)	(198)	(9,962)
Total recognized income and expenses for the year	–	–	–	–	–	1,768	(9,764)	(7,996)	(420)	(8,416)
Issue of new shares *(Note 23 (ii))*	2,572	5,916	–	–	–	–	–	5,916	–	8,488
Transaction costs attributable to issue of new shares	–	(85)	–	–	–	–	–	(85)	–	(85)
Recognition of equity-settled share based payments *(Note 25)*	–	–	–	1,560	–	–	–	1,560	–	1,560
Issue of ordinary shares upon exercise of share options *(Note 23(iii))*	240	480	–	–	–	–	–	480	–	720
Transfer of reserves upon exercise of share options	–	240	–	(240)	–	–	–	–	–	–
At 31 March 2009	**15,674**	**221,826**	**2,440**	**62,815**	**12,640**	**31,049**	**(73,309)**	**257,461**	**1,085**	**274,220**

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Operating activities			
Loss before tax		**(9,607)**	(27,815)
Adjustments for:			
Finance costs		**40**	40
Loss on disposal of property, plant and equipment		**–**	106
Interest income		**(1,321)**	(2,600)
Depreciation		**293**	332
Equity-settled share-based payments expenses		**1,560**	500
Operating cash flows before movements in working capital		**(9,035)**	(29,437)
Trade and other receivables		**(59,167)**	(5,434)
Amounts due from minority shareholders		**733**	150
Trade and other payables		**15,562**	9,992
Cash used in operations		**(51,907)**	(24,729)
Interest received		**1,321**	2,600
Net cash used in operating activities		**(50,586)**	(22,129)
Investing activities			
Purchase of property, plant and equipment		**(29)**	(895)
Proceeds from disposal of property, plant and equipment		**–**	55
Net cash used in investing activities		**(29)**	(840)
Financing activities			
Proceeds from issue of ordinary shares	*23*	**9,123**	5,460
Proceeds from placing of warrants	*27*	**–**	2,440
Capital repayment of hire purchase obligations		**(186)**	(187)
Interest paid		**(40)**	(40)
Net cash generated by financing activities		**8,897**	7,673
Net decrease in cash and cash equivalents		**(41,718)**	(15,296)
Cash and cash equivalents at the beginning of the financial year		**270,413**	258,960
Effect of foreign exchange rate changes		**1,537**	26,749
Cash and cash equivalents at the end of the financial year		**230,232**	270,413
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**230,232**	270,413

Notes to the Financial Statements

For the year ended 31 March 2009

1. GENERAL

Sino Prosper Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

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 principal activities of the Company and its subsidiaries (the "Group") are investment holding, investment in energy and natural resources related projects and investment in production of raw materials for power generation and construction of highways in the People's Republic of China (the "PRC") and other countries.

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.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

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 of the Company 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Basis of consolidation *(continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Subsidiaries

A subsidiary is an entity that is controlled by the Company, where the Company has the power to govern the financial and operating policies of such entity so as to obtain benefits from its activities.

In the Company's balance sheet, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalized goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Goodwill *(continued)*

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognized when the goods are delivered and titled has passed.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent depreciation and impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold improvements	:	20%
Motor vehicles	:	20 – 30%
Furniture, fixtures and equipment	:	20 – 33 $^{1}/_{3}$%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognized.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below).

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognized in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity, in which cases, the exchange differences are also recognized directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized as a separate component of equity (the translation reserve). Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognized in the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. To the extent that fixed-rated bank borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflected the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation increase under that standard.

Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets (continued)

Financial assets at fair value through profit or loss
Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designed as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from minority shareholders and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL or loans and receivables.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognized in equity is removed from equity and recognized in profit or loss (see accounting policy in respect of impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets

Financial asset, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss
Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Other financial liabilities
Other financial liabilities (including obligation under a hire-purchase contract, and trade payables and other payables) are subsequently measured at amortized cost, using the effective interest method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options which are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). The impact of the revision of the original estimates during the vesting period, if any, is recognized in profit or loss with a corresponding adjustment to share options reserve.

