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 2012

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 2012 together with the comparative figures of the corresponding period for 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	5	**306**	–
Cost of sales		**(215)**	–
Gross profit		**91**	–
Other revenue	5	**1,393**	190
Other income		**4,028**	5,291
Other operating expenses		**(17,591)**	(24,710)
Loss from operating activities		**(12,079)**	(19,229)
Finance costs	6	**(1,291)**	(449)
Loss before tax		**(13,370)**	(19,678)
Taxation	7	**–**	–
Loss for the period		**(13,370)**	(19,678)

	Notes	Six months ended 30 September **2012** ***HK$'000*** **(Unaudited)**	2011 *HK$'000* (Unaudited)
Other comprehensive loss, net of tax			
Exchange differences on translation foreign operations		**(43)**	13
Total comprehensive loss for the period, net of tax		**(13,413)**	(19,665)
Loss attribute to:			
Owners of the Company		**(14,763)**	(16,955)
Non-controlling interests		**1,393**	(2,723)
		(13,370)	(19,678)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(14,929)**	(16,942)
Non-controlling interests		**1,516**	(2,723)
		(13,413)	(19,665)
Loss per share attributable to owners of the Company			
– Basic	9	**(1) cents**	(1) cents
– Diluted	9	**(1) cents**	(1) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	As at 30 September 2012 HK$'000 (Unaudited)	As at 31 March 2012 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**4,344**	4,595
Intangible assets		**–**	–
Goodwill		**123,614**	71,689
Derivative financial assets		**17,924**	17,924
Available-for-sale financial assets		**1**	1
		145,883	94,209
Current assets			
Trade receivables	10	**62,214**	71,212
Deposits, prepayments and other receivables	11	**79,867**	61,532
Amount due from a director		**34**	34
Deposits with banks	12	**10,838**	10,786
Cash and cash equivalents		**1,004**	5,030
		153,957	148,594
Less: Current liabilities			
Trade payables	13	**62,351**	69,426
Accrued liabilities and other payables	14	**199,916**	193,387
Amounts due to shareholders	15	**23,566**	16,670
Derivative financial liabilities		**4,159**	4,159
Borrowings	16	**18,763**	18,414
Obligations under finance leases	17	**469**	462
Convertible notes	18	**157,014**	157,014
Deferred tax liabilities		**2,720**	2,720
		468,958	462,252
Net current liabilities		**(315,001)**	(313,658)
Total assets less current liabilities		**(169,118)**	(219,449)
Less: Non-current liabilities			
Convertible notes	18	**15,429**	–
Obligations under finance leases	17	**240**	477
		15,669	477
Net liabilities		**(184,787)**	(219,926)
Equity attributable to owners of the Company			
Share capital	19	**18,883**	16,365
Reserves		**(200,404)**	(233,064)
		(181,521)	(216,699)
Non-controlling interests		**(3,266)**	(3,227)
Total equity		**(184,787)**	(219,926)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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 engaged as an investing and developing in unconventional gas business, coal trading business as well as sales agent to introduce potential exhibitors for exhibitions.

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 2012.

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 2012 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$315,001,000 (31 March 2012: HK$313,658,000). The following items with an aggregate of amount of HK$334,132,000 (31 March 2012: HK$333,692,000), which are included in 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 2012: 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$15,798,000 (31 March 2012: HK$15,358,000) was shareholder's loan plus interests from Mr. Hung; and (iii) convertible notes of HK$157,014,000 (31 March 2012: HK$157,014,000) and respective deferred tax liabilities of HK$2,720,000 (31 March 2012: HK$2,720,000). The Board of the Company considers the liquidity of the Group is good enough as at 30 September 2012.

In addition, substantial shareholders of the Company, have agreed to provide continuing financial support to the Group. As such, the directors are satisfied that the Group will be able to meet in full its financial obligations as 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 2012, included in the annual report of the Group for the year ended 31 March 2012.

(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 on 1 April 2012.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfer of Financial Assets

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) Standards and amendments in issue but not yet effective

The Group not applied in advance the following new and revised HKFRSs that have been issued are but not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associate and Joint Venture[2]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The Group has not yet applied new and 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 and revised HKFRSs would have a material impact on its results of operations.

4. SEGMENT INFORMATION

The Group organised into three operating divisions: unconventional gas business, coal trading business and exhibition operation. These divisions are the basis on which the Group reports its segment information.

