

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Six months ended 30 September | |
|--|----------------------------------|---------------------------------|
| | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 |
| Net cash generated from/(used in) operating activities | (15,473) | 2,191 |
| Net cash generated from investing activities | 50,000 | — |
| Net cash generated from financing activities | 59,662 | 9,262 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 94,189 | 11,453 |
| Cash and cash equivalents at the beginning of the period | 135,064 | 38,642 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 229,253 | 50,095 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances and cash | 229,253 | 50,095 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | | | | Minority | Total |
|--|---|------------------------------|-------------------------------------|---|------------------------------------|---------------------------------|-------------------------------|-----------------------|--------------------|
| | Share Capital HK\$'000 | Share Premium HK\$'000 | Share Option Reserve HK\$'000 | Shareholder's Contribution HK\$'000 | Translation Reserve HK\$'000 | Retained Profits HK\$'000 | Total Reserves HK\$'000 | Interests HK\$'000 | Equity HK\$'000 |
| As at 1 April 2005 (Restated) | 9,150 | 59,480 | 5,063 | — | — | 71,037 | 135,580 | — | 144,730 |
| Issue of shares upon exercise of share options (Unaudited) | 140 | 3,795 | — | — | — | — | 3,795 | — | 3,935 |
| Placing of rights to warrants (Unaudited) | 1,830 | — | — | — | — | — | — | — | 1,830 |
| Expense in relation to issue of rights to warrants (Unaudited) | — | (24) | — | — | — | — | (24) | — | (24) |
| Share options expensed (Unaudited) | — | — | 120 | — | — | — | 120 | — | 120 |
| Loss for the period (Unaudited) | — | — | — | — | — | (5,492) | (5,492) | 159 | (5,333) |
| As at 30 September 2005 (Unaudited) | 11,120 | 63,251 | 5,183 | — | — | 65,545 | 133,979 | 159 | 145,258 |

| | Attributable to equity holders of the Company | | | | | | | Minority Interests HK\$'000 | Total Equity HK\$'000 |
|--|---|---------------------------|----------------------------------|--|---------------------------------|-------------------------------------|----------------------------|--------------------------------|--------------------------|
| | Share Capital HK\$'000 | Share Premium HK\$'000 | Share Option Reserve HK\$'000 | Shareholder's Contribution HK\$'000 | Translation Reserve HK\$'000 | Retained Profits/(loss) HK\$'000 | Total Reserves HK\$'000 | | |
| As at 1 April 2006 (Audited) | 11,495 | 117,884 | 4,583 | 12,640 | (163) | 41,124 | 176,068 | 3,110 | 190,673 |
| Issue of shares upon exercise of share options (Unaudited) | 807 | 58,855 | 84,254 | - | - | - | 143,109 | - | 143,916 |
| Transfer of reserves upon exercise of shares (Unaudited) | - | 3,019 | (3,019) | - | - | - | - | - | - |
| Expense relating to issue of shares (Unaudited) | - | (20) | - | - | - | - | (20) | - | (20) |
| Loss for the period (Unaudited) | - | - | - | - | - | (95,747) | (95,747) | (907) | (96,654) |
| As at 30 September 2006 (Unaudited) | <u>12,302</u> | <u>179,738</u> | <u>85,818</u> | <u>12,640</u> | <u>(163)</u> | <u>(54,623)</u> | <u>223,410</u> | <u>2,203</u> | <u>237,915</u> |

Notes:

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 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“HKFRS”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. 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 HKFRSs that have been issued but are not yet effective as the Company anticipates that the application of these new HKFRSs will have no material impact on the results and financial position of the Group.

| | |
|--------------------|---|
| HKAS 1 (Amendment) | Capital disclosures ¹ |
| HKFRS 7 | Financial instruments: Disclosures ¹ |
| HK(IFRIC) – INT 8 | Scope of HKFRS 2 ⁴ |
| HK(IFRIC) – INT 9 | Reassessment of Embedded Derivatives ³ |
| HK(IFRIC) – INT 10 | Interim financial reporting and impairment ² |

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 November 2006.

