SINO RESOURCES GROUP LIMITED
(carrying on business in Hong Kong as Sino Gp Limited)
神州資源集團有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 223)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the "Board") of Sino Resources Group Limited (the "Company", together with its subsidiaries, the "Group") hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2011 together with the comparative figures of the corresponding period for 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2011

		Six months ended 30 September	
	Notes	**2011** *HK$'000* **(Unaudited)**	2010 *HK$'000* (Unaudited)
Turnover	5	–	946
Other revenue	5	**190**	4,221
Other income		**5,291**	48
Advertising and promotion expenses		**(1,160)**	(6,426)
Agency commission		–	(25)
Amortisation and depreciation of trade shows and exhibition operation		**(7)**	(54)
Hotel and travel package expenses		–	(831)
Written off of property, plant and equipment		**(325)**	(16)
Operating lease rentals		**(1,220)**	(1,293)
Staff costs		**(7,611)**	(6,942)
Other operating expenses		**(14,387)**	(9,100)
Gain on disposal of subsidiaries		–	991
Loss from operating activities		**(19,229)**	(18,481)
Finance costs	6	**(449)**	(2,376)
Loss before tax		**(19,678)**	(20,857)
Taxation	7	–	–

	Notes	Six months ended 30 September **2011** *HK$'000* (Unaudited)	2010 *HK$'000* (Unaudited)
Loss for the period		**(19,678)**	(20,857)
Other comprehensive income/(loss), net of tax			
Exchange differences on translation of foreign currency		**13**	(256)
Total comprehensive loss for the period		**(19,665)**	(21,113)
Dividends	8	**–**	–
Loss attribute to:			
Owners of the Company		**(16,955)**	(20,857)
Non-controlling interests		**(2,723)**	–
		(19,678)	(20,857)
Total comprehensive loss attributable to:			
Owners of the Company		**(16,942)**	(21,113)
Non-controlling interests		**(2,723)**	–
		(19,665)	(21,113)
Loss per share attributable to owners of the Company			
– Basic	9	**(1.27) cents**	(1.87) cents
– Diluted	9	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	As at 30 September 2011 HK$'000 (Unaudited)	As at 31 March 2011 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**4,842**	2,792
Goodwill		**1,700**	1,700
		6,542	4,492
Current assets			
Trade receivables	10	**–**	22
Deposits, prepayments and other receivables	11	**86,625**	25,980
Amount due from a director		**34**	78
Deposits with banks	12	**10,730**	69,159
Cash and cash equivalents		**17,843**	21,220
		115,232	116,459
Less: Current liabilities			
Amount due to a shareholder	13	**14,918**	14,478
Accrued liabilities and other payables	14	**174,239**	169,952
Other borrowings	15	**454**	33,872
Deposits received in advance	16	**53,635**	16,587
		243,246	234,889
Net current liabilities		**(128,014)**	(118,430)
Total assets less current liabilities		**(121,472)**	(113,938)
Less: Non-current liabilities			
Convertible notes	17	**142,094**	142,094
Deferred tax liabilities		**5,182**	5,182
Other borrowings	15	**710**	–
		147,986	147,276
Net liabilities		**(269,458)**	(261,214)
Equity attributable to owners of the Company			
Share capital	18	**13,665**	13,365
Reserves		**(278,040)**	(272,219)
		(264,375)	(258,854)
Non-controlling interests		**(5,083)**	(2,360)
Total equity		**(269,458)**	(261,214)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of 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 KY-1111, Cayman Islands. The principal place of business of the Company is located at Suite 2502, 25/F, No. 9 Queen's Road Central, Central, Hong Kong.

The principal activities of the Company is investment holding. The principal activities of its subsidiaries are acting as show manger of exhibitions and trade shows with related ancillary services as well as investing in unconventional gas business.

This condensed consolidated interim financial statement has not been audited.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules"). These condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

These condensed consolidated interim financial statements should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2011.

The accounting policies and method of computation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2011 except that the Group has adopted certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) as disclosed in Note 3 below.

In preparing these condensed consolidated interim financial statements, the directors have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities of approximately HK$128,014,000 (31 March 2011: HK$118,430,000). The following items with an aggregate of amount of HK$320,794,000 (31 March 2011: HK$320,354,000), which are included in current liabilities and non-current liabilities, are related to the legal proceedings with Mr. Hung Chen Richael ("Mr. Hung") in the High Court of Hong Kong (the "High Court"): (i) HK$158,600,000 (31 March 2011: HK$158,600,000) was consideration payable for the acquisition of Wealth Gain Global Investment Limited ("Wealth Gain") and its subsidiary (the "Wealth Gain Group"); (ii) HK$14,918,000 (31 March 2011: HK$14,478,000) was shareholder's loan plus interests from Mr. Hung; and (iii) convertible notes of HK$142,094,000 (31 March 2011: HK$142,094,000) and respective deferred tax liabilities of HK$5,182,000 (31 March 2011: HK$5,182,000) under non-current liabilities. Furthermore, the amounts of HK$53,530,000 deposits received in advance will be recognised as revenue upon the completion of the exhibitions event which was being held on October 2011. The Board of the Company considers the liquidity of the Group is good enough as at 30 September 2011.

In addition, a substantial shareholder of the Company, has 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 and when they fall due for the foreseeable future. Accordingly, these condensed consolidated interim financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies used in the preparation of the interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2011, included in the annual report of the Group for the year ended 31 March 2011.

(a) Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The following revised standards and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

Amendment to HKAS 34, "*Interim Financial Reporting*" is effective for annual period beginning on or after 1 April 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The directors anticipate that the application of these new and revised HKFRSs will not have material impact on the unaudited condensed consolidated interim financial statements of the Group.

(b) Amendments and interpretations effective in 2011 not relevant to the Group

The following amendments and interpretations to existing standards are effective in 2011 but not relevant to the Group:

Amendment to HKAS 32 *"Classification of Rights Issues"* is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

Amendment to HK(IFRIC) – Int 14 *"Prepayment of a Minimum Funding Requirement"* is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

HK(IFRIC) – Int 19 *"Extinguishing Financial Liabilities with Equity Instruments"* is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for the amendment to HKAS 34 *"Interim Financial Reporting"* as disclosed in note 3(a) above and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group.

All improvements are effective in the financial year of 2011.

(c) Standards and amendments in issue but not yet effective

The following new and revised standards and amendments to standards have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (Amendments) (as revised in 2011)	Employee Benefits[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]

1 Effective for annual periods beginning on or after 1 January 2012
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013

The amendments to HKAS 1 require companies preparing financial statements in accordance with HKFRSs to group together items within other comprehensive income ("OCI") that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The amendments to HKAS 19 make important improvements by:

- eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation.

- streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in OCI, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.

- enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

HKFRS 9 *"Financial Instruments"* addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard will affect in particular the accounting for available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, will therefore have to be recognised directly in profit or loss. The Group currently does not have such available-for-sale debt investment.

The standard will also affect the accounting for financial liabilities that are designated at fair value through profit or loss. The Group currently does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "*Financial Instruments: Recognition and Measurement*" have not been changed.

The standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

HKFRS 10 *"Consolidated Financial Statements"* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 "*Consolidation – Special Purpose Entities*" and replaces parts of HKAS 27 "*Consolidated and Separate Financial Statements*".

HKFRS 11 *"Joint Arrangements"* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 "*Interests in Joint Ventures*" and HK(SIC)-13 "*Jointly Controlled Entities – Non-monetary Contributions by Venturers*".

HKFRS 12 *"Disclosure of Interests in Other Entities"* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *"Fair Value Measurement"* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

HKAS 12 (Amendment) *"Deferred tax: Recovery of underlying assets"* introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has not yet applied new/revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new/revised HKFRSs would have a material impact on its results of operations.

4. SEGMENT INFORMATION

The Group organised into two operating divisions: trade shows and exhibition operation and unconventional gas business. These divisions are the basis on which the Group reports its segment information.

The two operating and reportable segments are as follows:

Trade shows and exhibition operation	Trade shows and exhibition operation and providing ancillary services
Unconventional gas business	Provision of services in connection with unconventional gas and import of technical equipment for the unconventional gas industry

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 September 2011 (Unaudited)

	Trade shows and exhibition operation *HK$'000*	**Unconventional gas business** *HK$'000*	**Consolidated** *HK$'000*
Turnover			
Turnover from external customers	**–**	**–**	**–**
Result			
Segment result	**(4,392)**	**(5,525)**	**(9,917)**
Unallocated income			**5,373**
Unallocated corporate expenses			**(14,685)**
Finance costs			**(449)**
Loss before tax			**(19,678)**
Taxation			**–**
Loss for the period			**(19,678)**

For the six months ended 30 September 2010 (Unaudited)

	Trade shows and exhibition operation *HK$'000*	Unconventional gas business *HK$'000*	Consolidated *HK$'000*
Turnover			
Turnover from external customers	946	–	946
Result			
Segment result	(13,697)	–	(13,697)
Unallocated income			104
Unallocated corporate expenses			(5,879)
Gain on disposal of subsidiaries	991		991
Finance costs			(2,376)
Loss before tax			(20,857)
Taxation			–
Loss for the period			(20,857)

Turnover reported above represents revenue generated from external customers. There was no inter-segment sales in the period (six months ended 30 September 2010: HK$Nil).