For share options which are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the time when the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to accumulated losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Equity-settled share-based payment transactions *(continued)*

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognized as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment

The Group evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the trade and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

5. REVENUE

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

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

6. 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 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Carrying amounts of segment assets	**1,524**	4,887	**311,250**	288,940	**2,876**	3,825	**315,650**	297,652
Additions to property, plant and equipment	**7**	–	**22**	885	**–**	10	**29**	895

Notes to the Financial Statements

For the year ended 31 March 2009

7. OTHER INCOME AND GAINS

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

8. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on hire-purchase obligation	**40**	40

No interest was capitalized during the year ended 31 March 2009 (2008: Nil).

9. INCOME TAX EXPENSE

	2009 HK$'000	2008 HK$'000
Current tax:		
PRC Enterprise Income Tax	**355**	–

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.

9. INCOME TAX EXPENSE *(CONTINUED)*

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

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

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.

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

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

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the six (2008: eight) directors were as follows:

For the year ended 31 March 2009

	Fees HK$'000	**Salaries and other benefits HK$'000**	**Share-based payments HK$'000**	**Contributions to retirement benefits schemes HK$'000**	**Total HK$'000**
Executive directors					
Mr. Leung Ngai Man	**–**	**2,400**	**–**	**12**	**2,412**
Mr. Yeung Kit	**–**	**480**	**–**	**12**	**492**
Mr. Wong Wa Tak	**–**	**480**	**–**	**12**	**492**
Independent non-executive director					
Mr. Chan Sing Fai	**120**	**–**	**–**	**–**	**120**
Mr. Cai Wei Lun	**–**	**–**	**–**	**–**	**–**
Dr. Leung Wai Cheung	**120**	**–**	**–**	**–**	**120**
Total emoluments	**240**	**3,360**	**–**	**36**	**3,636**

For the year ended 31 March 2008

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors					
Mr. Leung Ngai Man	–	2,400	–	12	2,412
Mr. Yeung Kit	–	480	–	12	492
Mr. Wong Wa Tak	–	480	–	12	492
Mr. Tang Yan Tian *(resigned on 22 February 2008)*	–	440	–	11	451
Non-executive director					
Mr. Gao Shi Kui *(resigned on 15 November 2007)*	–	–	–	–	–
Independent non-executive director					
Mr. Chan Sing Fai	120	–	–	–	120
Mr. Cai Wei Lun	–	–	–	–	–
Dr. Leung Wai Cheung	120	–	–	–	120
Total emoluments	240	3,800	–	47	4,087

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the year ended 31 March 2009 (2008: Nil). There were no discretionary bonuses paid to the directors or the highest paid, non-director employees of the Group for the year ended 31 March 2009 (2008: Nil).

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2008: three) were directors of the Company whose emoluments are included in the disclosures in Note 11 above. The emoluments of the remaining two (2008: two) individuals were as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**780**	960
Contributions to retirement benefits schemes	**–**	–
	780	960

Their emoluments fell within the following bands:

	Number of employees	
	2009	2008
Nil – HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

13. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

During the year ended 31 March 2009, the total amount contributed by the Group to the schemes and charged to the consolidated income statement amounted to approximately HK$112,000 (2008: HK$71,000). At 31 March 2009, there were no forfeited contributions available for the Group to offset contributions payable in future years (2008: Nil).

14. 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:

	2009 **HK$'000**	2008 HK$'000
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to equity holders of the Company)	**9,764**	27,398

Number of shares

	2009	2008
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,314,971,514**	1,283,796,035

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.

15. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company for the year ended 31 March 2009 includes a loss of approximately HK$12,665,000 (2008: HK$18,152,000) which has been dealt with in the financial statements of the Company.

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost				
At 1 April 2007	207	980	600	1,787
Exchange adjustments	–	–	(5)	(5)
Additions	–	696	199	895
Disposals	–	–	(300)	(300)
At 31 March 2008	207	1,676	494	2,377
Exchange adjustments	–	15	(14)	1
Additions	–	–	29	29
At 31 March 2009	207	1,691	509	2,407
Depreciation and impairment				
At 1 April 2007	93	882	226	1,201
Exchange adjustments	–	3	2	5
Provided for the year	41	150	141	332
Eliminated on disposals	–	–	(149)	(149)
At 31 March 2008	134	1,035	220	1,389
Exchange adjustments	–	1	(9)	(8)
Provided for the year	42	128	123	293
At 31 March 2009	176	1,164	334	1,674
Carrying amounts				
At 31 March 2009	31	527	175	733
At 31 March 2008	73	641	274	988

The carrying amount of the motor vehicle held under a hire-purchase contract amounted to nil at 31 March 2008 and 2009.