The three operating and reportable segments are as follows:

Unconventional gas business	Provision of services in connection with unconventional gas and import of technical equipment for the unconventional gas industry
Coal trading business	Trading of coal in the PRC
Exhibition operation	Sales agent to introduce potential exhibitors for exhibitions

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

For the six months ended 30 September 2012 (Unaudited)

	Unconventional gas business *HK$'000*	Coal trading business *HK$'000*	Exhibition operation *HK$'000*	Consolidated *HK$'000*
Turnover				
Turnover from external customers	–	306	–	306
Result				
Segment profit/(loss)	(2,620)	(716)	3,670	334
Unallocated income				1,383
Unallocated corporate expenses				(13,796)
Finance costs				(1,291)
Loss before tax				(13,370)
Taxation				–
Loss for the period				(13,370)

For the six months ended 30 September 2011 (Unaudited)

	Unconventional gas business *HK$'000*	Coal trading business *HK$'000*	Exhibition operation *HK$'000*	Consolidated *HK$'000*
Turnover				
Turnover from external customers	–	–	–	–
Result				
Segment loss	(5,525)	–	(4,392)	(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)

Turnover reported above represents revenue generated from external customers. There was no inter-segment sales in the period (six months ended 30 September 2011: HK$Nil).

Segment results represent the profit/(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 2012 (Unaudited)

	Unconventional gas business ***HK$'000***	**Coal trading business** ***HK$'000***	**Exhibition operation** ***HK$'000***	**Consolidated** ***HK$'000***
Assets				
Segment assets	**29,519**	**244,180**	**5**	**273,704**
Unallocated corporate assets				**26,136**
				299,840
Liabilities				
Segment liabilities	**7,862**	**100,009**	**5,353**	**113,224**
Unallocated corporate liabilities				**371,403**
				484,627

As at 31 March 2012 (Audited)

	Unconventional gas business *HK$'000*	Coal trading business *HK$'000*	Exhibition operation *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	20,210	188,818	2,459	211,487
Unallocated corporate assets				31,316
				242,803
Liabilities				
Segment liabilities	708	95,779	11,478	107,965
Unallocated corporate liabilities				354,764
				462,729

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. Goodwill and derivate financial assets are allocated to reportable segments; and

- all liabilities are allocated to reportable segments other than corporate liabilities, amounts due to shareholders, obligation under financial leases, convertible notes and deferred tax liabilities.

Other segment information

	Six months ended 30 September			
	Depreciation and amortisation		**Additions to non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Unconventional gas business	**39**	46	**9**	137
Coal trading business	**8**	–	**5**	–
Exhibition operation	**–**	7	**–**	–
Unallocated	**223**	262	**12**	2,535
	270	315	**26**	2,672

Geographical information

The Group's operations are mainly located in Hong Kong 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	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**–**	–
The PRC	**306**	–
	306	–

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

	Carrying amount of non-current assets	
	As at 30 September 2012	As at 31 March 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**3,022**	3,252
The PRC	**124,936**	73,032
	127,958	76,284

5. TURNOVER AND OTHER REVENUE

Turnover represents the coal quality inspection handling fee.

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover		
Coal quality inspection handling fee	**306**	–
Other revenue		
Interest income	**54**	82
Sundry income	**1,339**	108
	1,393	190
Total revenue	**1,699**	190

6. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on amounts due to shareholders wholly repayable within five years	**556**	440
Interests on obligations under finance leases wholly repayable within five years	**16**	9
Interest expense on borrowings wholly repayable within five years	**48**	–
Interest expense on convertible notes	**429**	–
Other finance costs	**242**	–
	1,291	449

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 2011: 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 2012 (six months ended 30 September 2011: 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$14,763,000 (30 September 2011: approximately HK$16,955,000) and the weighted average number of ordinary shares in issue during the period is 1,678,031,389 (30 September 2011: 1,336,685,243).

Diluted loss per share for the periods ended 30 September 2012 and 2011 were the same as the basic loss per share. The Company's outstanding consideration shares, warrants, convertible notes and share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding consideration shares, warrants, convertible notes and share options were anti-dilutive.