Segment results represent the loss generated by each segment without allocation of corporate expenses, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment measurement.

Segment assets and liabilities

As at 30 September 2011 (Unaudited)

	Trade shows and exhibition operation *HK$'000*	**Unconventional gas business** *HK$'000*	**Consolidated** *HK$'000*
Assets			
Segment assets	**35,790**	**21,403**	**57,193**
Unallocated corporate assets			**64,581**
			121,774
Liabilities			
Segment liabilities	**58,988**	**732**	**59,720**
Unallocated corporate liabilities			**331,512**
			391,232

As at 31 March 2011 (Audited)

	Trade shows and exhibition operation *HK$'000*	Unconventional gas business *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	4,953	15,679	20,632
Unallocated corporate assets			100,319
			120,951
Liabilities			
Segment liabilities	23,440	496	23,936
Unallocated corporate liabilities			358,229
			382,165

Segment assets and liabilities

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate assets and goodwill; and

- all liabilities are allocated to reportable segments other than corporate liabilities, convertible notes and deferred tax liabilities.

Other segment information

	Six months ended 30 September			
	Depreciation and amortisation		**Additions to non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Trade shows and exhibition operation	**7**	54	**–**	–
Unconventional gas business	**46**	–	**137**	–
Unallocated	**262**	167	**2,535**	909
	315	221	**2,672**	909

Geographical information

The Group's operations are mainly located in Hong Kong, UK and the PRC. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services:

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**–**	188
UK	**–**	70
The PRC	**–**	688
	–	946

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets and derivate financial instrument) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets	
	As at 30 September 2011	As at 31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**6,399**	4,478
The PRC	**143**	14
	6,542	4,492

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of participation fee income, hotel and travel package income.

"Old Wing of Mega Show Part 1" and "Mega Show Part 2" organised by the Group were held and completed in October 2011 and the unaudited turnover and net profit from the trade shows and exhibition operation business for the period from 1 April 2011 to 31 October 2011 were approximately HK$62,500,000 and HK$8,300,000 respectively (seven months ended 31 October 2010: HK$71,356,000 and HK$15,000,000).

An analysis of the Group's turnover and other revenue are as follows:

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover		
Participation fee income	**–**	31
Hotel and travel package income	**–**	915
	–	946
Other revenue		
Interest income	**82**	111
Sundry income	**108**	4,110
	190	4,221
Total revenue	**190**	5,167

6. **FINANCE COSTS**

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on amount(s) due to a shareholder(s) and a director wholly repayable within five years	**440**	1,705
Interests on other borrowings wholly repayable within five years	**9**	671
	449	2,376

7. **TAXATION**

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profit for the period (six months ended 30 September 2010: HK$Nil).

8. DIVIDENDS

The Board of the Company do not recommend a payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company of approximately HK$16,955,000 (30 September 2010: approximately HK$20,857,000) and the weighted average number of ordinary shares in issue during the period is 1,336,685,243 (30 September 2010: 1,113,768,400).

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 September 2011 and 2010 in respect of a dilution as the impact of the outstanding convertible notes, share options and unlisted warrants had an anti-dilutive effect on the basic loss per share amounts presented.

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:

	As at 30 September 2011 *HK$'000* **(Unaudited)**	As at 31 March 2011 *HK$'000* (Audited)
0 to 30 days	**–**	–
31 to 60 days	**–**	4
61 to 90 days	**–**	18
	–	22

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2011 *HK$'000* **(Unaudited)**	As at 31 March 2011 *HK$'000* (Audited)
Deposits	**28,904**	8,997
Prepayments	**19,778**	6,365
Other receivables	**37,943**	10,618
	86,625	25,980

As at 30 September 2011, included in other receivables of HK$10,000,000 (31 March 2011: HK$10,000,000) was the deposits previously paid to the High Court for an injunction order of Mr. Hung, Mega Wealth Capital Limited ("Mega Wealth") and Webright Limited ("Webright").

12. DEPOSITS WITH BANKS

As at 30 September 2011, the fixed interest rate on deposits with banks of approximately HK$10,730,000 (31 March 2011: approximately HK$69,159,000), with maturity over one month but less than one year is 1.00% per annum (31 March 2011: ranging from 0.94% to 1.03% per annum). The deposits with banks were denominated in HK$.

As at 30 September 2011, included in deposits with banks of approximately HK$10,730,000 (31 March 2011: approximately HK$39,159,000) was deposits into designated interest-bearing bank account opened into the name of the Company as security for the litigations.

13. AMOUNT DUE TO A SHAREHOLDER

	As at 30 September 2011	As at 31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Amount due to Mr. Hung *(Note i)*	**14,918**	14,478

Notes:

(i) The amount due to Mr. Hung is the principal amount and interests and details terms are summarised as follows:

(1) HK$3,000,000 loan is unsecured, bearing interest at a fixed rate of 8% per annum due on 3 December 2009;

(2) HK$8,000,000 loan is unsecured, bearing interest at a fixed rate of 8% per annum due on 8 March 2010; and

(3) HK$1,600,000 advanced is unsecured, non-interest bearing and repayable on demand.

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 30 September 2011 *HK$'000* **(Unaudited)**	As at 31 March 2011 *HK$'000* (Audited)
Accrued liabilities	**163,420**	162,015
Other payables	**10,819**	7,937
	174,239	169,952

Included in accrued liabilities of HK$158,600,000 (31 March 2011: HK$158,600,000) was consideration payables for acquisition of the Wealth Gain Group. On 15 December 2009, the Company issued legal proceeding against Mr. Hung in the High Court in connection with the acquisition of the Wealth Gain Group and also filed a statement of claim against Mr. Hung for, inter alia, the rescission of the Agreement on 1 February 2010.

15. OTHER BORROWINGS

	As at 30 September 2011 *HK$'000* **(Unaudited)**	As at 31 March 2011 *HK$'000* (Audited)
Current liabilities		
– Unsecured borrowings *(Note (i))*	**–**	33,872
– Finance lease liabilities *(Note (ii))*	**454**	–
	454	33,872
Non-current liabilities		
– Finance lease liabilities *(Note (ii))*	**710**	–
Total borrowings	**1,164**	33,872

Notes:

(i) On 28 July 2010, Mr. Hung informed the Company that a sum of HK$31,500,000 plus interests under the loan agreement dated 16 July 2009 made between Mr. Hung and the Company was assigned to Mr. Wong Ching Ping Alex ("Mr. Wong").

On 7 August 2009 at the request of Mr. Hung, the Company made repayment of a sum of HK$3,000,000.

The amount of HK$28,500,000 loan is unsecured, bearing interest at prime rate plus 5% (i.e, 10%) per annum due on 15 October 2009. The Company repaid the amount of HK$28,500,000 to Mr. Wong on 8 June 2011.

(ii) During the period ended 30 September 2011, the Group leases a motor vehicle and this lease is classified as finance leases having remaining lease terms to 30 months. The interest rate is 1.7% per annum. As at 30 September 2011, the total future minimum lease payments under finance leases and their present value were as follows:

	As at 30 September 2011 *HK$'000* **(Unaudited)**	As at 31 March 2011 *HK$'000* (Audited)
Total minimum lease payments		
– Due within one year	**490**	–
– Due in the second year	**490**	–
– Due in the third to fifth years, inclusive	**246**	–
	1,226	–
Less: future finance charges on finance leases	**(62)**	–
Present value of finance lease liabilities	**1,164**	–
Present value of finance lease liabilities		
– Due within one year	**454**	–
– Due in the second year	**470**	–
– Due in the third to fifth years, inclusive	**240**	–
	1,164	–
Less: Current portion due within one year included under current liabilities	**(454)**	–
Non-current portion included under non-current liabilities	**710**	–

16. DEPOSITS RECEIVED IN ADVANCE

The deposits received in advance from participants who pay the participation fee on the exhibitions and trade shows. The amounts of HK$53,530,000 deposits received in advance will be recognised as revenue upon the completion of the exhibitions event which was being held in October 2011.

17. CONVERTIBLE NOTES

On 31 March 2008, the Company issued HK$345,000,000 zero coupon convertible note ("the Convertible Notes") as part of the consideration for the acquisition of the Wealth Gain Group.

Up to 30 September 2011, the convertible note with an aggregate amount HK$171,500,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 343,000,000. The remaining convertible notes is in the principal amount of HK$173,500,000 convertible into ordinary shares of the Company at a conversion price of HK$0.5 per share. As at 30 September 2011, the fair value of the derivate component embedded in the Convertible Notes was HK$Nil (31 March 2011: HK$Nil).

