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 2008

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 (collectively, the "Group") for the six months ended 30 September 2008. These unaudited interim results have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**10,391**	66,789
Cost of sales		**(10,140)**	(66,549)
Gross profit		**251**	240
Other income and gains		**5,645**	2,317
Administrative expenses		**(8,901)**	(14,964)
Finance costs		**(20)**	(20)
Loss before tax		**(3,025)**	(12,427)
Income tax expense	3	**–**	–
Loss for the period	4	**(3,025)**	(12,427)
Attributable to:			
Equity holders of the Company		**(2,340)**	(12,150)
Minority interests		**(685)**	(277)
		(3,025)	(12,427)
Loss per share for loss attributable to equity holders of the Company for the period	6		
Basic and diluted		**(0.18 cents)**	(0.95 cents)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**As at 30 September 2008 (Unaudited)** ***HK$'000***	As at 31 March 2008 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**890**	988
Current assets			
Trade and other receivables	*7*	**76,174**	22,703
Amounts due from minority shareholders		**3,439**	3,548
Bank balances and cash		**219,060**	270,413
		298,673	296,664
Current liabilities			
Trade and other payables	*8*	**26,914**	25,389
Obligation under a hire-purchase contract		**186**	186
		27,100	25,575
Net current assets		**271,573**	271,089
Total assets less current liabilities		**272,463**	272,077
Non-current liabilities			
Obligation under a hire-purchase contract		**31**	124
Net assets		**272,432**	271,953
Capital and reserves			
Share capital		**12,862**	12,862
Share premium and reserves		**258,790**	257,586
Equity attributable to equity holders of the Company		**271,652**	270,448
Minority interests		**780**	1,505
Total equity		**272,432**	271,953

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" and other relevant HKAS and Interpretations, Hong Kong Financial Reporting Standards (collectively, the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Saved for those new HKFRSs adopted during the period as set out below, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent as those used in the annual financial statements for the year ended 31 March 2008.

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

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 January 2008. 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 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Share Based Payment Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[3]
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – INT 16	Hedges of a Net Investment In a Foreign Operation[4]

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

Six months ended 30 September 2008

	Energy & natural resources (Unaudited) *HK$'000*	**Others** (Unaudited) *HK$'000*	**Consolidated** (Unaudited) *HK$'000*
REVENUE			
External sales	9,534	857	10,391
RESULTS			
Segment results	(76)	(580)	(656)
Unallocated income and gains			5,642
Unallocated corporate expenses			(7,991)
Finance costs			(20)
Loss before tax			(3,025)
Income tax expense			–
Loss for the period			(3,025)

Six months ended 30 September 2007

	Energy & natural resources (Unaudited) *HK$'000*	**Consolidated** (Unaudited) *HK$'000*
REVENUE		
External sales	66,789	66,789
RESULTS		
Segment results	(1,355)	(1,355)
Unallocated income and gains		2,317
Unallocated corporate expenses		(13,369)
Finance costs		(20)
Loss before tax		(12,427)
Income tax expense		–
Loss for the period		(12,427)

Geographical segments

	People's Republic of China ("PRC") Six months ended 30 September	
	2008 **(Unaudited)** ***HK$'000***	2007 (Unaudited) *HK$'000*
Revenue from external customers	**10,391**	66,789

3. **Income tax expense**

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2007: 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 2007 and 2008.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 September 2007: 33%) for the period. 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 profits generated from the Group's PRC operation during the periods ended 30 September 2007 and 2008.

No deferred tax assets and liabilities are recognised 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 2007 and 2008.

4. **Loss for the period**

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging:		
Employee benefits expense		
– Directors' remuneration	**1,818**	1,824
– Other staff costs (excluding directors' emoluments):		
– Salaries and other benefits	**1,499**	1,783
– Retirement benefits schemes contributions	**12**	70
– Equity-settled share-based payments	**–**	–
	3,329	3,677
Depreciation for property, plant and equipment		
– Owned assets	**144**	114
– Leased assets	**–**	98
	144	212
Share options granted to consultants	**960**	260

5. **Interim dividend**

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: Nil).

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

Basic and diluted 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	
	2008	2007
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity holders of the Company (HK$)	**(2,340,000)**	(12,150,000)
Weighted average number of ordinary shares in issue	**1,286,163,158**	1,281,441,847
Basic and diluted loss per share (HK cents per share)	**(0.18)**	(0.95)

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.

