



KENFAIR INTERNATIONAL (HOLDINGS) LIMITED

建發國際（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 223)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

The board of directors (the “Board”) of Kenfair International (Holdings) Limited (the “Company” or “Kenfair International”) submit herewith the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2008 as follows:

The consolidated financial statements have been reviewed by the audit committee of the Company and was approved by the Board on 31 July 2008.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Turnover	5	213,795	236,319
Other revenue	5	1,422	3,097
Other income	6	23,748	290
Advertising and promotion expenses		(31,792)	(39,532)
Agency commission		(13,396)	(15,948)
Amortisation and depreciation		(5,707)	(8,467)
Hotel and travel package expenses		(8,603)	(12,122)
Operating lease rentals		(49,160)	(49,336)
Staff costs		(49,242)	(50,693)
Other operating expenses		(75,815)	(77,671)
Loss on disposal of financial assets at fair value through profit or loss		–	(8,500)
Impairment loss recognised in respect of intangible assets		(7,480)	(7,425)
Loss before tax		(2,230)	(29,988)
Taxation	7	(4,944)	(4,423)
Loss for the year	6	(7,174)	(34,411)
Attributable to			
– Equity holders of the Company		(7,174)	(34,411)
Dividends	8		
Interim dividend		–	11,773
Loss per share attributable to equity holders of the Company	9		
– Basic and diluted		(2 cents)	(15 cents)

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Property, plant and equipment		75,291	4,399
Prepaid land premium		–	355
Intangible assets		603,667	24,000
Goodwill		341,062	920
Available-for-sale financial assets		10,377	34,690
Prepayments for acquisition of a subsidiary		–	814
		<u>1,030,397</u>	<u>65,178</u>
Current assets			
Inventories		10,776	–
Deposits, prepayments and other receivables		42,928	14,713
Trade receivables	10	20,469	–
Cash and cash equivalents		67,839	37,237
Pledged bank deposits		–	3,175
Tax prepayment		–	545
		<u>142,012</u>	<u>55,670</u>
Less: Current liabilities			
Trade payables	11	3,859	–
Deferred revenue		2,187	4,035
Accrued liabilities and other payables		583,828	6,908
Deposits received in advance		79,096	55,961
Tax payable		20,430	7,118
		<u>689,400</u>	<u>74,022</u>
Net current liabilities		<u>(547,388)</u>	<u>(18,352)</u>
Total assets less current liabilities		<u>483,009</u>	<u>46,826</u>
Less: Non-current liabilities			
Deposits received in advance		6,307	1,030
Deferred income		2,681	–
Other long term liabilities		75,692	–
Convertible notes		196,518	–
Deferred tax liabilities		22,371	–
		<u>303,569</u>	<u>1,030</u>
Net assets		<u><u>179,440</u></u>	<u><u>45,796</u></u>
Equity			
Share capital		4,397	2,355
Reserves		175,043	43,441
Total equity attributable to equity holders of the Company		<u><u>179,440</u></u>	<u><u>45,796</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 30/F, One Kowloon, No. 1 Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong.

During the year, the principal activities of the Company and its subsidiaries (the “Group”) were involved in the organisation of exhibitions and trade shows, providing ancillary services and sale of coal in the PRC.

In the opinion of the directors of the Company, the ultimate holding company is Capital Concord Profits Limited (“Capital Concord”), which was incorporated in the British Virgin Islands.

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 (HK\$’000) except otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

(a) Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost except for certain financial assets and financial liabilities which are carried at fair value.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group’s net current liabilities of approximately HK\$547,388,000 at 31 March 2008. The directors of the Company have been taking steps to improve the liquidity of the Group. Subsequent to the balance sheet date, the Group carried out a placement of 120,500,000 new shares at a placing price of HK\$0.99 per share. The placing of new shares was completed on 29 May 2008 and the Company received net proceeds from the placing of approximately HK\$105,438,000. In addition, Capital Concord and Mr. Hung Chen, Richael, the substantial shareholders of the Company, have agreed to provide continuing financial support to the Group. As such, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) – Int 11	HKFRS 2-Group and Treasury Share Transactions ⁶

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

² Effective for annual periods beginning on or after 1 March 2006

³ Effective for annual periods beginning on or after 1 May 2006

⁴ Effective for annual periods beginning on or after 1 June 2006

⁵ Effective for annual periods beginning on or after 1 November 2006

⁶ Effective for annual periods beginning on or after 1 March 2007

The adoption 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 applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

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 (Amendments)	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 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

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 January 2008.