On 15 December 2009, the Company issued legal proceedings against Mr. Hung in the High Court and also filed a statement of claim of the Convertible Notes which was being issued to Mr. Hung on 1 February 2010.

18. SHARE CAPITAL

	As at 30 September 2011 (Unaudited)		As at 31 March 2011 (Audited)	
	Number of shares	**Amounts**	Number of shares	Amounts
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**6,000,000**	**60,000**	6,000,000	60,000
Issued and fully paid:				
At beginning of the period/year	**1,336,520**	**13,365**	1,113,768	11,138
Placing of shares *(Notes)*	**30,000**	**300**	222,752	2,227
At end of the period/year	**1,366,520**	**13,665**	1,336,520	13,365

Notes:

(i) On 8 February 2011, the Company, through a placing agent, placed 222,752,000 shares of HK$0.01 each at a placing price of HK$0.35 each for the purpose of financing subscription of shares in acquisition of Sino Giants Group Limited ("Sino Giants"), the shareholder's loan to Sino Giants, future business development and general working capital of the Group

(ii) On 28 September 2011, the Company, through a placing agent, placed 30,000,000 shares of HK$0.01 each at a placing price of HK$0.36 for a total consideration, before expenses, of HKHK10,800,000.

(iii) On 28 September 2011, the Company, through a placing agent, issued 230,000,000 unlisted warrants at an issue price of HK$0.01 per warrant. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK$0.01 each at a subscription price of HK$0.36 per share, payable in cash and subject to adjustment, from the date of issue of the warrants to the expiry, which is 36 months from the issue of the warrants.

During the period, 230,000,000 warrants of HK$0.01 each were issued pursuant to the warrant placing agreement for a total cash consideration, before related expenses, of HK$2,300,000. As at 30 September 2011, all warrants are remained outstanding.

19. SHARE OPTIONS

Share-based payment transactions

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and/or rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any directors and employees of the Company, including all executive directors of the Company and its subsidiaries. The Scheme became effective on 8 October 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share option in excess of this limit is subject to shareholders' approval in a general meeting.

The share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their subsidiaries, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted would be determined by the directors.

The exercise price of the share options would be determined by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options, which must be a business day; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer, provided that the subscription price shall not be lower than the nominal value of the shares.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

At 11 February 2011, 60,000,000 share options have been granted to the directors and employees of the Group and 1,300,000 share options were lapsed during the period and 58,700,000 share options are remained outstanding as at 30 September 2011.

The consideration of HK$1 was paid on the grant of an option. The share options may be exercised at any time commencing from 8 October 2010 to 7 October 2020 in accordance with the Option Scheme. The exercise price is determined by the directors of the Company, and will be at least the higher of (i) the closing price of the Company's shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets on the offer date; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share.

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price**	**Fair value at grant value**
		HK$	*HK$*
11/2/2011	11/2/2011-10/2/2016	0.36	0.13944

In accordance with the terms of the scheme, options granted during the year ended 31 March 2011 vested at the date of grant.

The following table discloses movements of share options held by employees and directors of the Group during the period:

Category of Participants	Date of grant	Exercisable period	Exercisable price per share	Outstanding at 1/4/2011	Granted during period	Exercised during period	Expired during period	Lapsed during period	Outstanding at 30/9/2011
Directors									
Ms. Geng Ying	11/2/2011	11/2/2011-10/2/2016	HK$0.36	13,000,000	–	–	–	–	13,000,000
Mr. Gao Feng	11/2/2011	11/2/2011-10/2/2016	HK$0.36	13,000,000	–	–	–	–	13,000,000
Mr. Chiu Sui Keung	11/2/2011	11/2/2011-10/2/2016	HK$0.36	13,000,000	–	–	–	–	13,000,000
Mr. Cheng Wing Keung, Raymond	11/2/2011	11/2/2011-10/2/2016	HK$0.36	1,300,000	–	–	–	–	1,300,000
Mr. Lam Williamson	11/2/2011	11/2/2011-10/2/2016	HK$0.36	1,300,000	–	–	–	–	1,300,000
Employees of the Group	11/2/2011	11/2/2011–10/2/2016	HK$0.36	17,100,000	–	–	–	–	17,100,000
Ex-director of the Group	11/2/2011	11/2/2011-10/2/2016	HK$0.36	1,300,000	–	–	–	(1,300,000)	–
				60,000,000	–	–	–	(1,300,000)	58,700,000
Weighted average exercise price (in HK$)				0.36	–	–	–	0.36	0.36

The fair value of the share options granted during the year ended 31 March 2011 is HK$0.13944 each. Options were priced using a Black-Scholes-Merton option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the opinion), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 2.5 years.

The variables and assumptions used in computing the fair value of share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Inputs into model

Grant date share price	HK$0.32
Exercise price	HK$0.36
Expected volatility	81.38%
Expected life of the options	2.5 years
Dividend yield	0%
Risk-free interest rate	0.943%

20. SHARE AWARD SCHEME

The Board has approved the adoption of the share award scheme ("Scheme") on 11 February 2011 ("Adoption Date"), pursuant to which existing shares will be purchased by the Bank of East Asia (Trustees) Limited ("Trustee") from the market at the cost of the Company and be held in trust for the relevant selected participants ("Selected Participants"). Selected Participants may cover any Director (including executive and non-executive Director), employee, officer, agent, advisor or consultant of the Company and of its subsidiaries.

The purpose of the Scheme are (i) to recognise the contributions by the Selected Participants and to give incentives thereto in order to retain them for the continuing operation and future development of the Group; and (ii) attract suitable personnel for further development of the Group.

If the Board selects a Director as the Selected Participant, the grant of the Awarded Shares to the Director may constitute a connected transaction of the Company. However, since the grant of awarded shares to Director forms part of the remuneration of the relevant Director under his/her service contract, such grant of awarded shares is exempted from all the reporting, announcement and independent Shareholder's approval requirement under Rules 14A.31(6) of the Listing Rules.

For the award of Shares to Selected Participants who are connected persons (excluding Directors), the Company will comply with the relevant provisions of the Listing Rules in relation to the reporting, announcement and independent Shareholders approval requirements. However, any grant to any Director or senior management of the Company must first be approved by the Remuneration Committee.

Subject to any early termination as may be determined by the Board pursuant to the rules relating to the Scheme, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date provided that no further contribution to the Trust shall be made by the Company on or after the 10th anniversary date of the Adoption Date.

On 9 March 2011, the Board approved and transferred HK$5,000,000 to Trustee. As at 30 September 2011, 10,100,000 shares were purchased and held by the Trustee, representing approximately 0.74% of the issued share capital of the Company.

During the period ended 30 September 2011, no award shares have been released to Selected Participants.

21. COMMITMENTS

(a) Capital commitment

As at 30 September 2011, the Group had the following capital commitments:

	As at 30 September 2011 *HK$'000* **(Unaudited)**	As at 31 March 2011 *HK$'000* (Audited)
Contracted, but not provided for	**9,828**	14,841
Authorised and contracted for	**32,940**	10,040
	42,768	24,881

(b) Operating lease commitment

The Group leases certain properties under operating lease commitment. The leases run for an initial period of two to five years (31 March 2011: one to two years) with an option to renew the leases and renegotiate the terms at the expiry date. None of the leases includes contingent rentals.

As at 30 September 2011, the Group had total future minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings falling due as follows:

	As at 30 September 2011 *HK$'000* **(Unaudited)**	As at 31 March 2011 *HK$'000* (Audited)
Within one year	**1,247**	2,169
In the second to fifth years, inclusive	**100**	119
	1,347	2,288

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Company has been engaged as show manager of exhibitions and trade shows with related ancillary services as well as investing the resource and energy related sector.

EXHIBITION BUSINESS

Under the global economic downturns and reduced spending, the orders from the global market including the US and Europe has been sharply decreased. The London Asia Expo will not be arranged in coming January 2012 temporarily due to the Europe debt crisis. However, the Group will continue its cost reduction measures and improve the operating efficiency of its exhibition business. The Group will continue enhancing the cost structure of its exhibition business.

UNCONVENTIONAL GAS BUSINESS

The Heilongjiang Unconventional Gas R&D Centre (the "Centre"), with its opening ceremony on 8 July 2011 in Harbin, represents a strong cooperation between the professional coal geology exploration team from the province and the overseas unconventional gas experts, symbolizing a breakthrough of the technological bottle-neck and the creation of a brand new coal-bed methane business chain in Heilongjiang.

The coal-bed methane well construction proposal on the city of Hegang has been finalised upon joint-force research conducted by Heilongjiang Coal Geology Bureau and Multi Century Energy Technology (Beijing) Limited on the reservoir formation of coal-bed methane layer. In view of the market needs on the unconventional gas, the most advanced equipment such as nitrogen pump will be introduced from overseas. The Centre will adopt the latest technology and skill to accelerate unconventional gas exploration in Heilongjiang.