10. TRADE RECEIVABLES

According to the credit rating of different customers, the Group allows a range of credit periods not exceeding 180 days to its customers. The aged analysis of the trade receivables is as follows:

	As at 30 September 2012 *HK$'000* **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
0 to 30 days	**27**	59,180
31 to 60 days	**130**	10,096
61 to 90 days	**42**	–
91 to 180 days	**55**	–
Over 180 days	**61,960**	1,936
	62,214	71,212

Up to the date of this announcement, there is approximately 22.9% trade receivables subsequently settled for the balances as at 30 September 2012.

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2012 *HK$'000* **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
Deposits	**26,070**	19,216
Prepayments	**8,997**	11,994
Other receivables	**44,800**	30,322
	79,867	61,532

As at 30 September 2012, included in other receivables of HK$10,000,000 (31 March 2012: 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 2012, the fixed interest rate on deposits with banks of approximately HK$10,838,000 (31 March 2012: approximately HK$10,786,000), with maturity over one month but less than one year is 0.95% per annum and deposited into a designated interest-bearing bank account opened into the name of the Company as security for the litigations (31 March 2012: 1.0% per annum). The deposits with banks were denominated in HK$.

13. TRADE PAYABLES

The following is an analysis of trade payables by aged based on the invoice date.

	As at 30 September 2012 *HK$'000* **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
0 to 30 days	**–**	55,916
31 to 60 days	**–**	–
61 to 90 days	**–**	–
91 to 180 days	**–**	2,769
Over 180 days	**62,351**	10,741
	62,351	69,426

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 30 September 2012 *HK$'000* **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
Accrued liabilities *(Note (i))*	**178,823**	177,123
Other payables	**14,590**	15,896
Deposits received in advance *(Note (ii))*	**6,308**	–
Amount due to a related company	**195**	368
	199,916	193,387

Notes:

(i) Included in accrued liabilities of HK$158,600,000 (31 March 2012: 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.

(ii) On 20 June 2012, Multi Century Energy Technology (Beijing) Limited, an indirectly non wholly-owned subsidiary of the Company, entered into a finance lease agreement with 匯信融資租賃(天津)有限公司(Huixin Financial Leasing (Tianjing) Co., Ltd) (the "lessor") to sell and lease back certain equipment and machineries for carrying out coalbed methane exploration ("Equipment") at the consideration of RMB7,680,000. Under the finance lease arrangement, the guarantee and equity pledge will be provided in favour of the lessor: (a) the Company will provide a guarantee for the lease payment, handling fee or other payables by MCT (BJ); (b) the entire registered capital of MCT (BJ) will be pledged by its holding company, Multi Century Technology Development Limited; and (c) Mr. Gao Feng, the Vice-Chairman of the Company, will provide a personal guarantee for all the payables by MCT (BJ).

As at 30 September 2012, the balances was deposits received from the lessor for the respective sales of Equipment. The Equipment was subsequent arrived at the port of Tianjin in the PRC and are waiting for the Customs declaration on October 2012.

15. AMOUNTS DUE TO SHAREHOLDERS

	As at 30 September 2012	As at 31 March 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Amount due to Mr. Hung *(Note (i))*	**15,798**	15,358
Amount due to ACE Channel Limited *(Note (ii))*	**7,768**	1,312
	23,566	16,670

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.

On 9 November 2010, the Company deposit the sum of HK$10,658,922 into a designated interest-bearing account as security for the claimed made by Mr. Hung on item (i)(2) and (3). Details refer to litigation and contingent liability (c) and (d) respectively.

(ii) On 15 August 2011, the Company signed a shareholder's loan facility agreement of HK$20,000,000 with ACE Channel Limited, beneficially owned by Mr. Gao Feng, a director of the Company, is unsecured, bearing interest at a prime rate plus 1% (i.e. 6%) per annum and due on 14 August 2012. On 12 September 2012, the agreement has been extended for one year and due on 14 August 2013. The Company has already drawn down a total amount of HK$7,641,000 as at 30 September 2012 (31 March 2012: HK$1,300,000).