⁴ Effective for annual periods beginning on or after 1 July 2008.

The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of HKFRS 3 (Revised) “Business Combinations” and HKAS 27 (Revised) “Consolidated and Separate Financial Statements”. HKFRS 3 (Revised) may affect the accounting for business combinations 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 on changes in parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

4. 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

The Group's turnover and operating profit or loss are attributable mainly from one business segment, the organising of trade shows and exhibitions and providing ancillary services.

For management purpose, the Group currently organised into two operating divisions – (i) organising of trade shows and exhibition and providing ancillary services and (ii) production and sale of coal. The Group comprises two business segments as follows:

INCOME STATEMENT

For the year ended 31 March 2008

	Trade shows and exhibition operation	Coal operation	Other operation	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover				
Turnover from external customers	213,795	–	–	213,795
Result				
Segment result	2,292	–	(11,421)	(9,129)
Unallocated income				6,899
Loss before tax				(2,230)
Income tax expense				(4,944)
Loss for the year				(7,174)

BALANCE SHEET*At 31 March 2008*

	Trade shows and exhibition operation	Coal operation	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets			
Segment assets	100,989	1,059,294	1,160,283
Unallocated corporate assets			12,126
			<u>1,172,409</u>
Liabilities			
Segment liabilities	101,217	369,365	470,582
Unallocated corporate liabilities			522,387
			<u>992,969</u>

OTHER INFORMATION*For the year ended 31 March 2008*

	Trade shows and exhibition operation	Coal operation	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital additions	75,315	–	75,315
Depreciation	1,897	–	1,897
Amortisation	3,810	–	3,810
	<u>81,022</u>	<u>–</u>	<u>81,022</u>

INCOME STATEMENT

For the year ended 31 March 2007

	Trade shows and exhibition operation <i>HK\$'000</i>	Coal operation <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover				
Turnover from external customers	236,319	–	–	236,319
	<u>236,319</u>	<u>–</u>	<u>–</u>	<u>236,319</u>
Result				
Segment result	19,056	–	(40,544)	(21,488)
	<u>19,056</u>	<u>–</u>	<u>(40,544)</u>	<u>(21,488)</u>
Loss on disposal of financial assets at fair value through profit or loss				(8,500)
				<u>(8,500)</u>
Loss before tax				(29,988)
Income tax expense				(4,423)
				<u>(4,423)</u>
Loss for the year				<u>(34,411)</u>

BALANCE SHEET

At 31 March 2007

	Trade shows and exhibition operation <i>HK\$'000</i>	Coal operation <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets			
Segment assets	116,657	–	116,657
Unallocated corporate assets			4,191
			<u>4,191</u>
			<u>120,848</u>
Liabilities			
Segment liabilities	73,854	–	73,854
Unallocated corporate liabilities			1,198
			<u>1,198</u>
			<u>75,052</u>

OTHER INFORMATION

For the year ended 31 March 2007

	Trade shows and exhibition operation	Coal operation	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital additions	1,328	–	1,328
Depreciation	2,362	–	2,362
Amortisation	6,096	–	6,096

Geographical segments

In determining the Group's geographical segments, revenues are 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.

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments, including Hong Kong, the People's Republic of China (the "PRC"), Macau, the United Kingdom ("UK"), the United States of America ("USA") and the Republic of Poland ("Poland").

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:		
Turnover from shows and exhibitions and providing ancillary services:		
Hong Kong	173,631	197,091
Macau	23,904	–
UK	16,260	17,394
USA	–	11,688
Poland	–	10,146
	213,795	236,319
Other segment information:		
Segment assets:		
Hong Kong	446,511	116,657
The PRC	725,898	4,191
	1,172,409	120,848
Capital expenditure:		
Hong Kong	4,541	1,226
The PRC	70,774	102
	75,315	1,328

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of participation fee income, entrance fee income, hotel and travel package income, advertising fee income and portal income from exhibitions and trade shows. It is stated net of output value added tax of approximately HK\$2,846,000 (2007: HK\$5,276,000) accrued at 17.5% (2007: 17.5% or 22%) of the gross income generated from the exhibition and shows held in the United Kingdom (2007: the United Kingdom and Poland).