Heilongjiang is well-known of its abundant reserve in coal-bed methane, with a forecasted amount of around 187 billion m^3. With its wide application and great development potential, coal-bed methane is obviously an efficient, safe and environmental friendly new energy.

PROSPECT AND OUTLOOK

The investment in Sino Giants Group Limited is an important step for the Group's further business development in the clean energy sector. The Group believes that the market for clean energy continues to be positive, having considered the strong energy consumption in the PRC and the increasingly important role of unconventional gas as a source of gas supply.

As for the coal industry, its long term development shall be supported by the growing demand of coal in the PRC. The Group has confidence in the competitive strengths and future prospects of the coal trading business to be acquired (subject to completion), and will consider other potential acquisitions in the coal industry.

Apart from the energy sector, the Group will also look for investment opportunities in the resources industry, including those resources associated with infrastructure and real estate sectors which shall grow in line with the PRC economy in the long run.

The Group will continue its inorganic growth strategy and explore investment and acquisition opportunities in the energy and resources sectors.

RESULTS ANALYSIS

For the six months ended 30 September 2011, the Group recorded turnover of HK$Nil (six months ended 30 September 2010: approximately HK$946,000), representing a decrease of 100% over last interim period. For the six months ended 30 September 2011, the Group recorded a net loss of approximately HK$19,678,000 (six months ended 30 September 2010: approximately HK$20,857,000) and a loss attributable to owners of the Company of approximately HK$16,955,000 (six months ended 30 September 2010: approximately HK$20,857,000); basic losses per share was approximately HK$1.27 cents (six months ended 30 September 2010: HK$1.87 cents).

Nil turnover was mainly due to no hotel and travel package services rendered to the participants during the period ended 30 September 2011. The Group intended to cut-down the operation in hotel and travel package as result of no profits generation. For the six months ended 30 September 2011, loss from operating activity was approximately HK$19,229,000 (six months ended 30 September 2010: approximately HK$18,481,000), representing an increase of 4% over last interim period. It was attributable to (i) No revenue is derived from the unconventional gas business as it is still in the preliminary development stage and loss from operating activity was approximately HK$5,525,000 contributed to the Group; and (ii) Significant increase in legal and professional fees incurred for potential investment and acquisitions.

As "Old Wing of Mega Show Part 1" and "Mega Show Part 2" managed by the Group are held and completed in October every year and the turnover of the Group is principally from the participation fee received from these shows, disclosing the unaudited turnover and net profit from 1 April to 31 October every year in the interim report will give a better understanding of the business operations of the Group.

The unaudited turnover and the net profit from the trade shows and exhibition operation business for the period from 1 April 2011 to 31 October 2011 were approximately HK$62,500,000 and HK$8,300,000 respectively (seven months ended 31 October 2010: HK$71,356,000 and HK$15,000,000). Approximately 12.4% decrease of the unaudited turnover for the seven months ended 31 October 2011 when compared with last period. It is because (i) increase in numbers of unsold booths from participants as result of the economy downturn in US and Europe; and (ii) buyers attendance from the traditional market such as US, Germany, UK, France have been show a significant drop. The Board of the Company foresees that the exhibition business in the coming year will be very tough with many uncertainties and negative scenario.

INTERIM DIVIDEND

The Board of the Company did not recommend payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$Nil).

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group derived its working capital mainly from internal cash flow from operating activities and share placement. On 28 September 2011, the Company has successfully placed of 30,000,000 shares at the placing price of HK$0.36 per share and issued unlisted warrants at issue prices of HK$0.01 which entitle the warrant subscribers to subscribe for new shares of the thirty six months commencing from the date of issue of the warrants. The net proceeds are approximately HK$12,700,000. HK$5,420,000 (approximately equivalent to RMB4,400,000) of the net proceeds will be utilised to satisfy the capital contribution of 20% of the incremental registered capital of 黑龍江德融煤業有限公司 (Heilongjiang De Rong Coal Co. Limited) ("De Rong") (details of which are disclosed in the company's circular dated 28 September 2011) and the remaining net proceeds will be utilised by the Group at its general working capital.

Deficit on shareholders' funds of the Group aggregately amounted to approximately HK$269,458,000 (31 March 2011: HK$261,214,000). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 321.28% (31 March 2011: 315.97%). Net current liabilities of the Group amounted to approximately HK$128,014,000 (31 March 2011: HK$118,430,000). Current assets of the Group was approximately HK$115,232,000 (31 March 2011: HK$116,459,000), of which deposits with banks, cash and cash equivalents amounted to approximately HK$28,573,000 (31 March 2011: HK$90,379,000) and deposit of HK$10,000,000 (31 March 2011: HK$10,000,000) paid into the High Court for the Injunction Order against Mr. Hung, Mega Wealth and Webright. The following items with an aggregate of amount of HK$320,794,000 (31 March 2011: HK$320,354,000), which are included in current liabilities and non-current liabilities, are related to the legal proceedings with Mr. Hung in the High Court: (i) HK$158,600,000 (31 March 2011: HK$158,600,000) was consideration payable for the acquisition of Wealth Gain Group; (ii) HK$14,918,000 (31 March 2011: HK$14,478,000) was shareholder's loan plus interests from Mr. Hung; and (iii) convertible notes of HK$142,094,000 (31 March 2011: HK$142,094,000) and respective deferred tax liabilities of HK$5,182,000 (31 March 2011: HK$5,182,000) under non-current liabilities. Furthermore, the amounts of HK$53,530,000 deposits received in advance will be recognised as revenue upon the completion of the exhibitions event which was being held in October 2011. The Board considers the liquidity of the Group is good enough as at 30 September 2011 and the Group would be turned to net assets position of HK$51,336,000 (31 March 2011: HK$59,140,000) if removal of (i) to (iii).

As at 30 September 2011, the Group's gearing ratio (calculated as total debts to total equity) was 58.7% (31 March 2011: 72.9%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's sales and purchase are mainly transacted in Hong Kong dollar and Renminbi and the books are recorded in Hong Kong dollar. Therefore, it may be exposed to foreign exchange risk. However in view of the stable currency policies adopted by the PRC government, the directors consider that the foreign exchange risk is insignificant.

The Group currently has no foreign exchange rate hedging policy in respect of commercial transactions denominated in foreign currencies. However, the directors monitor exchange rate exposure regularly and will consider hedging significant exchange rate exposure as and when necessary.

LITIGATIONS AND CONTINGENT LIABILITIES

The Group and the Company

(a) *Claim made by the Company against Hung (the "Action")*

As disclosed in the Company's announcements dated 16 December 2009 and 8 January 2010, the Company has commenced proceedings against Mr. Hung at the High Court with regards to a breach of contract by Mr. Hung, in connection with a sale and purchase agreement dated 25 September 2007 made between the Company and Mr. Hung (the "Agreement"). The Company sought advice from its legal advisers and formed the view that Mr. Hung had failed to perform one or more of the terms of the Agreement and is of the view that Mr. Hung is in breach of numerous representations and warranties under the Agreement. The Company claims against Mr. Hung, among other things, for all payments made by the Company to Mr. Hung under the Agreement and/or damages arising from the breach of the Agreement.

On 1 February 2010, the Company filed a statement of claim at the High Court against Mr. Hung, Mega Wealth and Webright (together referred to as the "Defendants") in connection with the Agreement, for, inter alia, rescission of the Agreement. Particulars of the Statement of Claim are summarised as follows:

(1) The Company claims against Mr. Hung for:

(i) rescission of the Agreement;

(ii) the 76,640,000 shares of the Company ("Shares") at an issue price of HK$0.5 per share;

(iii) the convertible note, issued to Mr. Hung pursuant to the Agreement, in the principal amount of HK$173,500,000 convertible into ordinary shares of the Company at a conversion price of HK$0.5 per share (the "Convertible Note");

(iv) further or alternatively, all payments made by the Company to Mr. Hung and/or damages arising from the breach of the Agreement;

(v) a declaration that Mr. Hung holds the 70,000,000 Shares and the Convertible Note and their traceable equivalent on trust for the Company and that all necessary tracing orders accounts and inquiries be taken as to what had happened to the said Shares and Convertible Note and to ascertain the traceable equivalent thereof;

(vi) an order for payment after having the above accounts and inquiries;

(vii) payment of the legal costs incurred by the Company arising from the investigation and report arising from the matters in connection with the Agreement; and

(viii) payment of the costs incurred by the Company for the preparation and execution of the Agreement and supplemental agreements.

(2) The Company also claims against Mega Wealth, inter alia, for the 100,000,000 Shares issued to Mr. Hung upon exercise of conversion rights of the Convertible Note and which were passed to Mega Wealth at an issue price of HK$0.5 per Share.