17. INVESTMENTS IN SUBSIDIARIES

	2009 HK$'000	2008 HK$'000
The Company		
Unlisted shares, at cost	**78**	78

The amounts due from and due to subsidiaries are unsecured, interest-free and have no fixed dates of repayment.

17. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

Particulars of the Company's subsidiaries at 31 March 2009 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Sino Prosper Group Limited	British Virgin Islands	US$10,000	100%	–	Investment holding
Joint Profit Group Limited	Hong Kong	HK$2	–	100%	Provision of administrative services
Konrich (Asia) Limited	Hong Kong	HK$2	–	100%	Investment holding
P.T. Sino Prosper Indocarbon *(Note(i))*	Indonesia	US$1,250,000	–	65%	Mineral resources exploration
Sino Prosper Asphalt Investment Limited	Hong Kong	HK$1	–	100%	Investment holding and trading of asphaltic rocks
Sino Prosper Coal Mining Investment Limited	British Virgin Islands	US$1	–	100%	Investment holding
Sino Prosper (States Gold) Investment Limited	Hong Kong	HK$10	–	60%	Investment holding
Sino Prosper Gas Limited	Hong Kong	HK$2	–	100%	Investment holding
Sino Prosper Medical Technology Limited	Hong Kong	HK$2	–	100%	Investment holding
Sino Prosper LNG Limited	Hong Kong	HK$1	–	100%	Investment holding
Sino Prosper Resources Limited	Hong Kong/ PRC	HK$1	–	100%	Investment holding and trading of asphaltic rocks
Sino Prosper Management Limited	Hong Kong	HK$1	–	100%	Provision of administrative services
Sino Prosper Minerals Investment Limited	Hong Kong	HK$1	–	100%	Investment holding

17. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Sino Prosper Ethanol Development Limited	Hong Kong	HK$1	–	100%	Investment holding
Sino Prosper Re-Energy Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Sino Prosper Renewable Resources Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Dalian Haixin Investment Consultant Co., Ltd. *(Note (ii))*	PRC	US$11,930,000	–	100%	Provision of consultancy services
海南泰瑞礦產開發有限公司 *(Note (iii))*	PRC	RMB2,000,000	–	95%	Trading of copper concentrate powder and steel products
中油中盈石油燃氣銷售有限公司 *(Note (iv))*	PRC	RMB12,169,630	–	95%	Trading of fuel oil and chemicals

Notes:

(i) P.T. Sino Prosper Indocarbon is a limited liability joint venture company incorporated in Indonesia which was established by the Group and its joint venture partners pursuant to a joint venture agreement dated 25 April 2005 for the purpose of extraction of bitumen in the bitumen mine in Buton Island, Indonesia.

(ii) Dalian Haixin Investment Consultant Co., Ltd. is a wholly foreign owned enterprise established in the PRC.

(iii) 海南泰瑞礦產開發有限公司 is a limited liability company established in the PRC.

(iv) 中油中盈石油燃氣銷售有限公司 is a sino-foreign equity joint venture company established in the PRC (Note 30).

(v) None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Trade receivables	**16,962**	4,064	**–**	–
Prepayments, deposits and other receivables	**64,908**	18,639	**–**	12
Total trade and other receivables	**81,870**	22,703	**–**	12

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:

	Group	
	2009 **HK$'000**	2008 HK$'000
0 – 90 days	**16,895**	–
91 – 120 days	**67**	–
Over 1 year	**–**	4,064
	16,962	4,064

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 of the Company 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:

	Group	
	2009 **HK$'000**	2008 HK$'000
0 – 90 days	**1,743**	–
91 – 120 days	**–**	–
Over 1 year	**–**	4,064
	1,743	4,064

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.