An analysis of the Group's turnover and other revenue is as follow:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Participation fee income	198,429	212,976
Entrance fee income	639	762
Hotel and travel package income	5,513	11,833
Advertising fee income	7,413	8,105
Portal income	1,801	2,643
	<hr/> 213,795 <hr/>	<hr/> 236,319 <hr/>
Other revenue		
Interest income	1,225	1,675
Forfeited deposit received	197	1,422
	<hr/> 1,422 <hr/>	<hr/> 3,097 <hr/>
Total revenue	<hr/> 215,217 <hr/>	<hr/> 239,416 <hr/>

6. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	3,810	6,096
Amortisation of prepaid land premium	–	9
Depreciation of property, plant and equipment	1,897	2,362
	<u>5,707</u>	<u>8,467</u>
Staff costs (including directors' remuneration)		
– wages and salaries	47,899	49,591
– retirement benefits scheme contributions	1,012	1,102
– share-based payment	331	–
	<u>49,242</u>	<u>50,693</u>
Auditors' remuneration	503	500
Impairment of interest in an option to acquire an equity interest of a company	–	2,358
Minimum lease payments under operating lease rentals of land and buildings (note (i))	49,160	49,336
Share option expenses	13,044	–
Loss on disposal of financial assets at fair value through profit or loss	–	8,500
and after crediting:		
Other income:		
Exchange differences, net	1,083	–
Gain on disposal of property, plant and equipment	6,373	–
Gain on disposal of subsidiaries	6,494	–
Transfer from equity on disposals of available-for-sale investments	3,761	–
Other income	6,037	290
	<u>23,748</u>	<u>290</u>

Note:

- (i) The amount includes rentals paid for the venues of exhibitions and trade shows held in the United Kingdom (2007: the United Kingdom and Poland), net of input value added tax of approximately HK\$1,279,000 (2007: HK\$2,544,000) accrued at 17.5% (2007: 17.5% or 22%) of the gross rental expenses for the year.

7. TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Hong Kong profits tax		
Provided for the year	4,833	4,592
Overseas income tax		
Under/(over)-provision in previous years	<u>111</u>	<u>(169)</u>
	<u>4,944</u>	<u>4,423</u>

The Group has tax losses arising in Hong Kong of approximately HK\$79,246,000 (2007: HK\$44,902,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised due to the unpredictability of the future profit streams.

Hong Kong profits tax has been provided for at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

8. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Interim dividend paid of HK\$Nil (2007: HK\$0.05) per ordinary share	<u>-</u>	<u>11,773</u>

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss attributable to equity holders of the Company for the purpose of basic and diluted loss per share	<u>(7,174)</u>	<u>(34,411)</u>

	Number of shares	
Weighted average number of ordinary shares for the purposes of basic loss per share	313,891,254	235,452,000
Effect of dilutive potential ordinary shares:		
Share options	30,608,760	–
Convertible notes	690,000,000	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted loss per share	1,034,500,014	235,452,000
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 March 2008, diluted loss per share is the same as the basic loss per share as the outstanding convertible notes and the shares options outstanding had anti-dilutive effect on the basic loss per share. For the year ended 31 March 2007, the diluted loss per share is the same as the basic loss per share as there was no dilutive events during the year.

10. TRADE RECEIVABLES

The credit period granted to customers ranges from 30 to 90 days. The aged analysis of the trade receivables is as follow:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	4,757	–
31 to 60 days	5,039	–
61 to 90 days	3,449	–
91 to 180 days	–	–
Over 180 days	7,224	–
	<hr/>	<hr/>
	20,469	–
	<hr/> <hr/>	<hr/> <hr/>

According to the credit rating of different customers, the Group allows a range of credit periods not exceeding 180 days to its trade customers. Trade receivables are all denominated in RMB.

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Ageing of trade receivables which are not considered to be impaired is as follow:		
Over 180 days	7,224	–
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables that were past due but not impaired related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance 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.

In determining the recoverability of trade receivables, the directors of the Company considers any change in the credit quality of the trade receivables from the date credit were initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

11. TRADE PAYABLES

The aged analysis of the trade creditors is as follow:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	2,741	–
31 to 60 days	17	–
61 to 90 days	280	–
91 to 180 days	121	–
Over 180 days	700	–
	<hr/>	<hr/>
	3,859	–
	<hr/> <hr/>	<hr/> <hr/>

SUMMARY OF THE INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

The independent auditors' report of the Group's consolidated financial statements for the year ended 31 March 2008 contains a modified auditors' opinion:

“Without qualifying our opinion, we draw attention to note 3(a) in the consolidated financial statements which indicates that the Group incurred accumulated losses of approximately HK\$13,564,000 as at 31 March 2008 and net current liabilities of approximately HK\$547,388,000 as at 31 March 2008 respectively. These conditions, along with other matters as set forth in note 3(a) to the consolidated financial statements, indicate that existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.”