(3) The Company also claims against Webright, inter alia, for the 98,000,000 Shares issued to Mr. Hung upon exercise of conversion rights of the Convertible Note and which were passed to Webright at an issue price of HK$0.5 per Share.

Up to the date of approval of these financial statements, no judgment has been made by the High Court. The Board of the Company, based on legal advices, the Company has a good arguable case against the Defendants to have the Agreement rescinded. The Board of the Company will follow closely on the development of the above matters and inform the shareholders of the Company on a timely basis.

(b) Injunction Order

On 22 January 2010, the High Court granted an ex parte Injunction Order against the Defendants. The Injunction Order provides, among other things, that: unless with the approval of the High Court, Mr. Hung must not, either by himself, his servants or agents or otherwise howsoever in any way dispose of or deal with or diminish the value of any of the following assets:

(i) the 76,640,000 Shares issued to Mr. Hung at an issue price of HK$0.5 per Share;

(ii) the Convertible Note issued by the Company to Mr. Hung;

(iii) the 100,000,000 Shares issued to Mr. Hung upon exercise of conversion rights of the Convertible Note and which were passed to Mega Wealth at an issue price of HK$0.5 per Share;

(iv) the 98,000,000 of the Shares issued to Mr. Hung upon exercise of conversion rights of the Convertible Note and which were passed to Webright at an issue price of HK$0.5 per Share;

All being part of the considerations given to Mr. Hung by the Company in respect of the Agreement.

On 29 January 2010, at the return date hearing in relation to the Injunction Order, it was ordered, inter alia, that the Injunction Order will continue subject to a fortification in the amount of HK$10,000,000 being paid by the Company to the Registrar of the High Court on or before 12 February 2010, failing which the Injunction Order shall be discharged. The Company paid HK$10,000,000 funded from a substantial Shareholder into the High Court on 10 February 2010 in compliance with the Injunction Order. Following a hearing held at the High Court on 18 March 2010, the High Court delivered its decision on 30 March 2010 to discharge and at the same time re-grant the Injunction Order obtained by the Company on 22 January 2010 against the Defendants. Furthermore, the Court made a cost order nisi that the Company should pay the Defendants' costs related to the discharge of the Injunction Order, which the Court has assessed to be four-fifths of the costs of the hearing. On 13 April 2010, the Defendants took out two summonses respectively for (i) an application for an order to vary the costs order nisi made in the said decision delivered on 30 March 2010, and (ii) an application for an order to have leave to appeal the said decision delivered on 30 March 2010, that the decision to re-grant the Injunction Order was wrong. On 14 May 2010, the Company and Mr. Hung, through their lawyers, entered into a consent summons whereby the hearing of the two summonses returnable on 26 May 2010 was adjourned without a further date of hearing, with liberty to restore.

On 3 September 2010, Mr. Hung through his solicitors applied by way of a Summons to vary the Injunction Order granted by the Honourable Mr. Justice Chung dated 30 March 2010 (the "Application") and the hearing was scheduled to be heard on 20 September 2010. The Court dismissed Mr. Hung's Application by way of summons, for an order to vary the Injunction Order made against the Defendants. The Court ordered costs of the summons be paid by the Defendants to the Company in any event.

On 22 September 2010, the Court of Appeal granted the Defendants leave to appeal to the Court of Appeal and heard the Defendants' appeal on 27 September 2010. The judgment was handed down on 6 October 2010. The Court of Appeal dismissed the appeal of the Defendants and the Injunction Order against the Defendants remained unchanged. The Court of Appeal also ordered the costs of the Appeal to be paid by the Defendants to the Company, to be taxed if noted agreed, save that the costs of preparing the Company's own "core bundles" be deducted.

Mr. Hung put the Company on notice on 6 October 2011 that he would take out an application by way of an inter parte summons, for variation of the ex parte Order granted by the Honourable Mr. Justice Yam on 22 January 2010, which was discharged and re-granted by the Honourable Mr. Justice Chung on 30 March 2010 (the "Order") Pursuant to the summons, Mr. Hung together with Mega Wealth and Webright are seeking for an order that:–

1. the Order be varied by:

    i. that the Mr. Hung be permitted to exercise the right to convert a portion of the Convertible Note in the principal amount of HK$123,204,095 into 246,408,190 ordinary shares of the Company at a conversion price of HK$0.5 per share and that the Mr. Hung be registered forthwith as the shareholder of such converted and allotted 246,408,190 shares;

    ii. amending Paragraph 1(a) in the following manner:–

        "The 323,048,190 of the Company's shares issued to the Mr. Hung at issue price of HK$0.5 per share;"

    iii. amending Paragraph 1(b) in the following manner:–

        "The non-interest bearing convertible redeemable note issued by the Company to the Mr. Hung ("Convertible Note") in the principal amount of HK$50,295,905 convertible into ordinary shares of the Company at a conversion price of HK$0.5 per share;"

iv. adding Paragraph 6:–

"save and except what is permitted under Paragraph 7;"

v. adding to Paragraph 7:–

"save and except exercising voting rights of the Shares, either by himself or by the Mr. Hung via proxy or any other agent, at the extraordinary general meeting of the Company which was fixed to be held at Room 2502, 25/F, 9 Queen's Road Central, Central, Hong Kong on Friday, 14 October 2011 at 2.30 p.m. pursuant to the Company's circular dated 28 September 2011 or at such other adjourned dates and places for that extraordinary general meeting;"

vi. alternatively, any Order that the Honourable Court deems fit.

2. the time for service of this summons be abridged; and

3. costs of and occasioned by this application be to provided for.

The Court on 13 October 2011 made the following Order that:

1. the Summons be dismissed; and

2. the costs of the Summons be paid to the Company by Mr. Hung, Mega Wealth and Webright with two certificates to counsels.

The Company will make further announcements as and when appropriate.

(c) Winding-up Petition

Mr. Hung served the statutory demands on the Company in respect of a total outstanding Alleged Indebtedness of HK$41,722,630 (the "Statutory Demands"). A winding-up petition (the "Winding-up Petition") was presented to the High Court and served on the Company by Mr. Hung on 28 January 2010 in connection with the Alleged Indebtedness. The Company intends to oppose the Winding-up Petition and has appointed legal advisers to handle the matter. The first hearing of the Winding-up Petition was held on 7 April 2010. At the second hearing held in the High Court on 12 April 2010, upon hearing submissions by the parties, the Companies Judge made an order that, among other things, the Winding-up Petition be adjourned to the second Monday after the date of handing down of judgment in connection with the Statement of Claim by which the Company has made a claim against Mr. Hung. On 24 August 2010, the Court made an order by consent of both parties to grant leave to the Petitioner to amend the Winding-up Petition and costs of and occasioned by the amendment of the Winding-up Petition be paid by the

Petitioner to the Company in any event. The Petitioner amended the Winding-up Petition, including, among others, a reduction of the Alleged Indebtedness to HK$9,600,000. The Board of the Company considers that the issue of the Statutory Demands is, of itself, unlikely to have a negative impact on the Group's financial condition. In addition, the Company may seek to set-off against the Alleged Indebtedness claims which the Company is asserting against Mr. Hung under the Statement of Claim. The Board of the Company is of the view that it has a bona fide claim on substantial grounds and should succeed in the Proceedings by which the Company has made a claim against Mr. Hung, which shall extinguish Mr. Hung's claim in the Winding-up Petition.

(d) *Appointment of Provisional Liquidators*

On 28 January 2010, by a letter to the High Court, Mr. Hung's solicitors applied for an early date for a first hearing of the application for appointment of provisional liquidators to the Company by Mr. Hung (the "Application"). A hearing in respect of the Application took place on 2 February 2010, at which a date was set down for a further hearing on 5 May 2010. The Company and Mr. Hung, through their lawyers, entered into a consent summons whereby the hearing scheduled on 5 May 2010 for the Application was adjourned without a further date of hearing, with liberty to restore. The Court made an order by consent on 26 April 2010 in this regard. Notwithstanding this, the Company received a letter from Mr. Hung's lawyers dated 15 June 2010 in which, among other things, Mr. Hung requested to set down a date for the hearing of the Application. The Application was scheduled to be heard on 9 November 2010. However, upon the joint application of Mr. Hung (the "Petitioner") and the Company by way of consent summons dated 4 November 2010 and upon the Company undertaking to the Court that:

(i) On 9 November 2010, deposit the sum of HK$10,658,922 into a designated interest-bearing bank account opened in the name of Company ("Designated Account") as security for the petitioning debt claimed by the Petitioner in these proceeding and will not use the monies as deposited in the Designated Account until after determination of HCA2477 of 2009 or upon such other condition as may be agreed between the Petitioner and the Company in writing;

(ii) It shall within 3 working days of the written request of the Petitioner provide the bank statements relating to the Designated Account; and

(iii) It shall secure and preserve all the shares and assets (if any) of Wealth Gain and will not dispose of such shares and assets or any part thereof unless with the Petitioner's written consent or until the determination of HCA2477 of 2009;

The High Court ordered, amongst other things, that, without predudice to the respective contentions advanced by Mr. Hung and the Company, leave be granted to Mr. Hung to withdraw the PL Application. Mr. Hung withdrew the PL Application on 5 November 2010. HK$10,658,922 was deposited into the HCCW Designated Account on 9 November 2010. This payment was financed by the Company's internal funding.