19. AMOUNTS DUE FROM MINORITY SHAREHOLDERS

The balances at 31 March 2009 comprise amounts due from the minority shareholders of P.T. Sino Prosper Indocarbon, a 65% owned subsidiary of the Company, of approximately HK$2,815,000 (2008: HK$3,548,000). The amounts due are unsecured, interest-free and repayable on demand.

20. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and bank balances that earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 March 2009, the Group had bank balances of approximately HK$229,033,000 (2008: HK$269,960,000) which were denominated in Renminbi and placed with banks situated in the PRC. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

21. TRADE AND OTHER PAYABLES

	Group		**Company**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**15,312**	228	**–**	–
Other payables and accruals	**25,639**	25,161	**1,233**	1,015
	40,951	25,389	**1,233**	1,015

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

	Group	
	2009	2008
	HK$'000	HK$'000
0 – 90 days	**15,148**	–
91 – 120 days	**164**	–
Over 1 year	**–**	228
	15,312	228

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

22. OBLIGATION UNDER A HIRE-PURCHASE CONTRACT

The Group leases a motor vehicle under a hire-purchase contract. This lease is classified as finance lease and has remaining lease term of one year.

At 31 March 2009, the Group had total future minimum lease payments under a hire-purchase contract and its present value as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Within one year	**150**	226
After 1 year but within 2 years	**–**	150
Total minimum lease payments	**150**	376
Less: Future finance charges	**(26)**	(66)
Present value of minimum lease payments	**124**	310

	Group	
	2009 HK$'000	2008 HK$'000
Present value of minimum lease payments repayable:		
Within one year	**124**	186
After 1 year but within 2 years	**–**	124
	124	310

23. SHARE CAPITAL

Ordinary shares of HK$0.01 each:	**Number of shares**	**Amount** HK$'000
Authorized:		
Ordinary shares of HK$0.01 each		
At 31 March 2008 and 2009	**20,000,000,000**	**200,000**
Issued and fully paid:		
At 1 April 2007	1,274,163,158	12,742
Exercise of share options *(Note (i))*	12,000,000	120
At 31 March 2008 and 1 April 2008	1,286,163,158	12,862
Issue of new shares *(Note (ii))*	257,230,000	2,572
Exercise of share options *(Note (iii))*	24,000,000	240
At 31 March 2009	**1,567,393,158**	**15,674**

23. SHARE CAPITAL *(CONTINUED)*

Notes:

(i) During the year ended 31 March 2008, 12,000,000 ordinary shares were issued upon the exercise of a total of 12,000,000 share options at an exercise price of HK$0.455, giving rise to aggregate net proceed of HK$5,460,000.

(ii) On 19 September 2008, the Company announced that it had entered into the placing agreement dated 21 May 2008 (the "Placing Agreement"), which was supplemented by a few supplemental agreements, with a placing agent in relation to a placing of 257,230,000 shares at a price of HK$0.125 per share.

On 15 October 2008, the Company announced that the Placing Agreement lapsed on 15 October 2008 and the Company entered into a new placing agreement (the "New Placing Agreement") on the same day in relation to a placing of 257,230,000 shares at a price of HK$0.033 per share.

The completion of the New Placing Agreement took place on 25 February 2009 in accordance with the terms and conditions of the New Placing Agreement and an aggregate of 257,230,000 new shares have been successfully placed to not less than six placees at HK$0.033 per new share.

(iii) During the year ended 31 March 2009, 24,000,000 ordinary shares were issued upon the exercise of a total of 24,000,000 share options at an exercise price of HK$0.030, giving rise to aggregate net proceed of HK$720,000.

24. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 25 April 2002 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 14 May 2012. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties including consultants as incentives for their contributions to the development of the Group.