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board, I would like to report the results of the Group for the financial year 2008.

For the year ended 31 March 2008, the Group continued to present trade fairs in Hong Kong and overseas and operate exhibition-related business. Staged five trade fairs as compared to seven in the last year, turnover for the year was reduced by approximately 10% to approximately HK\$213,795,000 (2007: approximately HK\$236,319,000). The Group incurred net loss attributable to equity holders of the Company amounted to approximately HK\$7,174,000 for the year (2007: HK\$34,411,000). Despite the drop in turnover, the reduction in the net loss for the year was mainly resulted from the significant increase in the other income including gain on disposal of the property and available-for-sale financial assets and no loss was incurred for financial assets at fair value through profit or loss during the year.

In its bid to diversify into other business and seeing huge potential in the fast-growing natural resources industry in China, the Group forayed into the coal mining sector through acquisition of two projects in March and June 2008. With the approval of shareholders at the Company's EGM held in June, the Company has proposed to change its name to “Sino Resources Group Limited” to more accurately reflect its new business focus.

The Group will shift its business focus to natural resources and actively exploit the potential of the new business segment with the goal of becoming a leading player in the mining industry in China.

DIVIDEND

The board of directors did not recommend payment of a final dividend for the year ended 31 March 2008.

BUSINESS REVIEW

During the financial year, the Group presented a total of five trade exhibitions including the internationally recognized MEGA SHOW series with two parts, second edition of The Hong Kong International Furniture Fair in Hong Kong, the inaugural Mega Macao show at the Venetian Macao Convention and Exhibition Center in Macao and the 8th edition of Asia Expo, in London, the U.K..

TRADE EXHIBITIONS

“Mega Show” series, Hong Kong

Mega Show Part 1

Held from 21-24 October 2007, MEGA SHOW Part 1 again took up all available space at the Hong Kong Convention and Exhibition Centre (“HKCEC”). However since the HKCEC has been undergoing expansion works, it offered venue space enough for just over 5,000 booths. Despite the reduction in exhibition area, Mega Show Part 1 still attracted a total of 3,348 exhibitors and retained its status as the largest trade exhibition for gifts, premium, household products and toys in Hong Kong and the largest ever trade fair held at HKCEC.

To facilitate worldwide marketing of Mega Show Part 1, the Group continued to work with its official trade media partner and leading e-commerce platform in China, Alibaba.com. Buyer pre-registration service, the hyperlink of the show and promotional materials on www.alibaba.com had all been effective in bringing more visitors to Mega Show Part 1.

The Group also maintained cooperation with another essential strategic partner Cathay Pacific, which is the official airline for Mega Show Part 1 & 2. This partnership has enabled the Group to provide quality flight services, including exclusive packages for exhibitors and buyers participating in the event.

Mega Show Part 2

The exhibition held from 28-30 October 2007 gave the final opportunity for buyers to view gifts, premium, houseware and toy products before the sourcing season conclude. Table Object Asia, which featured a wide array of tableware of different styles and designs from Asian countries, continued as an added attraction.

Mega Show Part 2 retains its niche featuring an impressive combination of Asian products at the right time in Hong Kong the “trade show capital” in Asia. The show attracted over 677 exhibitors from 11 countries and regions showcasing their products in 829 booths.

The 2007 MEGA SHOW series received a total of 72,538 visitors.

Mega Macao

Heeding the demand for a strong promotion platform in the major sourcing periods in April and October of export-ready manufacturers in Mainland China and companies which have set up regional base in Asia, the Group launched Mega Macao in October 2007. The event which took place between 18 and 20 October 2007 at The Venetian Macao Convention and Exhibition Center brought together 923 exhibitors and received 8,789 visitors, many of whom were buyers from the USA and Europe. Encouraged by the enthusiasm of participant of the inaugural show, the Group decided to present two editions of the show a year from then on, with the second show planned for April 2008. It believes the show has all – timing, location and content – working in its favor and will take roots and gain influence in the region very quickly.