7. Trade and other receivables

	As at 30 September 2008 (Unaudited)	As at 31 March 2008 (audited)
	HK$'000	*HK$'000*
Trade receivables	**325**	4,064
Prepayments, deposits and other receivables	**75,849**	18,639
	76,174	22,703

The Group allows an average credit period ranging from 30 to 90 days to its trade customers. The following is an ageing analysis of trade receivables at the balance sheet date:

	As at 30 September 2008 (Unaudited)	As at 31 March 2008 (audited)
	HK$'000	*HK$'000*
0 – 90 days	**325**	–
Over 90 days – 1 year	**–**	–
Over 1 year	**–**	4,064

8. **Trade and other payables**

	As at 30 September 2008 (Unaudited) *HK$'000*	As at 31 March 2008 (audited) *HK$'000*
Trade payables	**854**	228
Other payables and accruals	**26,060**	25,161
	26,914	25,389

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

	As at 30 September 2008 (Unaudited) *HK$'000*	As at 31 March 2008 (audited) *HK$'000*
0 – 90 days	**854**	–
Over 90 days – 1 year	**–**	–
Over 1 year	**–**	228

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2008, the Group recorded turnover of Nil from the sale of copper concentrate powder (six months ended 30 September 2007: approximately HK$66,789,000), approximately HK$9,534,000 from the sale of steel, being ferrous products (six months ended 30 September 2007: Nil) and approximately HK$857,000 from sale of chemicals (six months ended 30 September 2007: Nil). For the six months period ended 30 September 2008, the Group's net loss attributable to shareholders was approximately HK$2,340,000 (six months ended 30 September 2007: approximately HK$12,150,000). The decrease in net loss attributable to shareholders was mainly due to the significant decrease in legal and professional fee from approximately HK$7.3 million to approximately 2.2 million and notable increase in gain on foreign exchange from approximately HK$0.2 million to approximately HK$4.5 million for the period.

The Group has been transforming to focus its development on energy and natural resources businesses. 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")**
   CNPC, a 95%-owned subsidiary of the Group, has been established with the approval of the Ministry of Commerce of the PRC and has obtained a business licence granted by the Guangdong Administration for Industry and Commerce in 2007. CNPC is principally engaged in the wholesale and commission agency of fuel oil and related supporting and consultation services in the PRC. The business of wholesale of fuel oil had already commenced in 2008. CNPC has also started its business of sale of chemicals for the six months ended 30 September 2008. At its early stage of development, CNPC was regarded as a small-scale tax-payer (小規模納稅人) for the purpose of

the value-added tax ("VAT"), which imposed difficulties on CNPC to solicit businesses from the potential customers and carry on its business to the original planned scale. Following CNPC's application for changing its VAT tax-payer status from small-scale tax-payer to general tax-payer (一般納稅人), as notified by the local tax authority in December 2008, CNPC was officially accredited the status of general tax-payer. The Group will continue to identify potential suppliers and customers to provide new impetus for its business.

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

P.T. Sino Prosper Indocarbon ("Indocarbon"), a 65%-owned subsidiary of the Group, has been actively engaged in mineral resources exploration project in Indonesia. Indocarbon owns the right to carry out general exploration in Bitumen Mines covering a total of 22,076 hectares of land in North 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 in 2007. These licences are valid for three years from the date of issue and can be extended for another two years upon expiry. During the current period, Indocarbon entered into an agreement with a consulting company for designing a plan for the next stage of exploration within the exploratory area of North Buton Bitumen Mine. As the recent international oil prices have dropped substantially, the Company will adjust the exploration plan based on a prudent fiscal policy and the prevailing market condition.

3. **Hainan Tairui Mining Development Company Limited ("Hainan Tairui")**

Hainan Tairui, a 95%-owned subsidiary of the Company, has the requisite licence for processing of minerals and for the mining, smelting as well as the sales of ferrous and non-ferrous products in the PRC. In 2007, Hainan Tairui set up a branch in Yunnan, the PRC which was granted a licence to engage the sale of ferrous and non-ferrous products. The Yunnan Branch has been engaged in the trading of copper concentrate powder since its establishment. Since late 2007, the Group encountered some difficulties in sourcing copper concentrate powder because of certain environmental protection upgrading requirements imposed on the sole supplier of copper concentrate powder of Hainan Tairui. Hainan Tairui was principally engaged in trading and sale of the steel products for the six months ended 30 September 2008. In addition to the trading and sale of the steel products, the Company expects that the said environmental upgrading work of the sole supplier would be completed in the first half of 2009, depending on the then market condition, and the business of trading of copper concentrate powder would gradually resume.