The total number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with an aggregate value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days from the date of the offer of grant of the share option. Options may be exercised at any time not later than 10 years from the date of grant of the share option. The exercise price is determined by the directors of the Company, and shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

24. SHARE OPTION SCHEME *(CONTINUED)*

Movements in the share options during the years ended 31 March 2008 and 2009 are as follows:

For the year ended 31 March 2009

				Number of share options				Price of the Company's shares	
Name or category of participant	Date of grant	Exercisable period	Exercise price	Outstanding and exercisable at 1 April 2008	Granted during the year	Exercised during the year	Outstanding and exercisable at 31 March 2009	At grant date of options HK$ per share	At exercise date of options HK$ per share
Mr. Leung Ngai Man	3 January 2005	3 January 2005 to 2 January 2015	HK$0.410	8,000,000	–	–	8,000,000	0.390	–
Mr. Yeung Kit	1 November 2004	1 November 2004 to 31 October 2014	HK$0.475	1,400,000	–	–	1,400,000	0.470	–
	12 January 2005	12 January 2005 to 11 January 2015	HK$0.410	5,000,000	–	–	5,000,000	0.290	–
Master Hill Development Limited *(Note (i))*	29 November 2004	29 November 2004 to 28 November 2014	HK$0.460	3,000,000	–	–	3,000,000	0.450	–
Mr. Chan Sing Fai	1 November 2004	1 November 2004 to 31 October 2014	HK$0.475	800,000	–	–	800,000	0.470	–
Mr. Cai Wei Lun	8 May 2006	8 May 2006 to 7 May 2016	HK$1.460	3,400,000	–	–	3,400,000	1.460	–
Directors				21,600,000	–	–	21,600,000		
Employees	8 May 2006	8 May 2006 to 7 May 2016	HK$1.460	23,000,000	–	–	23,000,000	1.460	–
	1 September 2006	1 September 2006 to 31 August 2016	HK$0.710	26,000,000	–	–	26,000,000	0.710	–
Consultants	23 March 2005	23 March 2005 to 22 March 2015	HK$0.340	4,000,000	–	–	4,000,000	0.340	–
	1 September 2006	1 September 2006 to 31 August 2016	HK$0.710	10,000,000	–	–	10,000,000	0.710	–
	4 September 2006	4 September 2006 to 3 September 2016	HK$0.710	6,000,000	–	–	6,000,000	0.710	–
	1 June 2007	1 June 2007 to 31 May 2017	HK$0.455	14,000,000	–	–	14,000,000	0.455	–
	17 March 2008	17 March 2008 to 16 March 2018	HK$0.150	24,000,000	–	–	24,000,000	0.130	–
	5 May 2008	5 May 2008 to 4 May 2018	HK$0.120	–	24,000,000	–	24,000,000	0.117	–

24. SHARE OPTION SCHEME *(CONTINUED)*

For the year ended 31 March 2009

				Number of share options				Price of the Company's shares	
Name or category of participant	Date of grant	Exercisable period	Exercise price	Outstanding and exercisable at 1 April 2008	Granted during the year	Exercised during the year	Outstanding and exercisable at 31 March 2009	At grant date of options HK$ per share	At exercise date of options HK$ per share
	6 May 2008	6 May 2008 to 5 May 2018	HK$0.125	–	24,000,000	–	24,000,000	0.119	–
	14 May 2008	14 May 2008 to 13 May 2018	HK$0.136	–	24,000,000	–	24,000,000	0.138	–
	15 May 2008	15 May 2008 to 14 May 2018	HK$0.137	–	24,000,000	–	24,000,000	0.136	–
	31 October 2008	31 October 2008 to 30 October 2018	HK$0.030	–	12,000,000	(12,000,000)	–	0.027	0.041
	31 October 2008	31 October 2008 to 30 October 2018	HK$0.030	–	12,000,000	(12,000,000)	–	0.027	0.048
	30 March 2009	30 March 2009 to 29 March 2019	HK$0.050	–	36,000,000	–	36,000,000	0.051	–
Total				**128,600,000**	**156,000,000**	**(24,000,000)**	**260,600,000**		
The weighted average exercise price per share				HK$0.680	HK$0.096	HK$0.030	HK$0.390		

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.045 (2008: HK$0.530).