Hong Kong International Furniture Fair

The Group together with the Hong Kong Trade Development Council staged the second edition of the Hong Kong International Furniture Fair from 27-30 October 2007 at the AsiaWorld- Expo. The 4-day show had 172 participating exhibitors and welcomed over 8,000 visitors from 112 countries and regions.

Asia Expo

Positioned as one of the largest trade fairs in London for Asian-made toys, gifts, premium and household products, the UFI-approved Asia Expo has successfully helped over thousands of Asian suppliers to link up with a large congregation of European buyers in the past eight years.

This year, the 8th Asia Expo was held from 29 January to 1 February 2008 at the Grand Hall, Olympia Exhibition Centre, London, the U.K.. 494 exhibitors from Hong Kong, China, Taiwan, Korea, Vietnam, India and many other Asian countries has set-up a total of 524 booths to display their high quality Asian products.

A total of 9,231 international buyers from 70 countries including major European countries such as the U.K., France, Italy and Spain were recorded during the four-day show.

Exhibition-related Services

MegAsia

The Group's bi-annual trade magazine MegAsia, which was first published in October 2002, is used by buyers around the world today as an essential sourcing guide to find new products and suppliers of gifts, premium, houseware and toys in Hong Kong and different Asian countries. In addition to product advertisements, each issue of MegAsia also carries latest industry news, reports on product trends, information of trade shows and in-depth company profiles of selected suppliers.

During the financial year, MegAsia produced the mega issue Vol.October/2007 to be the official show directory of Mega Macao and its flagship in Hong Kong – the Mega Show Series. Over 20,000 free copies of that October issue of MegAsia with 287 advertising pages were picked up by buyers visiting Mega Macao and the Mega Show Series – Mega Show Part 1 and Part 2 – in Hong Kong. MegAsia continued to generate advertising revenue, serving as a supplementary income source of the Group.

Kenfair Travel Limited

Licensed in 2003, Kenfair Travel Limited (“Kenfair Travel”) is a wholly-owned subsidiary and travel agency service arm of the Group.

Kenfair Travel provides comprehensive travel-related services including special travel packages, hotel accommodation, transportation, air-ticketing and tour arrangements to regional exhibitors and international buyers attending the Group’s shows. During this financial year, it handled more than 1,500 hotel bookings for buyers and exhibitors supporting the Mega Show series in Hong Kong and Mega Macao.

Kenfair Travel has become an integral part of the value-added services offered by the Group bringing in steady revenue.

OUTLOOK

Exhibition Business

Trade exhibitions are among the most effective marketing tools for manufacturers, as they provide an avenue for manufacturers to showcase their products and meet buyers face-to-face to discuss business and ascertain sales leads. Different cities in Asia and Mainland China, recognising the economic value of the trade, have been making significant investment in developing their exhibition related infrastructure.

To maintain its leadership in the trade fair sector in Hong Kong and the region, Kenfair International will strive to expand its business in Hong Kong as well as new markets including Macao and China. It conducts professional industry research regularly to gather information required for planning existing and new trade exhibitions and at new locations.

The Group is actively investigating the potential in other parts of China for its exhibition business, including Guangzhou, one of the largest distribution centres for China-made toys and light-industry products. The Group’s four subsidiaries in China, namely Kenfair (Beijing) Exhibition Company Limited, Kenfair International (Shanghai) Limited, Guangzhou Kenfair Exhibition Company Limited in Panyu and Kenfair International (Shenzhen) Limited, have all been relating market intelligence to the Group to aid its feasibility study of presenting new trade exhibitions in major Chinese cities like Guangzhou.

To grow its exhibition business, the Group will strive to consolidate Mega Macao, prepare to expand Mega Show Part 1 and Part 2 in Hong Kong in 2009, enlarge the base of Asia Expo (London) and explore possibilities of new shows in China. It, however, has no plan to re-launch the Asia Expo series in the USA or Europe in the near future.

Apart from presenting trade shows, applying its experience in organising mega events, the Group signed an agreement to provide floor management and travel agency services to the World Ophthalmology Congress 2008. The major international conference held at the HKCEC between 28 June to 2 July 2008.

The Group believes by entering the Meetings, Incentives and Conference sector and riding on the increase in conference and meeting facilities in Hong Kong and Macao, it will eventually create for itself a new revenue stream.