4. **Very Substantial Acquisition and Connected Transaction**

On 10 June 2008, Sino Prosper Minerals Investment Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Mr. Leung Ngai Man, an executive Director, for the acquisition (the "Acquisition") of a company (the "Target BVI") and all obligations, liabilities and debts owing or incurred by Target BVI to Mr. Leung on or at any time prior to the completion of the acquisition agreement at a total consideration of RMB230 million. The target BVI owns a 100% interest in a company incorporated in Hong Kong which in turn owns a 100% equity interest in a wholly foreign-owned enterprise (the "WFOE") in the PRC. The WFOE currently holds a business licence with its business scope covering the provision of technical consultation, among others, of exploration and exploitation of industrial mines. The WFOE has entered into a purchase agreement to acquire from an independent third party the exploitation right to a mine located at Wafang Village, Tougou Town, Chengde County, Chengde City, the exploration right to another mine located at Sanjia Village, Chengde County, Chengde City and the related processing plants, at a total consideration of RMB90 million. The predominant mineral in these two mines is iron. The amount of iron resources is estimated on a preliminary basis to be approximately not less than 90 million tons. Based on the preliminary estimate made by an independent valuer, the expected value of the projects under the name of the WFOE will not be less than RMB370 million.

The Acquisition constitutes a connection transaction and a very substantial acquisition of the Company under Chapter 14 and Chapter 14A of the Listing Rules, respectively. Accordingly, the agreement for the Acquisition and the transactions contemplated thereunder are subject to the approval of independent shareholders at the forthcoming extraordinary general meeting.

OUTLOOK AND NEW DEVELOPMENTS

With the recent global financial crisis raging across the globe and the international energy and resources prices fluctuating within a wide range, the Group will continue to take a prudent yet proactive approach by focusing on identifying opportunities to invest in energy and resources projects. The Group may also have to make appropriate changes to its operational plans in response to the fluctuation market conditions.

China's long-term economic development is dependent upon the stable supply of energy and raw materials. The Board believes that investment and acquisition projects will diversify the Group's business portfolio. This will facilitate the Group's growth and profitability in the future, which are in line with the Group's long-term development and in the overall interest of shareholders.

FINANCIAL REVIEW

The Group generally finances its operations with internally generated cash flows. As at 30 September 2008, the Group had bank balances and cash of approximately HK$219 million (31 March 2008: approximately HK$270 million). Its gearing ratio calculated as a ratio of debt to equity was 0.01% (31 March 2008: 0.04%). Net current assets totalled HK$299 million (31 March 2008: HK$297 million) and the current ratio was maintained at a level of approximately 11.0 (31 March 2008: approximately 11.6).

CAPITAL COMMITMENTS

The Group had the following capital commitments as at 30 September 2008 and 31 March 2008:

	As at 30 September 2008 (Unaudited)	As at 31 March 2008 (Audited)
	HK$'000	*HK$'000*
Authorised and contracted for:		
Acquisition of the land use right in the PRC	**1,488**	1,445
Investment in a joint venture company	**45,761**	44,587

SEASONAL OR CYCLICAL FACTORS

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

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 September 2008, the Group mainly operated in the PRC and the majority of the Group's transactions and balances as at and for the six months ended 30 September 2008 was denominated in RMB. All the sales and purchases for the six months ended 30 September 2008 were denominated in RMB, which is the functional currency of the operating units making the sales and purchases. The Directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2008, the Group employed 32 full-time employees in the PRC, Hong Kong and Indonesia. The Group remunerated its employees based on their performance, qualifications, work experience and prevailing market prices. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed in this announcement, there were no material acquisitions or disposals of subsidiaries or associates during the six months ended 30 September 2008.

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 result announcement.

CORPORATE GOVERNANCE

During the six months ended 30 September 2008, the Company was in compliance with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules on the Stock Exchange except the following:

(i) CODE PROVISION A.2.1

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

(ii) CODE PROVISION A.4.1

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

(iii) CODE PROVISION E.1.2

Pursuant to code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. However, the Chairman of the Board was absent from the annual general meeting held on 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 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 2008.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results of the Group for the six months ended 30 September 2008 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at http://www.sinoprosper.com. The interim report of the Company for the six months ended 30 September 2008 will be despatched to the shareholders and available on the above websites in due course.

By Order of the Board
Sino Prosper Holdings Limited
Leung Ngai Man
Chairman

Hong Kong, 24 December 2008

As at the date of this announcement, the Board comprises Mr. Leung Ngai Man, 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.