24. SHARE OPTION SCHEME *(CONTINUED)*

For the year ended 31 March 2008

Name or category of participant	Date of grant	Exercisable period	Exercise price	Number of share options: Outstanding and exercisable at 1 April 2007	Granted during the year	Exercised during the year	Outstanding and exercisable at 31 March 2008	Price of the Company's shares: At grant date of options HK$ per share	At exercise date of options HK$ per share
Mr. Leung Ngai Man	3 January 2005	3 January 2005 to 2 January 2015	HK$0.410	8,000,000	–	–	8,000,000	0.390	–
Mr. Yeung Kit	1 November 2004	1 November 2004 to 31 October 2014	HK$0.475	1,400,000	–	–	1,400,000	0.470	–
	12 January 2005	12 January 2005 to 11 January 2015	HK$0.410	5,000,000	–	–	5,000,000	0.290	–
Master Hill Development Limited *(Note (i))*	29 November 2004	29 November 2004 to 28 November 2014	HK$0.460	3,000,000	–	–	3,000,000	0.450	–
Mr. Chan Sing Fai	1 November 2004	1 November 2004 to 31 October 2014	HK$0.475	800,000	–	–	800,000	0.470	–
Mr. Cai Wei Lun	8 May 2006	8 May 2006 to 7 May 2016	HK$1.460	3,400,000	–	–	3,400,000	1.460	–
Directors				21,600,000	–	–	21,600,000		
Employees	8 May 2006	8 May 2006 to 7 May 2016	HK$1.460	23,000,000	–	–	23,000,000	1.460	–
	1 September 2006	1 September 2006 to 31 August 2016	HK$0.710	26,000,000	–	–	26,000,000	0.710	–
Consultants	23 March 2005	23 March 2005 to 22 March 2015	HK$0.340	4,000,000	–	–	4,000,000	0.340	–
	1 September 2006	1 September 2006 to 31 August 2016	HK$0.710	10,000,000	–	–	10,000,000	0.710	–
	4 September 2006	4 September 2006 to 3 September 2016	HK$0.710	6,000,000	–	–	6,000,000	0.710	–
	1 June 2007	1 June 2007 to 31 May 2017	HK$0.455	–	26,000,000	(12,000,000)	14,000,000	0.455	0.530
	17 March 2008	17 March 2008 to 16 March 2018	HK$0.150	–	24,000,000	–	24,000,000	0.130	–
Total				**90,600,000**	**50,000,000**	**(12,000,000)**	**128,600,000**		
The weighted average exercise price per share				HK$0.855	HK$0.309	HK$0.455	HK$0.680		

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.530 (2007: HK$0.776).

24. SHARE OPTION SCHEME *(CONTINUED)*

Notes:

(i) Mr. Wong Wa Tak, who was appointed as an executive director of the Company on 14 January 2005, has beneficial interest in Master Hill Development Limited.

(ii) The total consideration received during the year from grant of share options amounted to HK$13 (2008: HK$5).

(iii) None of the share options were forfeited and expired during the years ended 31 March 2008 and 2009.

(iv) The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the Company's shares disclosed as of the exercise date of the share options is the weighted average of the Stock Exchange closing prices as of the dates on which the options were exercised over all of the exercises of options within the disclosure line.

(v) At 31 March 2009, the exercise in full of the outstanding vested share options would, with the present capital structure of the Company, result in the issue of additional 260,600,000 ordinary shares (2008: 128,600,000 ordinary shares).

(vi) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

25. SHARE BASED PAYMENT TRANSACTIONS

	2009 **HK$'000**	2008 HK$'000
Expenses in relation to share options granted to consultants	**1,560**	500

The fair values of share options granted to directors, employees and consultants determined at the dates of grant are expensed over the vesting periods, with a corresponding adjustment to the Group's share options reserve.

The Company measures the fair values of share options granted to consultants by reference to the fair values of services received. The total fair values of the share options granted to consultants for the year ended 31 March 2009 amounted to approximately HK$1,560,000 (2008: HK$500,000).

The Company has used the Black-Scholes option pricing model (the "Model") to value the share options granted to directors and employees. The Model is one of the commonly used models to estimate the fair value of a share option. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

The Company has not granted any share options to directors and employees during the years ended 31 March 2008 and 2009.