³ Effective for annual periods beginning on or after 1 June 2006.

⁴ Effective for annual periods beginning on or after 1 May 2006.

2. Turnover and segment information

There was no turnover for the six months ended 30 September 2006, as the Group's significant investment in the new energy and resources segment are at initial stages. Details are further described in "Major Projects and Prospects of the Group" section in this interim report. Turnover for the same corresponding period of 2005 represents sale of asphaltic rocks of HK\$1,867,000.

| Business segments | Energy and natural resources | | Property development and management | | Consolidated | |
|--------------------------------|---------------------------------|---------------------------------|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Six months ended | | Six months ended | | Six months ended | |
| | 30 September | | 30 September | | 30 September | |
| | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 |
| TURNOVER | | | | | | |
| External sales | <u>–</u> | <u>1,867</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>1,867</u> |
| RESULTS | | | | | | |
| Segment results | (3,624) | 453 | (349) | (83) | (3,973) | 370 |
| Unallocated income | | | | | 54 | 7 |
| Unallocated corporate expenses | | | | | (92,735) | (5,710) |
| Finance costs | | | | | – | – |
| Loss before taxation | | | | | (96,654) | (5,333) |
| Taxation | | | | | – | – |
| Loss for the period | | | | | <u>(96,654)</u> | <u>(5,333)</u> |

| Geographical segments | Hong Kong | | PRC | | Other Asia Pacific countries | |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Six months ended | | Six months ended | | Six months ended | |
| | 30 September | | 30 September | | 30 September | |
| | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 |
| Segment revenue | <u>–</u> | <u>1,867</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |

3. Loss before taxation

| | Six months ended 30 September | |
|--|----------------------------------|---------------------------------|
| | 2006 (Unaudited) HK\$'000 | 2005 (Unaudited) HK\$'000 |
| Loss before taxation has been arrived at after charging the following: | | |
| Staff costs | | |
| – Directors' remuneration | 7,004 | 2,123 |
| – Other staff costs (excluding directors): | | |
| – Salaries and allowances | 972 | 619 |
| – Retirement benefit scheme contributions | 31 | 27 |
| – Share options granted to staff | 78,280 | 288 |
| | <u>86,287</u> | <u>3,057</u> |
| Auditors' remuneration | 200 | 150 |
| Depreciation of property, plant and equipment | 190 | 158 |
| Gain on disposal of property, plant and equipment | – | 9 |
| Share options granted to consultants | <u>1,010</u> | <u>278</u> |

4. Taxation

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 during the period.

Taxation on overseas profits are calculated on estimated assessable profits at the rates of taxation prevailing in the countries in which the Group operates. No provision for overseas taxation has been made as there were no assessable profits generated from the Group's overseas operation during the period ended 30 September 2006 (2005: Nil).

No deferred tax liabilities have been recognised in this unaudited condensed consolidated financial statements as the Group and the Company did not have material temporary differences as at 30 September 2006 and 2005.

5. Interim dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2006 (six months ended 30 September 2005: 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 | |
|---|--|--------------------|
| | 2006 | 2005 |
| | (Unaudited) | (Unaudited) |
| Loss attributable to equity holders of the Company (HK\$) | (95,747,000) | (5,492,000) |
| Weighted average number of ordinary shares in issue | 1,204,788,611 | 965,066,667 |
| Basic and diluted loss per share (HK cents per share) | (7.95) | (0.57) |

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. Share capital

| | Company | |
|---|---------------------------|-----------------------|
| | As at 30 September | As at 31 March |
| | 2006 | 2006 |
| | (Unaudited) | (Audited) |
| | HK\$ | HK\$ |
| Authorised: | | |
| 20,000,000,000 of ordinary shares of HK\$0.01 each: | 200,000,000 | 200,000,000 |
| Issued and fully paid: | | |
| Ordinary shares of HK\$0.01 each: | | |
| As at 31 March 2006/2005 | 11,495,000 | 9,150,000 |
| New issue of shares by way of placing (note) (a) | 497,632 | — |
| Issue of shares upon exercise of share options (note) (b) | 309,000 | 515,000 |
| Issue of shares upon exercise of warrants (note) (c) | — | 1,830,000 |
| As at 30 September 2006/31 March 2006 | 12,301,632 | 11,495,000 |

