



SINO PROSPER HOLDINGS LIMITED

中盈控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(stock code: 766)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The Board of Directors (the “Board”) of Sino Prosper Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007. These unaudited interim results have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 September	
		2007	2006
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Continuing operations			
Revenue	2	66,789	—
Cost of sales		<u>(66,549)</u>	<u>—</u>
Gross profit		240	—
Other income and gains		2,317	54
Administrative expenses		(14,964)	(96,688)
Finance costs		<u>(20)</u>	<u>(20)</u>
Loss before tax		(12,427)	(96,654)
Income tax expense	3	<u>—</u>	<u>—</u>
Loss for the period from continuing operations		(12,427)	(96,654)
Discontinued operations			
Loss for the period from discontinued operations		<u>—</u>	<u>—</u>
Loss for the period	4	<u><u>(12,427)</u></u>	<u><u>(96,654)</u></u>
Attributable to:			
Equity holders of the Company		(12,150)	(95,747)
Minority interests		<u>(277)</u>	<u>(907)</u>
		<u><u>(12,427)</u></u>	<u><u>(96,654)</u></u>
Loss per share for loss attributable to equity holders of the Company for the period	6		
From continuing and discontinued operations			
Basic and diluted		(0.95 cents)	(7.95 cents)
From continuing operations			
Basic and diluted		<u><u>(0.95 cents)</u></u>	<u><u>(7.95 cents)</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

	At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
Non-current assets		
Property, plant and equipment	<u>783</u>	<u>586</u>
Current assets		
Trade and other receivables	17,471	17,269
Amounts due from minority shareholders	3,572	3,698
Bank balances and cash	<u>255,170</u>	<u>258,960</u>
	<u>276,213</u>	<u>279,927</u>
Current liabilities		
Trade and other payables	16,310	15,397
Obligation under a hire-purchase contract	<u>186</u>	<u>186</u>
	<u>16,496</u>	<u>15,583</u>
Net current assets	<u>259,717</u>	<u>264,344</u>
Total assets less current liabilities	<u>260,500</u>	<u>264,930</u>
Non-current liabilities		
Obligation under a hire-purchase contract	<u>217</u>	<u>311</u>
Net assets	<u><u>260,283</u></u>	<u><u>264,619</u></u>
Capital and reserves		
Share capital	12,862	12,742
Share premium and reserves	<u>246,207</u>	<u>250,362</u>
Equity attributable to equity holders of the Company	259,069	263,104
Minority interests	<u>1,214</u>	<u>1,515</u>
Total equity	<u><u>260,283</u></u>	<u><u>264,619</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2007.

In the current period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (“new HKFRS”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2007. The adoption of these new HKFRSs has no material effect on how the Group’s results 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 standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards or interpretations will have no material impact on the results and financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 12	Service Concession Arrangements ²
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³
HK(IFRIC) – INT 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 January 2008.

³ Effective for annual periods beginning on or after 1 July 2008.

2. Revenue and segment information

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

	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>	
	<u>Energy and natural resources</u>		<u>Property development and management</u>			
	<u>Six months ended</u>		<u>Six months ended</u>		<u>Six months ended</u>	
	<u>30 September</u>		<u>30 September</u>		<u>30 September</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
REVENUE						
External sales	<u>66,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,789</u>	<u>-</u>
RESULTS						
Segment results	(1,355)	(3,624)	-	-	(1,355)	(3,624)
Unallocated income and gains					2,317	54
Unallocated corporate expenses					(13,369)	(93,064)
Finance costs					(20)	(20)
Loss before tax					(12,427)	(96,654)
Income tax expense					-	-
Loss for the period					<u>(12,427)</u>	<u>(96,654)</u>

Geographical segments

	<u>Hong Kong</u>		<u>People's Republic of China ("PRC")</u>		<u>Other Asia Pacific countries</u>	
	<u>Six months ended</u>		<u>Six months ended</u>		<u>Six months ended</u>	
	<u>30 September</u>		<u>30 September</u>		<u>30 September</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Revenue from external customers	<u>-</u>	<u>-</u>	<u>66,789</u>	<u>-</u>	<u>-</u>	<u>-</u>

3. Income tax expense

Hong Kong Profits Tax is calculated at 17.5% (six months ended 30 September 2006: 17.5%) of the estimated assessable profit for the period. 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 periods ended 30 September 2006 and 2007.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 33% (six months ended 30 September 2006: 33%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for PRC Enterprise Income Tax has been made as there were no assessable profit generated from the Group's PRC operation during the periods ended 30 September 2006 and 2007.

No deferred tax assets and liabilities are recognized in this unaudited condensed 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 at 30 September 2006 and 2007.