16. BORROWINGS

	As at 30 September 2012 *HK$'000* (Unaudited)	As at 31 March 2012 *HK$'000* (Audited)
Current liabilities		
– Bank borrowings – secured *(Note (i))*	**18,363**	18,414
– Other borrowings – unsecured *(Note (ii))*	**400**	–
Total borrowings	**18,763**	18,414

Notes:

(i) Bank borrowings of HK$18,363,000 (31 March 2012: HK$18,414,000) are repayable on 18 November 2012 and 18 January 2013 for HK$9,794,000 and HK$8,569,000 respectively, bearing fixed interest rate at 8.528% per annum (31 March 2012: 8.528% per annum) and secured by the properties owned by a non-controlling shareholder of one subsidiary. The loan of HK$9,794,000 has already been due and to be renewed for further one year on or before end of November 2012.

(ii) Other borrowings from a third party is unsecured, interest-free and repayable on demand. The borrowings are subsequently settled.

17. OBLIGATIONS UNDER FINANCE LEASES

The Group leases a motor vehicle and this lease is classified as finance leases having remaining lease terms to 18 months. The interest rate is 1.7% per annum. As at 30 September 2012, the total future minimum lease payments under finance leases and their present value were as follows:

	As at 30 September 2012 *HK$'000* **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
Total minimum lease payments		
– Due within one year	**490**	490
– Due in the second year	**245**	490
	735	980
Less: future finance charges on finance leases	**(26)**	(41)
Present value of finance lease liabilities	**709**	939
Present value of finance lease liabilities		
– Due within one year	**469**	462
– Due in the second year	**240**	477
	709	939
Less: Current portion due within one year included under current liabilities	**(469)**	(462)
Non-current portion included under non-current liabilities	**240**	477

18. CONVERTIBLE NOTES

The carrying values of the liability component and derivates component of the convertible notes are as follows:

	2008 Convertible Notes *HK$'000* Current *(Note (i))*	2012 Convertible Notes *HK$'000* Non-current *(Note (ii))*	Total *HK$'000*
Liability component			
Net carrying amounts at 1 April 2011	**142,094**	**–**	**142,094**
Interest expense	**14,920**	**–**	**14,920**
Net carrying amounts at 31 March 2012 and at 1 April 2012	**157,014**	**–**	**157,014**
Issue of 2012 Convertible Notes	**–**	**15,000**	**15,000**
Interest expenses	**–**	**429**	**429**
Net carrying amounts at 30 September 2012	**157,014**	**15,429**	**172,443**
Derivate component			
Net carrying amounts at 1 April 2011	–	**–**	–
Fair value change	–	**–**	–
Net carrying amounts at 31 March 2012 and at 1 April 2012	–	**–**	–
Fair value change	–	**–**	–
Net carrying amounts at 30 September 2012	–	**–**	–

Notes:

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

Up to 30 September 2012, the convertible notes 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$0.5 per share. As at 30 September 2012, the fair value of the derivate component embedded in the 2008 Convertible Notes was HK$Nil (31 March 2012: 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 2008 Convertible Notes which was being issued to Mr. Hung on 1 February 2010.

(ii) On 18 June 2012, the Company entered into a subscription agreement with Growing Around Holdings Limited ("Growing Around") pursuant to which Growing Around agreed to subscribe for the convertible notes in an aggregate principal amount of HK$15,000,000 (the "2012 Convertible Notes") at 12% coupon rate per annum with maturity on the second anniversary of the issue date. The 2012 Convertible Notes were issued on 6 July 2012.

The 2012 Convertible Notes will be convertible into 75,000,000 conversion shares ("Conversion Shares") at the initial conversion price of HK$0.2 per Conversion Share (the "2012 Conversion Price"). The 2012 Conversion Price is subject to adjustment on the occurrence of dilutive or concentrative event. Where the average closing price of the shares as quoted on the daily quotation sheet of the Stock Exchange for the period commencing from the date of issue of the 2012 Convertible Notes and ending on the 180th day thereafter (both days inclusive) (the "180 Days' ACP") falls below the then 2012 Conversion Price, the 2012 Conversion Price shall be adjusted to an amount equal to the higher of (i) HK$0.129; or (ii) the then par value of the shares, with effect from 4:30p.m. on the ACP adjustment date of 2 January 2013 (the "ACP Adjustment Date). In such case, the Company shall pay an amount equals to the aggregate of (a) the principal amount of the 2012 Convertible Notes attributable to the notional addition conversion shares; and (b) the interest accrued on such principal sum to the holder of the 2012 Convertible Notes within 10 business days from the ACP Adjustment Date.