26. SHARE PREMIUM AND RESERVES OF THE COMPANY

	Share premium HK$'000	Warrants reserve HK$'000	Share options reserve HK$'000	Shareholder's contribution HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
At 1 April 2007	209,815	–	61,115	12,640	(153,443)	130,127
Placing of warrants *(Note 27)*	–	2,440	–	–	–	2,440
Recognition of equity-settled share based payments *(Note 25)*	–	–	500	–	–	500
Issue of shares upon exercise of share options *(Note 23(i))*	5,340	–	–	–	–	5,340
Transfer of reserves upon exercise of share options	120	–	(120)	–	–	–
Loss for the year	–	–	–	–	(18,152)	(18,152)
At 31 March 2008 and 1 April 2008	215,275	2,440	61,495	12,640	(171,595)	120,255
Issue of new shares *(Note 23(ii))*	5,916	–	–	–	–	5,916
Transaction costs attributable to issue of new shares	(85)	–	–	–	–	(85)
Recognition of equity-settled share based payments *(Note 25)*	–	–	1,560	–	–	1,560
Issue of shares upon exercise of share options *(Note 23(iii))*	480	–	–	–	–	480
Transfer of reserves upon exercise of share options	240	–	(240)	–	–	–
Loss for the year	–	–	–	–	(12,665)	(12,665)
At 31 March 2009	**221,826**	**2,440**	**62,815**	**12,640**	**(184,260)**	**115,461**

27. WARRANTS

On 21 May 2007, the Company announced that it had entered into a conditional warrant subscription agreement dated 16 May 2007 with an independent investor in relation to a private placing of 244,000,000 non-listed warrants at an issue price of HK$0.01 per warrant. The warrants entitled the holder thereof to subscribe for new shares of the Company at an initial exercise price of HK$0.64 per new share (subject to adjustment) at any time during a period of three years commencing from the date of issue of the warrants. Each warrant carried the right to subscribe for one new share.

The warrants were issued on 1 June 2007 upon completion of the warrant subscription agreement, and the Company received proceeds of HK$2,440,000 in respect of the placing of the warrants. The net proceeds from the placing of the warrants were used for general working capital of the Group.

At the balance sheet date, the Company had 244,000,000 (2008: 244,000,000) warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 244,000,000 (2008: 244,000,000) additional shares of HK$0.01 each.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt (which includes current and non-current portions of obligation under a hire-purchase contract), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses.

Net debt-to-equity ratio

The Group's management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The net debt-to-equity ratio at the year-end was as follow:

	2009 **HK$'000**	2008 HK$'000
Debts (i)	**124**	310
Cash and cash equivalents	**(230,232)**	(270,413)
Net debt	**–**	–
Equity (ii)	**274,220**	271,953
Net debt-to-equity ratio	**Nil**	Nil

(i) Debt comprises current and non-current portions of obligation under a hire-purchase contact as detailed in Note 22.

(ii) Equity includes all capital and reserves of the Group.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group	
	2009 **HK$'000**	2008 HK$'000
Financial assets		
Loans and receivables		
– Trade and other receivables	**81,623**	22,703
– Amounts due from minority shareholders	**2,815**	3,548
– Bank balances and cash	**230,232**	270,413

	2009 **HK$'000**	2008 HK$'000
Financial liabilities		
Financial liabilities at amortized cost		
– Trade and other payables	**19,399**	25,389
– Obligation under a hire-purchase contract	**124**	310

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from minority shareholders, bank balances and cash, trade and other payables and obligation under a hire-purchase contract. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Foreign currency risk

During the year ended 31 March 2009, 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 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 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.

29. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

Interest rate risk

The Group is not exposed to significant fair value interest rate risk and cash flow interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Price risk

As the Group has no significant investments in financial assets at FVTPL or available-for-sale financial assets, the Group is not exposed to significant price risk.