The Board of the Company, based on legal advice, is of the view that the Company has a very good defence against the Winding –up Petition and the PL Application.

(e) *Labour Action*

On 5 January 2011, Mr. Hung filed a statement of claim against the Company claiming a total sum of HK$3,407,962.74 plus interest, being, inter alia, (i) arrears of wages (the "Wages Claim") in the amount of HK$1,668,000 and (ii) reimbursement of expenses (the "Reimbursement Claim") in the amount of HK$1,739,962.74, allegedly incurred by Mr. Hung whilst he was in the employment of the Company.

The Wages' Claim was in relation to the same subject matter as was previously resolved and settled between the parties by Mr. Hung accepting a total sum of HK$890,000 from the Company, pursuant to the Order of the Labour Tribunal dated 25 May 2010.

The Company has been advised that re-litigating the Wages' Claim in the High Court, the subject matter of which has already been resolved and settled, constitutes an abuse of process of the Court and is therefore liable to be struck out under the relevant Rules of Court. The Company will defend both the Wages' Claim and the Reimbursement Claim as advised. The Company filed a defence and counterclaim whereby the Company only agreed to pay a sum of HK$74,221.20 out of Mr. Hung's claim, and counterclaimed against Mr. Hung for repayment of a sum of HK$67,569 being, inter alia, unauthorised payments incurred by Mr. Hung on the Company's behalf and the value of the Company assets held by Mr. Hung. Mr. Hung has subsequently filed a reply and defence to counterclaim. This case is now in the discovery stage on 28 June 2011, the Company and Mr. Hung filed a joint application for on order by consent that: (i) this action be stayed sine die with liberty to restore by either party; (ii) and costs reserved. No hearing date has been scheduled for this case on 28 June 2011, the Company and Mr. Hung filed a joint application for an order by consent that:

(i) This action be stayed sine die with liberty to restore by either party; and

(ii) cost reserved.

Save and except for part of the Reimbursement Claim in the amount of HK$74,221.20 as accepted by the Company, the Board of the Company, based on legal advice, considers that the Company has a good arguable defence to Mr. Hung's claim, and consider that this claim will not have any material impact on the Company.

(f) *Claim made by Hung against the Company*

On 25 February 2011, Mr. Hung, Mega Wealth and Webright Limited (together as the "Plaintiffs") issued a Writ of Summons and an Indorsement of Claim against the Company as the 1st Defendant, Ms. Geng Ying as 2nd Defendant, Mr. Gao Feng as 3rd Defendant and Mr. Chiu Sui Keung as 4th Defendant, in the High Court (the "Claim"). The Plaintiffs issued and served on the Company a Writ with only an Indorsement of Claim without a full Statement of Claim. On 15 April 2011, the Plaintiffs filed and served on the Company a Statement of Claim.

Particulars of the Claim are summarised as follows:–

The Plaintiffs' claim against the Company for:–

1. the sum of HK$214,600,000 being the unpaid sale shares consideration for the acquisition of Wealth Gain;

2. damages for the breach of agreements;

3. damages for placement of shares to the prejudice of Hung estimated to be HK$124,600,000 or alternatively;

4. redemption in full value of the remaining Convertible Note issued by the Company to Mr. Hung in the sum of HK$173,500,000;

5. damages in reputation;

6. declaration that the grant of share options of 39,000,000 shares and awards to the Ms. Geng Ying, Mr. Gao Feng and Mr. Chiu Sui Keung and the other share options of 21,000,000 shares awarded to other staff to be null and void;

7. rescission of the abovesaid grant;

8. costs;

9. interests; and

10. further and other relief as the Court may deem fit.

The Plaintiffs claim against Ms. Geng Ying for:

1. damages;

2. order that Ms. Geng Ying be removed from her directorship;

3. damages in reputation;

4. declaration that the grant of the share options 13,000,000 shares and awards to Ms.Geng Ying be null and void;

5. rescission of the abovesaid grant;

6. costs;

7. further and other relief as the Court may deem fit.

The Plaintiffs claim against Mr. Gao Feng for:

1. damages;

2. damages in reputation;

3. Order that Mr. Gao Feng be removed from his directorship;

4. declaration that the grant of the share options 13,000,000 shares and awards to Mr. Gao Feng be null and void;

5. rescission of the abovesaid grant;

6. costs;

7. further and other relief as the Court may deem fit.

The Plaintiffs claim against Mr. Chiu Sui Keung for:

1. damages;

2. damages in reputation;

3. Order that Mr. Chiu Sui Keung be removed from his directorship;

4. declaration that the grant of the share options 13,000,000 shares and awards to Mr. Chiu Sui Keung be null and void;

5. rescission of the abovesaid grant;

6. costs;

7. further and other relief as the Court may deem fit.

The Company, Ms. Geng Ying, Mr. Gao Feng and Mr. Chiu Sui Keung together issued a summons (the "First Summons") against the Plaintiffs in the High Court on 13 May 2011 in connection with an application, amongst other things, to:

1. strike out paragraphs 2, 4 to 13, and 16 to 33 of the Statement of Claim as –

   (a) disclosing no reasonable cause of action;

   (b) being scandalous, frivolous or vexatious;

   (c) tending to prejudice, embarrass or delay the fair trial of the action; and/or

   (d) it is otherwise an abuse of the process of the court;

   and that the action therein be dismissed; and

2. alternatively, paragraphs 2, 4 to 13, and 16 to 33 of the Statement of Claim and the action therein be stayed pending the final determination or disposal by the Court of the HCA 2477/2009 and HCCW 48/2010.

The Defendants also issued a summons (the "Second Summons") against the Plaintiffs on 13 May 2011 in connection with an application for, inter alia, an order that pending the hearing and determination of the First Summons taken out by the Defendants, all further proceedings in this action be stayed and the Defendants are not required to file and serve their Defence until further order or directions as may be made by the Court.

The Court on 20 May 2011 made the following Order in relation to the First Summons:

1. Leave be granted to the Defendants to file and serve supplemental affirmation(s) to the Summons taken out by the Defendants on 13 May 2011 (the "Defendants' Striking-out Summons") on or before 10 June 2011;

2. Leave be granted to the Plaintiffs to file and serve affirmation(s) in opposition to the Defendants' Striking-Out Summons on or before 8 July 2011;

3. Leave be granted to the Defendants to file and serve affirmation(s) in reply (if any) to the Defendants' Striking-Out Summons on or before 29 July 2011;

4. There be no further affirmation to be filed or served without leave of the Court;

5. Any application for leave for filing and serving further affirmation evidence shall be made no less than 14 days before the substantive hearing;

6. The hearing of the Defendants' Striking-Out Summons be adjourned and fixed before a judge in consultation with Counsel's diary with one day reserved;

7. Costs of this application be reserved.

The First Summons scheduled to be heard on 22 March 2012 at 10:00 a.m. before the Honourable Mr. Justice A. Chung.

The Court made the following Order in relation to the Second Summons on 20 May 2011:

1. Pending the hearing and determination of the Defendants' Striking-out Summons, all further proceedings in the action therein be stayed and the Defendants are not required to file and serve their Defence until further order or directions as may be made by the Court;

2. The costs of the application be in the cause of the Defendants' Striking-out Summons.

The Board of the Company, based on legal advice is of the view that the Company has a very good defence against the Plaintiffs' claim.

(g) Litigation between Mr. Wong Ching Ping Alex and the Company

Mr. Wong Ching Ping Alex ("Mr. Wong") issued a writ of summons and an indorsement of claim dated 10 December 2010 against the Company in connection with an assignment of debt on 19 July 2010, whereby Mr. Hung allegedly assigned to Mr. Wong a loan of HK$31,500,000 (forming part of the Alleged Indebtedness) previously advanced by Mr. Hung to the Company ("Wong's Action").

Mr. Wong further applied for an ex parte injunction order against the Company which, amongst other things, restricted the Company from removing from Hong Kong, disposing of, dealing with or diminishing the value of any of its assets which are within Hong Kong up to the value of HK$31,500,000. This injunction was granted by the High Court on 9 December 2010, but was subsequently discharged on 16 December 2010 on the undertaking of the Company (the "Undertaking") to:

(1) without prejudice to the Company's contention that it has a defence to the claim by Mr. Wong and without prejudice to Mr. Wong's right to challenge the Company's case that there has been partial repayment, deposit the sum of HK$28,500,000 (the "Sum") into a designated interest-bearing bank account opened in the name of the Company (the "HCA Designated Account") as security for the money claimed by the Mr. Wong by 21 December 2010, and not in any way use or pledge for credit (whether for the Company or any person) or allow any lien to be created on the monies so deposited in the HCA Designated Account until further order made by the High Court or unless in accordance with the agreement in writing between Mr. Wong and the Company;

(2) provide full bank statements (without any redaction) relating to the HCA Designated Account within 3 working days of the written request of Mr. Wong.