Mining Business

During the financial year, the Group made a strategic move to expand its operation beyond the exhibition sector. In March 2008, Kenfair acquired the Sheng Ping Coal Mine in Heilongjiang Province, the PRC, at the aggregate consideration of HK\$700,000,000. The mine has an operating history of over 30 years and a remarkable and experienced management team. The Group's new business direction is well received as evidenced in the support of renowned international investors subscribing to the placing shares of the Group.

The Sheng Ping Coal Mine was built in 1970 and has been in production since 1972. It has over 60 million tons reserve of top quality "1/3 Coking" "Bituminous" coal and is well recognized in the region as a benchmark and training hub for mine operators. It has recently received the 'Star Mine' award for its excellent safety records from the China Coal Mining Operational Safety Bureau. Sheng Ping has a production capacity of 600,000 tons per annum and its own coal washery facility to produce Clean Coke used primarily to manufacture iron and steel. The robust PRC economy and strong demands in coal have driven up the prices of coal especially Clean Coke substantially in the past few years and have no sign of retreating. Riding on the surge of coal prices, Sheng Ping Coal Mine has generated consistent profitability.

In June 2008, the Group signed a letter of intent with The Peoples' Government of Jixian County, Shuangyashan, Heilongjiang Province regarding investing RMB7,800,000,000 in a coal-based urea project over the period of three years. This project can generate 1,600,000 tonnes of coal-based urea per year for producing agricultural fertilisers and other uses.

We are committed to enhancing the operation of our mine by bringing in international mining experts. We are confident that our timely investment in the new mining business will start contributing significantly to our overall operating performance in the near future.

Strategic Partnership Development Worldwide

To strengthen exhibition industry ties, the Group has held meetings with major Australasian, European and USA trade associations and government bodies in the gift, houseware and toy fields, with the intention of boosting the value of its offer to their members in the form of pre-, post- and during-show services.

CORPORATE GOVERNANCE

Kenfair International firmly believes that for a corporation to ensure business excellence and long-term growth, it must demonstrate exemplary corporate governance. Thus, it diligently observes the Code of Corporate Governance Practices (“CG Code”), set out in Appendix 14 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), and other Stock Exchange recommendations, with the exceptions disclosed below. In addition to abiding by rules and regulations, the Group also believes that the values held by a company and its leaders are critical to ensuring the company’s creditability and overall performance.

The Group values the governance, counsel and guidance of its directors. All its executive directors are responsible for the day-to-day management of the Group’s operations and regular meetings are held with senior management to formulate and communicate the Group’s overall strategy and corporate policies. Furthermore, the Board remains vigilant of conditions that may affect the Group’s financial situation and business performance, as well as shareholders’ interests.

To ensure the Group’s financial and accounting policies are strictly implemented, the audit committee meets regularly to review the completeness, accuracy and fairness of the Group’s financial statements. We also take the nature and scope of external auditors’ reviews into account in guiding corporate finance implementations.

HUMAN RESOURCES

As at 31 March 2008, the Group had a total of 2,971 employees in Hong Kong and China. All employees are remunerated according to their performance, experience and prevailing industry practices.

The Group also participates in retirement benefit schemes for its staff in Hong Kong and China. It introduced a share option scheme on 10 April 2002, with options to be granted to employees at the discretion of the Board. A total of 4,400,000 options at the exercise price of HK\$1.066 had been granted up to the date of approval of this announcement. They were granted to nine employees on 22 August 2007 and total of 4,000,000 options were outstanding as at 31 March 2008.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations internally generated cash flows. As at 31 March 2008, it had bank balances and fixed deposits of approximately HK\$67,839,000.

As at 31 March 2008, the Group's total investment in listed securities amounted to approximately HK\$10,377,000 (2007: approximately HK\$34,690,000). They are classified into long-term holdings for capital growth and short-term holdings for profit.

As at 31 March 2008, the Group has convertible notes amounted to approximately HK\$196,518,000 (2007: Nil). Its current ratio was 21% (2007: 75%) and gearing ratio (total debts to total equity) was 109% (2007: Nil). Both the Group and Kenfair International had no significant contingent liabilities as at 31 March 2008. The Group's cash balances are mainly denominated in Hong Kong, Renminbi and U.S. dollars, with minimal exposure to foreign exchange fluctuation.