4. Loss for the period

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging:		
Employee benefits expense		
– Directors' remuneration	1,824	7,004
– Other staff costs (excluding directors' emoluments):		
– Salaries and other benefits	1,783	972
– Retirement benefits schemes contributions	70	31
– Equity-settled share-based payments	–	78,280
	<u>3,677</u>	<u>86,287</u>
Depreciation for property, plant and equipment		
– Owned assets	114	43
– Leased assets	98	147
	<u>212</u>	<u>190</u>
Share options granted to consultants	<u>260</u>	<u>1,010</u>

5. Interim dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2007 (six months ended 30 September 2006: Nil).

6. Loss per share for loss attributable to equity holders of the Company for the period

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity holders of the Company (HK\$)	(12,150,000)	(95,747,000)
Less: Loss for the period from discontinued operations (HK\$)	<u> -</u>	<u> -</u>
Loss for the purpose of basic and diluted loss per share from continuing operations (HK\$)	<u>(12,150,000)</u>	<u>(95,747,000)</u>
Weighted average number of ordinary shares in issue	1,281,441,847	1,204,788,611
Basic and diluted loss per share from continuing and discontinued operations (HK cents per share)	(0.95)	(7.95)
Basic and diluted loss per share from continuing operations (HK cents per share)	<u>(0.95)</u>	<u>(7.95)</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months period ended 30 September 2007, the Group recorded a turnover of approximately HK\$66,789,000 from the sale of copper concentrate powder (six months ended 30 September 2006: Nil). For the six months period ended 30 September 2007, the Group's net loss attributable to shareholders was approximately HK\$12,150,000 (six months ended 30 September 2006: approximately HK\$95,747,000). The decrease in net loss attributable to shareholders was mainly due to the significant decrease in equity settled share-based payments from HK\$84.3 million to HK\$0.3 million.

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

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

On 25 February 2007, the Ministry of Commerce of the PRC has issued a letter which approved the establishment of CNPC and the Guangdong Provincial Administration for Industry & Commerce has on 30 April 2007 issued CNPC with its business licence. CNPC will be principally engaged in the wholesale and commission agency of fuel oil and related supporting and consultation services.

2. Indonesia-Bitumen Joint Venture Extraction Project

The Group has been actively engaged in the mineral resources exploration project in Indonesia through a 65%-owned joint venture, namely P.T. Sino Prosper Indocarbon (“Indocarbon”). Indocarbon owned the right to carry out general exploration on mineral resources of a total of 22,076 hectares of land in the area of Buton Bitumen Mine.

Indocarbon has been issued four certificates of detailed exploration in specified exploration areas by the Government of Buton Administration Region. Such certificates have a term of three years and can be extended for another two years upon their expiry.

OUTLOOK AND NEW DEVELOPMENTS

The Group will continue to take a prudent yet proactive approach to new investment opportunities, including exploration of potential energy projects both in China and overseas to capture the demands generated from China’s rapid economic development.

FINANCIAL REVIEW

The Group generally finances its operations with internally generated cash flows. As at 30 September 2007, the Group had bank balances and cash of approximately HK\$255 million (31 March 2007: approximately HK\$259 million). Its gearing ratio calculated as a ratio of debt to equity was nil (31 March 2007: nil). Net current assets totalled HK\$260 million (31 March 2007: HK\$264 million) and the current ratio was maintained at the strong level of approximately 17 (31 March 2007: approximately 18).

CAPITAL COMMITMENTS

The Group had the following capital commitments as at 30 September 2007 and 31 March 2007:

	As at 30 September 2007 (Unaudited) HK\$’000	As at 31 March 2007 (Audited) HK\$’000
Authorised and contracted for:		
Acquisition of the land use right in the PRC	1,300	1,300
Investment in a joint venture company	<u>47,500</u>	<u>47,500</u>

SEASONAL OR CYCLICAL FACTORS

The Group’s business operations are not significantly affected by any seasonal or cyclical factors.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Renminbi, United States dollar, Indonesian Rupiah and Hong Kong dollar. The Group’s foreign exchange exposure is therefore minimal as long as the policy of the Government of Hong Kong Special Administrative Region to link the Hong Kong dollar to the United States dollar remains in effect. For the Group’s investment in a subsidiary in Indonesia, purchases and sales are quoted in United States dollar, foreign exchange transaction exposure is therefore minimal.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2007, the Group employed approximately 44 full time staff in the PRC and Hong Kong. The Group remunerated its employees based on their performance, qualifications, work experience and prevailing market prices. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS OR DISPOSALS

There were no material acquisitions or disposals of subsidiaries or associates during the six months ended 30 September 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by its directors. Based on specific enquiry of the directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by this interim report.

CORPORATE GOVERNANCE

During the six months ended 30 September 2007, the Company was in compliance with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules on the Stock Exchange except the following:

(i) CODE PROVISION A.4.1

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

(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 24 August 2007 due to business matters. To ensure compliance with the Code, the Company will arrange to furnish all Directors with appropriate information on the general meetings and take all reasonable measures to arrange the schedule in such a cautious way that Directors and particularly the Chairman of the Board can confirm his attendance to the annual general meeting.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September 2007.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results of the Group for the six months ended 30 September 2007 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and at the website of the Company <http://www.sinoprospers.com>. The interim report for the six months ended 30 September 2007 will be despatched to the shareholders and available on the above websites in due course.

By Order of the Board

Tang Yan Tian

Chief Executive Officer

Hong Kong, 28 December 2007

As at the date of this announcement, the Board comprises Mr. Leung Ngai Man, Mr. Tang Yan Tian, Mr. Yeung Kit, and Mr. Wong Wa Tak as executive directors, and Mr. Chan Sing Fai, Mr. Cai Wei Lun and Dr. Leung Wai Cheung as independent non-executive directors.