The Sum was deposited into the HCA Designated Account on 21 December 2010. This payment was financed by the Company's internal funding.

The High Court further ordered on 16 December 2010 that the application filed by Mr. Wong on 14 December 2010 for the continuation of the injunction order was to be effectively treated as an application for an order that the Sum deposited into the HCA Designated Account be continued to be kept, held and preserved pursuant to the Company's undertakings, until the final determination by the High Court of the Wong's Action.

Mr. Wong issued a summons against the Company in the High Court of Hong Kong under the Claim on 27 April 2011 (the "Order 14 Summons") in connection with an application for summary judgment for the sum of HK$28,500,000, being the amount claimed in the statement of claim filed on 14 April 2011 less the alleged partial repayment of HK$3,000,000 made by the Company to Mr. Hung, together with interest and costs.

On 5 May 2011, after hearing the Counsel for Mr. Wong and the Solicitors for the Company, the Court made the following Order:

1. The hearing of the Plaintiff's Summons for the continuation of the Defendant's undertaking fixed for 9 May 2011 at 10 a.m. (the "Undertaking Summons") be vacated;

2. The hearing of the Order 14 Summons be adjourned and fixed on a date not earlier than the expiry of 49 days from 5 May 2011 with one day reserved in consultation with Counsel's diary;

3. The hearing of the Undertaking Summons be adjourned to such time immediately after the hearing of the Order 14 Summons;

4. Leave be granted to the Defendant to file and serve affirmation(s) in opposition to the Order 14 Summons within 28 days from 5 May 2011;

5. Leave be granted to the Plaintiff to file and serve affirmation(s) in reply (if any) to the Order 14 Summons within 21 days thereafter;

6. Costs of this application be in the cause of the Order 14 Summons.

The Company obtained written legal opinion on the Claim from its legal advisers and after having considered the legal opinion, the Board passed a resolution to settle the Claim with Mr. Wong. By a Consent Order dated 3 June 2011, the Company reached a settlement of the Claim with Mr. Wong in the following terms :

1. Mr. Wong warrants and declares that he, whether by himself, his servants or agents or principals does not hold any interest (whether legal or beneficial) or have any dealings in any convertible notes or shares of the Company, either with or acquired from Mr. Hung apart from the assignment of the loan agreement dated 16 July 2009 in the amount of HK$31,500,000.

2. Upon the giving by Mr. Wong of the above warranty and declaration, the Company do on an entirely without admission of liability basis pay to Mr. Wong the sum of HK$28,500,000 within 3 business days of the Order in full and final settlement of the Mr. Wong's claims against the Company in the Claim.

3. Upon payment to Mr. Wong of the said sum of HK$28,500,000, the parties shall jointly apply to the Court for the Claim to be dismissed and shall sign a Consent Order to the same effect.

4. The parties agree for the avoidance of doubt that Mr. Wong's warranty and declaration in paragraph 1 above shall be enforceable and survive the dismissal of the Claim.

Upon the Company and Mr. Wong having agreed to the above terms of settlement, the Court by consent made an order on the 3 June 2011 that :

1. The Undertaking be discharged;

2. This Action be stayed except for the purpose of carrying the Order and the said terms into effect;

3. Liberty to apply; and

4. Each party do pay their own costs of this Action and the Consent Order notwithstanding any previous costs order(s) that state otherwise.

The Company has incurred approximately HK$5,800,000 up to 8 June 2011 in accrued interest expenses arising from the Claim, which has been written back to the Company for the period ended 30 September 2011. Having considered the legal opinion from its legal advisors and in view of the savings of the aforementioned interest costs; the saving of expected legal costs of the Company of over HK$4,000,000; the saving of time and other resources to be incurred in defending the Claim, and the fact that if the Company were to be unsuccessful in its defence it would have to pay the legal costs of Mr. Wong, the Board is of the view that the settlement is in the interests of the Company. The Company set aside a sum of HK$28,500,000 into a designated account to pay Mr. Wong and the Company still has sufficient working capital on hand.

On 8 June 2011, the Company paid the amount of HK$28,500,000 to Mr. Wong and upon the joint application on the part of the Company and Mr. Wong and by consent the Court is ordered that the Wong's Action be dismissed and no order as to costs.

(h) Labour action between Mr. Hung Hoi Ming Raymond and the Company and Sino Talent Holdings Limited

On 2 July 2010, Mr. Hung Hoi Ming Raymond (the "Claimant"), brought an action at the Labour Tribunal against the Company and Sino Talent Holdings Limited ("Sino Talent"), a wholly owned subsidiary of the Group for payment of a sum of approximately HK$347,000, being the amount allegedly owed by the Group on termination of his employment contract dated 10 December 2009. The Group have filed with the Labour Tribunal a defence and counterclaim which the Group only agreed to pay a sum of approximately HK$95,000 and counterclaimed against the Claimant for repayment of a sum of approximately HK$128,000 being the amount of education subsidy received by the Claimant and a sum of an approximately HK$46,000 being compensation for unauthorized absence from work and outstanding telephone bills. Pursuant to an Order by the Labour Tribunal dated 27 July 2010, the case was transferred to the District Court. At the directions hearing on 17 November 2010. The Court ordered that: (i) The Claimant do file and serve the Statement of Claim on or before 22 December 2010; (ii) The Sino Talent do file and serve the Defence and Counterclaim, if any, on or before 26 January 2011; (iii) The Claimant do file and serve the Reply and Defence to Counterclaim on or before 2 March 2011; and (iv) The costs of this directions hearing, assessed summarily in the sum of HK$800 be costs in the cause. On 28 June 2011, the Company, Sino Talent and Claimant filed a joint application for an order by consent that: (i) this action be stayed sine die with liberty to restore by either party; and (ii) cost reserved. The Board of the Company, based on legal advices, is of the view that the Group have a good defence to the Claimant's claim and a good chance of success in respect of the respective counterclaims.

(i) Car action between Sino Talent and Mr. Raymond Hung

On 20 August 2010, Sino Talent filed a Statement of Claim at the District Court and claimed against Mr. Raymond Hung for the followings:

1. Possession of vehicle with vehicle identification number WP1ZZZPZ9LA81368 bearing a registration number of NP5059 ("the Vehicle");

2. Rent for the Vehicle between 11 December 2009 to the date of judgment;

3. Insurance premium for the Vehicle for the period between 11 December 2009 and 12 July 2010;

4. Vehicle licence fee for the Vehicle for the period between 11 December 2009 and the date of judgment or 28 October 2010 being the date of expiry of the current vehicle licence, whenever is earlier;

5. HK$6,980 being the amount reimbursed to the Defendant for car restoration coupons for the Vehicle;

6. Further or alternatively, damages for tort of conversion of the Vehicle;

7. interest;

8. further and other relief; and

9. costs.

Mr. Raymond Hung filed his Defence and Counterclaim at the District Court on 8 October 2010 denying possession of the Vehicle and claimed damages. Sino Talent filed a Reply and Defence to Counterclaim on 22 October 2010. On 11 January 2011, Mr. Raymond Hung filed an Amended Defence and Counterclaim alleging that the Vehicle was pledged to Mr. Hung and that Mr. Hung is allegedly entitled to possession and use of the Vehicle, Mr. Hung then allowed Mr. Raymond Hung to use the Vehicle.

The parties have exchanged their respective lists of documents and witnesses statements; and the District Court has fixed a Case Management Conference to be heard on 30 June 2011.

On 7 October 2011, the District Court has made an order that the action be set down for trial before a Bilingual Judge in the Fixture List, commencing at 9:30 am on 22 February 2012 in Court No.9, estimated length of trial being 5 days.

Sino Talent filed an application to the District Court by way of ex parte summons on 4 November 2011(the "Application"). On 5 November 2011, the District Court has granted an injunction ordered that:-

1. Mr. Raymond Hung whether by himself, his servants or agents or otherwise howsoever be restrained from driving, operating and/or using the Vehicle until the final determination of the proceedings.

2. Costs of an occasioned by the Application be costs in the cause.

The District Court further directed that Mr. Raymond Hung shall file and serve his affirmation in opposition within 21 days (i.e. 28 November 2011), Sino Talent shall file an affirmation in reply within the next 21 days (i.e. 19 December 2011).

The Board of the Company, based on legal advice, is of the view the Group has a good chance of success in respect of the case and a good defence to Mr. Raymond Hung's counterclaim.

OTHER EVENTS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the Group had a total of 37 employees (30 September 2010: 16) in Hong Kong and the PRC. All employees are remunerated according to their performance, experience and the prevailing industry practices.