CONCLUSION

On behalf of the Board, I would like to express my thanks to the management and operational staff for their efforts in the past year. I feel confident that on the back of clear strategy the Group will be able to overcall challenges presented by the competitive market. We are poised to sustain growth and improve performance of the Company in the coming year and beyond.

ASSET PLEDGED

At 31 March 2008, the Group has no pledged bank deposit (2007: HK\$3,175,000) pledged to a bank for general banking facility in relation to a lease of an overseas exhibition venue.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company or any of its subsidiaries had not purchased, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance through the establishment and adoption of good practices and procedures which are in the best interests of the Company and its shareholders. The principles of corporate governance adopted by the Company enhance board practices, internal controls, transparency and accountability to the Company's shareholders.

The Company applied the principles and complied with all code provisions of the CG Code throughout the accounting period covered by this announcement (the “Period”), except for the following deviation:

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific terms, subject to re-election, and code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors of the Company (“INEDs”) are not appointed for a specific term but are subject to the retirement by rotation in accordance with the articles of association of the Company (the “Articles”). However, the Chairman, Ip Ki Cheung and the Managing Director, Cheung Shui Kwai, are not subject to retirement by rotation. This constitutes a deviation from code provision of A.4.2 of the CG code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of the Chairman and the Managing Director provide the Company with strong and consistent leadership and are beneficial to the Company especially in planning and execution of business strategies and also believes that the present arrangement is beneficial to the Company and the shareholders of the Company as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company adopted a code of conduct regarding directors’ securities transactions as set out in the Model Code in Appendix 10 of the Listing Rules on the terms no less exacting than the required standard set out in the Model Code throughout the Period. After having made specific enquiry to all directors of the Company, the directors are of the opinion that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the Period.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established the following Board Committees to oversee particular aspects of the Company’s affairs. A majority of the members of each of these Committees is INEDs. Each of the Audit, Remuneration and Nomination Committee is governed by its respective terms of reference.

AUDIT COMMITTEE

During the Period, the Audit Committee, which comprises the three INEDs, is chaired by Mr. Chan Wing Yau, George and the other two members of the Committee are Mr. Law Sung Ching, Gavin and Mr. Cheng Wing Keung, Raymond. Mr. Cheng Wing Keung, Raymond was appointed a member of the Committee to replace Mr. Lai Yang Chau, Eugene who has retired at the AGM.

On 7 June 2008, Mr. Cheng Hong Kei and The Honourable John Reynolds were appointed as the Chairman and a member of the Committee to replace Mr. Chan Wing Yau, George and Mr. Law Sung Ching, Gavin respectively; both have resigned on 7 June 2008.

The terms of reference of the Audit Committee is based on “A Guide for the Formation of an Audit Committee” and updated by “A Guide for Effective Audit Committees” as issued by the HKICPA (previously known as the Hong Kong Society of Accountants) in December 1997 and in February 2002 respectively. It sets out the powers and duties of the Audit Committee, which includes those as set out in code provisions C.3.3(a) to (n) of the CG Code, and is reviewed by the Board from time to time.

The Audit Committee meets regularly with the management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group, and reports directly to the Board. It reviews the external auditors about their independence and objectivity and holds meetings with the external auditors to discuss the nature and scope of audit and reporting obligations and also makes recommendations to the Board on the selection, appointment, resignation or dismissal of the external auditors.

REMUNERATION COMMITTEE

During the Period, the Remuneration Committee, which comprises two INEDs and one executive director, is chaired by Mr. Chan Wing Yau, George and the other two members of the Committee are Mr. Law Sung Ching, Gavin and Mr. Chan Siu Chung.

On 7 June 2008, Mr. Cheng Hong Kei and Mr. Cheng Wing Keung, Raymond were appointed as the Chairman and a member of the Committee to replace Mr. Chan Wing Yau, George and Mr. Law Sung Ching, Gavin respectively; both had resigned on 7 June 2008.

The Remuneration Committee’s major responsibilities include the review of the Company’s policy and structure for all remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

The Remuneration Committee held no meeting during the year under review.

NOMINATION COMMITTEE

During the Period, the Nomination Committee, which comprises two INEDs and one executive director, is chaired by Mr. Law Sung Ching, Gavin and the other two members of the Committee are Mr. Cheng Wing Keung, Raymond and Mr. Ip Ki Cheung.