Credit risk

As at 31 March 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limited, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers for whom there is no recent history of default.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

29. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities at the balance sheet date, based on the contractual undiscounted payments, was as follows:

	On demand or less than 1 year HK$'000	**1-2 years** HK$'000	**Total contractual undiscounted cash flows** HK$'000	**Total carrying amount** HK$'000
At 31 March 2009				
Trade and other payables	19,399	–	19,399	19,399
Obligation under a hire-purchase contract	150	–	150	124
	19,549	**–**	**19,549**	**19,523**
At 31 March 2008				
Trade and other payables	25,389	–	25,389	25,389
Obligation under a hire-purchase contract	226	150	376	310
	25,615	150	25,765	25,699

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

30. CAPITAL COMMITMENTS

At 31 March 2009, the Group had the following commitments which were not provided for in the financial statements:

	2009 HK$'000	2008 HK$'000
Authorized and contracted for investment in a joint venture company	**40,544**	44,587

Note: Pursuant to a joint venture agreement dated 4 February 2005 entered into between Sino Prosper Gas Limited ("SPGL" – a wholly owned subsidiary of the Company) and Lang Fang Development District Northern China Petroleum Sales Company (the "Joint Venture Partner"), SPGL and the Joint Venture Partner agreed to set up a joint venture company as an equity joint venture company in the PRC for a term of 30 years commencing from the date of issue of the business license of the joint venture company, which will be engaged in the wholesale, sales, transportation and storage of petroleum gas.

On 15 March 2005, SPGL, the Joint Venture Partner and Wuhan Hengsheng Shimao Petroleum Natural Gas Pipeline Engineering Company Limited (the "New Joint Venture Partner") entered into a supplemental agreement. Pursuant to the supplemental agreement, the Joint Venture Partner agreed to withdraw and the New Joint Venture Partner agreed to replace the Joint Venture Partner in the formation of the joint venture company. The registered capital of the joint venture company is RMB50 million which is to be contributed by SPGL as to RMB47.5 (2008: RMB47.5 million) and by the New Joint Venture Partner as to RMB2.5 million. Approximately RMB11.8 million, equivalent to HK$12.8 million (2008: approximately RMB7.4 million, equivalent to HK$7.8 million) has been contributed by SPGL during the year ended 31 March 2009.

The joint venture company, namely 中油中盈石油燃氣銷售有限公司, was treated as a subsidiary of the Group as at 31 March 2009.

At the balance sheet dates, the Company had no significant capital commitments.

31. OPERATING LEASE COMMITMENTS

At 31 March 2009, the Group had commitments for future minimum lease payments under non-cancelable operating leases in respect of rented premises which fall due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**931**	1,297
In the second to fifth years inclusive	**185**	625
	1,116	1,922

Operating leases relate to office premises with lease terms of between 1 to 2 years. The Group does not have an option to purchase the leased asset at the expiry of lease period.

32. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group entered into the following significant related party transactions for the year ended 31 March 2009:

Compensation to key management personnel

	2009 HK$'000	2008 HK$'000
Short-term employee benefits	**3,600**	4,040
Post-employment benefits	**36**	47
Share-based payments	**–**	–
	3,636	4,087

The above related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Financial Summary

For the year ended 31 March 2009

	Year ended 31 March				
	2005 HK$'000 (restated)	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Results					
Turnover	134,040	1,867	20,138	84,714	**31,335**
Profit/(loss) before taxation	501	(30,353)	(123,875)	(27,815)	**(9,607)**
Taxation	–	–	–	–	**(355)**
Profit/(loss) for the year	501	(30,353)	(123,875)	(27,815)	**(9,962)**
Attributable to:					
Equity holders of the Company	501	(29,913)	(122,173)	(27,398)	**(9,764)**
Minority interests	–	(440)	(1,702)	(417)	**(198)**
	501	(30,353)	(123,875)	(27,815)	**(9,962)**
Earning/(loss) per share for profit/ (loss) attributable to equity holders of the Company for the year					
Basic and diluted	0.06 cents	(3.13 cents)	(9.91 cents)	(2.13 cents)	**(0.74 cents)**

	As at 31 March				
	2005 HK$'000 (restated)	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Total asset	188,704	203,751	280,513	297,652	**315,650**
Total liabilities	(43,974)	(13,078)	(15,894)	(25,699)	**(41,430)**
	144,730	190,673	264,619	271,953	**274,220**
Equity attributable to equity holders of the Company	144,730	187,563	263,104	270,448	**273,135**
Minority interests	–	3,110	1,515	1,505	**1,085**
Total equity	144,730	190,673	264,619	271,953	**274,220**