The Group also participates in retirement benefit schemes for its staff in Hong Kong and the PRC. The Group introduced a new share option scheme on 8 October 2010, with options to be granted to employees at the discretion of the Board. Except 1,300,000 share options were lapsed, 58,700,000 share options are remained outstanding as at 30 September 2011.

MATERIAL ACQUISITION AND DISPOSAL

Proposed Acquisition of Concord Billion Limited

On 28 April 2011, the Company and Concord Billion Limited ("Concord") entered into a memorandum of understanding whereby the Company and Concord agreed to negotiate in good faith to enter into and procure that their affiliates enter into a series of agreements, including but not limited to the relevant subscription agreement and shareholders' agreement, subject to their respective final mutual agreement on the proposed subscription or investment by the Company or its subsidiary for the shares of Concord and/or its securities convertibles to acquire 51% (on customary full-diluted basis) or more of the equity and voting power of Concord. On 14 June 2011, the Company and one of the wholly-owned subsidiary (the "Subscriber") entered into the Subscription Agreement for the above transactions. The Subscriber has conditionally agreed to subscribe and Concord has conditionally agreed to allot and issue 68% equity interest of Concord on a fully diluted basis. The consideration of the acquisition is US$10,000,000 (the "Proposed Acquisition on Concord"). On 8 August 2011, a supplement agreement entered to extend the long stop date of the Proposed Acquisition on Concord to 31 December 2011.

Concord is a limited company incorporated in the British Virgin Islands which will have the rights to use certain LiMax™ technologies that are to be licensed to its controlling shareholder. According to the information provided to the Company, LiMax™ Coal Process ("LCP") using LiMax™ technologies is able to remove the moisture in low rank coal and produce high energy coal that is hard and hydrophobic which will not reabsorb moisture or break up into powder in transit to the user. LCP is highly efficient in upgrading the commercial value of brown coal. The Company believes that the Subscription Agreement will enable the Company to leverage on the advanced LCP proprietary coal-upgrading technology, which offers good investment potential.

For more details, please refer to the Company's announcement dated 28 April 2011, 14 June 2011 and 8 August 2011. The Proposed Acquisition on Concord is not yet completed as the date of the approval of these financial statements.

Proposed Acquisition of Wealthy Wing Limited

On 8 August 2011, the Company and Mr. Zheng Xuefeng (the "Vendor") entered into a Sale and Purchase Agreement (the "Agreement") pursuant to which, among other things, the Company has conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of Wealthy Wing Limited (the "Target Company") at the consideration of HK$162,000,000 (the "Proposed Acquisition on Wealthy Wing"). Upon completion, Wealthy Wing will become a wholly-owned subsidiary of the Company and will hold the entire share capital of Western Spark Investments Limited, which will hold 55% equity interests in De Rong which is principally engaged in trading and sale of coal in the PRC. The Proposed Acquisition on Wealthy Wing was approved by the shareholders on 14 October 2011. Details of the Proposed Acquisition on Wealthy Wing were set out in the announcements of the Company dated 11 August 2011, 31 August 2011 and the circular of the Company dated 28 September 2011. As disclosed in the announcements date 23 September 2011 and 25 October 2011, the long stop date of the Proposed Acquisition on Wealthy Wing has been extended to 30 November 2011.

On 7 November 2011, the Company has already provided funding of HK$5,420,000 (approximately equivalent to RMB4,400,000) to inject into De Rong which representing 20% of the incremental registered capital of De Rong. The Proposed Acquisition on Wealthy Wing is not yet completed as the date of the approval of these financial statements.

The Group did not have any material disposal for the six months ended 30 September 2011.

CONTINUING CONNECTED TRANSACTION

The Master Project Management Agreement – Continuing Connected Transactions

On 6 April 2009, a wholly-owned subsidiary of the Group, Pro-Capital Investments Limited ("Pro-Capital"), entered into a master project management agreement ("Management Agreement") with Group Idea International Limited ("Group Idea") for a term ending on 5 April 2012. Notwithstanding Mr. Cheung Shui Kwai and Mr. Javed Iqbal Khan had resigned as executive directors of the Company on 6 April 2009, Mr. Cheung Shui Kwai and Mr. Javed Idbal Khan shall remain a connected person of the Company for the 12 months following his resignation under the Listing Rules. In addition, upon completion of the disposal of Group Idea, Group Idea will become wholly owned by Mr. Cheung Shui Kwai and Mr. Javed Idbal Khan. As such, Group Idea will become a connected person of the Company under the Listing Rules.

Pursuant to the Management Agreement, Group Idea shall appoint Pro-Capital or its subsidiaries to provide certain management service from time to time and Pro-Capital accepts the appointment to provide Group Idea with such management services for the exhibitions managed by it during the term. As the project manager, Pro-Capital and/or its subsidiaries shall provide the management services and procure the provision of such services to Group Idea, including but not limited to providing human resources support; providing advertising, marketing and other promotional support; managing and overseeing the operation of the exhibition; arranging for construction, removal and selling of booths; keeping proper books and records for the exhibition and such other matters as the project manager shall consider necessary to carry out or perform its duties under the Management Agreement. Group Idea will share 20% of the revenue in respect of each exhibition managed by Pro-Capital and/or its subsidiaries. The Board proposed that the annual cap amounts of the sums of such shared revenue for the three years ending 31 December 2011 will be HK$38,000,000, HK$41,000,000 and HK$41,000,000, respectively. For the year ended 31 December 2010, the transaction amount under Management Agreement is approximately HK$15,308,000 (2009: HK$13,647,000).

The Board expect that the aggregate orders from Group Idea for the three years ending 31 December 2011 will exceed HK$10,000,000 in each of the corresponding year. As such, the transactions under the Management Agreement will constitute non-exempt continuing connected transactions under the Listing Rules.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the six months ended 30 September 2011.

EVENTS AFTER THE REPORTING PERIOD

(i) On 8 August 2011, the Company and Mr. Zheng Xuefeng (the "Vendor") entered into a Sale and Purchase Agreement (the "Agreement") pursuant to which, among other things, the Company has conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of the Wealthy Wing Limited (the "Target Company") at the consideration of HK$162,000,000 (the "Proposed Acquisition"). Upon completion, Wealthy Wing will become a wholly-owned subsidiary of the Company and will hold the entire share capital of Western Spark Investments Limited, which will hold 55% equity interests in De Rong which is principally engaged in trading and sale of coal in the PRC. The Proposed Acquisition was approved by the shareholders on 14 October 2011. Details of the Proposed Acquisition were set out in the announcements of the Company dated 11 August 2011, 31 August 2011 and the circular of the Company dated 28 September 2011. As disclosed in the announcements date 23 September 2011 and 25 October 2011, the long stop date of the Proposed Acquisition has been extended to 31 November 2011.

    On 7 November 2011, the Company has already provided funding of HK$5,420,000 (approximately equivalent to RMB4,400,000) to inject into De Rong which representing 20% of the incremental registered capital of De Rong.

    The Proposed Acquisition is not yet completed as the date of the approval of these financial statements.

(ii) According to HKAS 18, revenue from the receipt of participate fee is recognised when the event takes place. As "Old Wing of Mega Show Part 1" and "Mega Show Part 2" managed by the Group are held and completed in October every year and the turnover of the Group is principally from the participation fee received from these shows, disclosing the unaudited turnover and net profit from 1 April to 31 October every year in the interim report will give a better understanding of the business operations of the Group.

    The unaudited turnover and the net profit from the trade shows and exhibition operation business for the period from 1 April 2011 to 31 October 2011 were approximately HK$62,500,000 and HK$8,300,000 respectively (seven months ended 31 October 2010: HK$71,356,000 and HK$15,000,000).

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 six months ended 30 September 2011.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises three independent non-executive directors, chaired by Mr. Lam Williamson and the other two members of the Committee are Mr. Cheng Wing Keung, Raymond and Mr. Wong Hoi Kuen. The Audit Committee has reviewed and discussed with the Company's management the interim results of the Group for the six months ended 30 September 2011.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's results announcement for the six months ended 30 September 2011 containing all information required by Appendix 16 of the Listing Rules is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's appointed website at http://www.capitalfp.com.hk/eng/index.jsp?co=223. The interim report of the Company for the six months ended 30 September 2011 will be despatched to the shareholders and published on the above websites in due course.

By Order of the Board
Sino Resources Group Limited
(carrying on business in Hong Kong as Sino Gp Limited)
Chow Chi Fai
Company Secretary

Hong Kong, 23 November 2011

As at the date of this announcement, the executive directors of the Company are Ms. Geng Ying, Mr. Gao Feng and Mr. Chiu Sui Keung, and the independent non-executive directors of the Company are Mr. Lam Williamson, Mr. Cheng Wing Keung Raymond and Mr. Wong Hoi Kuen.

* *for identification only*