On 7 June 2008, Mr. Cheng Wing Keung, Raymond and The Honourable John Reynolds were re-designated and appointed as the Chairman and a member of the Committee to replace Mr. Chan Wing Yau, George and Mr. Law Sung Ching respectively; both have resigned on 7 June 2008.

The Nomination committee has held one meeting during the year end.

The Nomination Committee has reviewed and discussed (1) the prevailing structure, size and composition of the Board; (2) the independence of the INEDs; and (3) nomination of directors for re-election at the forthcoming annual general meeting. The Nomination Committee has made recommendations to the Board.

POST BALANCE SHEET EVENTS

- (i) On 20 March 2008, the directors of the Company announced that the board proposed to increase the authorised share capital of the Company from 1,000,000,000 shares to 2,000,000,000 shares by the creation of an additional 1,000,000,000 unissued shares. Details of the proposed increase in the share capital were set out in the Company's circular dated 2 April 2008. The ordinary resolution to approve the increase in authorised share capital of the Company was duly passed by the shareholders at the extraordinary general meeting held on 18 April 2008.
- (ii) On 18 March 2008, the Company entered into a placing agreement with Baron Capital Limited (the "Placing Agent"), pursuant to which the Placing Agent would procure not less than six independent placees to subscribe for the placing shares up to a maximum of 250,000,000 new shares at a subscription price of not less than HK\$0.80 per placing share.

The placing of new 120,500,000 shares of the Company to not less than six placees was completed on 29 May 2008 at a placing price of HK\$0.99 per share. The Company received net proceeds from the placing of approximately HK\$105,438,000 for the purpose of financing the Acquisition.

- (iii) On 29 April 2008, the directors proposed to change the name of the Company from "Kenfair International (Holdings) Limited" to "Sino Resources Group Limited" and to adopt the Chinese name as "神州資源集團有限公司" for identification purposes of the Company. The change of name application is in processing and has not been completed as at the date of this announcement.

- (iv) Subsequent to the year ended 31 March 2008, the Convertible Notes holder had exercised his conversion rights with principal amount of HK\$50,000,000 and HK\$50,000,000 were converted into 100,000,000 and 100,000,000 new shares on 29 April 2008 and 14 May 2008 respectively.
- (v) Subsequent to the year ended 31 March 2008, the share option holders had exercised their subscription rights attaching to the Option Scheme with 1,300,000, 400,000, 100,000 and 200,000 new shares were issued on 28 April 2008, 2 May 2008, 22 May 2008 and 20 June 2008 respectively.
- (vi) Subsequent to the year ended 31 March 2008, the options holder, Capital Builder Investments Limited had exercised its subscription rights attaching to the options, 16,481,640 and 14,127,120 new shares were issued in 14 April 2008 and 21 April 2008 respectively.
- (vii) On 6 June 2008, the Company entered into a non-legally binding memorandum of understanding with the Jixian Government and Baron Capital Limited in relation to a proposed investment in the construction of a coal-based urea production facility at Jixian County, Shuangyashan City, Heilongjiang Province, the PRC. The designed production capacity of the facility is 1.6million tones of coal-based urea per annum and the total investment amount for the proposed investment is estimated to be RMB7.8 billion. The expected construction time of the production facility is approximate 30 months. Details of the proposed investment in a coal-based urea production facility is set out in the Company's announcement dated 6 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The registers of members of the Company will be closed from Tuesday, 26 August 2008 to Friday, 29 August 2008, both days inclusive, during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the Annual General Meeting, all properly completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Monday, 25 August 2008.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's result announcement for the year ended 31 March 2008 containing all information required by Appendix 16 of the Listing Rules is published on the website of the Stock Exchange at www.hkex.com.hk under "Latest Listed Company Information" and the Company's appointed website at www.capitalfp.com.hk/eng/index.jsp?co=223. The annual report of the Company for the year ended 31 March 2008 will be despatched to the shareholders and published on the above websites in due course.

On Behalf of the Board
Kenfair International (Holdings) Limited
Ip Ki Cheung
Chairman

Hong Kong, 31 July 2008

As at the date of this announcement, the executive Directors are Mr. Ip Ki Cheung, Mr. Cheung Shui Kwai, Mr. Chan Siu Chung, Mr. Hung Chen, Richael, Mr. Ma Li Shan, Mr. Javed Iqbal Khan and Mr. Fong Wang; and the independent non-executive Directors are Mr. Cheng Wing Keung, Raymond, The Honourable John Reynolds and Mr. Cheng Hong Kei.