Notes:

- (a) On 3 February 2006, the Company announced that it had entered into a subscription agreement dated 24 January 2006 (the “Beijing CMIL Subscription Agreement”) with Beijing China Metallurgy Investment Limited (北京中冶投資有限公司) (“Beijing CMIL”), pursuant to which Beijing CMIL has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 49,763,158 new shares at the subscription price of HK\$0.80 per subscription share.

On 4 May 2006, the Company further announced that completion of the Beijing CMIL Subscription Agreement took place on 27 April 2006 and an aggregate of 49,763,158 new shares subscribed by Beijing CMIL pursuant to the Beijing CMIL Subscription Agreement were allotted and issued to Beijing CMIL at the subscription price of HK\$0.80 per subscription share on 27 April 2006. The new shares were allotted and issued under the general mandate granted to the Company’s directors by resolution of the Company’s shareholders passed at the annual general meeting of the Company held on 22 August 2005.

- (b) 30,900,000 ordinary shares of HK\$0.01 were issued pursuant to the exercise of share options during the period by individuals according to terms of the share option scheme allocated to employees and consultants. An amount of HK\$19.00 was received from option holders for the right to subscribe for these options.
- (c) The audited amount for the year ended 31 March 2006 represented the gross proceeds from the warrant placing of 183,000,000 warrants at HK\$0.01 per warrant pursuant to a Warrant Placing Agreement entered on 27 July 2005 between an independent individual, Mr. Kan Che Kin, Billy Albert and the Company.

Each warrant carried the right to subscribe for one new share of the Company at an initial exercise price of HK\$0.19 per new share for a period of three years commencing from 19 August 2005. Mr. Kan Che Kin, Billy Albert had not exercised any subscription rights attaching to the warrants.

The holder of the warrants would not have any right to attend or vote at any meeting of the Company by virtue of him being the holder of the warrants. The holder of the warrants should not have the right to participate in any distributions and/or offers of further securities made by the Company.

8. Operating lease commitments

As at 30 September 2006, the Group had commitments for future minimum leases payments under non-cancelable operating leases in respect of land and buildings which fall due as follows:

| | As at 30 September 2006 (Unaudited) HK\$’000 | As at 31 March 2006 (Audited) HK\$’000 |
|--|---|---|
| Within one year | 1,036 | 734 |
| In the second to fifth years inclusive | 270 | 332 |
| | <u>1,306</u> | <u>1,066</u> |

9. Related Party Transactions

Save as disclosed elsewhere in this interim report, the Group had the following related party transactions during the period:

| | Six months ended | |
|--|------------------|-------------|
| | 30 September | |
| | 2006 | 2005 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Share-based payments to key management personnel | 4,964 | 260 |

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

10. Subsequent events

(a) Cancellation of share option offer

Subsequent to period ended 30 September 2006, share options for 51,000,000 ordinary shares of HK\$0.01 of the Company, offered to staff and consultants during the period from 1 April 2006 to 30 September 2006, were cancelled upon resignation of staff and expiration of consultant services. None of the mentioned share options offered in whole or in part have ever been exercised by the individuals. The fair value of these options cancelled approximate to HK\$45,460,000.

(b) Joint venture between Sino Prosper Re-energy Investment Limited (“Sino Prosper Re-energy”) and “Guangxi Shenzhou Environmental Protection Company Limited (“Guangxi Shenzhou”) for biofuel production operation

On 15 December 2006, Sino Prosper Re-energy, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with Guangxi Shenzhou in relation to the proposed formation of a joint venture company principally engaged in the operation of raw material production base of biological fuel for fuel ethanol. Details are further described in “Major Projects and Prospects of the Group” in this interim report. Up to the date of this interim report, there were no significant financial impact arising from the above co-operation.