Further details of which are disclosed in the Company's announcement dated 18 June, 21 June and 6 July 2012. The transaction was completed on 6 July 2012.

During the period ended 30 September 2012, no Conversion Shares were issued upon conversion of the 2012 Convertible Notes (six months ended 30 September 2011: Nil).

19. SHARE CAPITAL

	As at 30 September 2012 (Unaudited)		As at 31 March 2012 (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**	**6,000**	6,000,000	6,000
Issued and fully paid:				
At beginning of the period/year	**1,636,520**	**16,365**	1,336,520	13,365
Placing of shares *(Notes (i))*	**–**	**–**	30,000	300
Consideration shares *(Notes (ii))*	**251,833**	**2,518**	270,000	2,700
At end of the period/year	**1,888,353**	**18,883**	1,636,520	16,365

Notes:

(i) 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.

(ii) On 30 November 2011, the Company completed the subscription of 100% equity interest of Wealth Wing Group. The Company issued 270,000,000 consideration shares (the "Consideration Shares I") as part of the consideration for the acquisition of Wealth Wing. The fair value of the Consideration Shares I, determined based on the closing market price of the Company on the acquisition date of HK$0.24 per share, amounted to approximately HK$64,800,000. The issue of the Consideration Shares I has resulted in the increase in share capital and share premium amount of the Company by HK$2,700,000 and HK$62,100,000 respectively.

On 31 August 2012, the Company completed the subscription of 70.97% equity interest of Zhan Sheng Group. The Company issued 251,833,333 consideration shares (the "Consideration Shares II") as part of the consideration for the acquisition of Zhan Sheng. The fair value of the Consideration Shares II, determined based on the closing market price of the Company on the acquisition date of HK$0.199 per share, amounted to approximately HK$50,115,000. The issue of the Consideration Shares II has resulted in the increase in share capital and share premium account of the Company by HK$2,518,000 and HK$47,597,000 respectively.

(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.

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 2012, all warrants are remained outstanding.

20. 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 year ended 31 March 2012 and 58,700,000 share options are remained outstanding as at 30 September 2012 (31 March 2012: 58,700,000).

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 1/4/2012	Granted during period	Exercised during period	Expired during period	Lapsed during period	Outstanding at 30/9/2012
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$0.36	17,100,000	–	–	–	–	17,100,000
				58,700,000	–	–	–	–	58,700,000
Weighted average exercise price (in HK$)				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%

21. 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 2012, 10,100,000 shares were purchased and held by the Trustee, representing approximately 0.53% of the issued share capital of the Company.

During the period ended 30 September 2012, no award shares have been released to Selected Participants.

22. ACQUISITION OF SUBSIDIARIES

On 31 March 2012, the Company entered into a sale and purchase agreement that the Company agreed to acquire 70.97% of the entire issued share capital of Zhan Sheng, which in turn, owns 77.5% of Hubei Tiegang at a consideration of HK$52,115,000. The acquisition was completed on 31 August 2012.

The carrying amount and fair value of net assets acquired:

	HK$'000
Deposits, prepayments and other receivables	11,024
Cash and cash equivalents	68
Accrued liabilities and other payables	(12,457)
	(1,365)
Non-controlling interests	1,555
Net identifiable assets acquired	190
Goodwill	51,925
	52,115
Satisfied by:	
Cash consideration	2,000
Consideration shares	50,115
	52,115
Net cash outflow arising on acquisition:	
Cash consideration	(2,000)
Cash and cash bank balances acquired	68
Net outflow of cash and cash equivalents	(1,932)

The subsidiaries acquired during the period contributed approximately HK$Nil to the Group's turnover and loss before tax of approximately HK$59,000 for the period.

23. COMMITMENTS

(a) Capital commitment

As at 30 September 2012, the Group had the following capital commitments:

	As at 30 September 2012	As at 31 March 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for	**–**	8,010
Authorised and contracted for	**31,779**	25,249
	31,779	33,259

(b) Operating lease commitment

The Group leases certain properties under operating lease commitment. The leases run for an initial period of one to two years (31 March 2012: 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 2012, 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 2012	As at 31 March 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**2,694**	2,675
In the second to fifth years, inclusive	**1,299**	2,569
	3,993	5,244

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Company has been engaged as an investing and developing in unconventional gas business, coal trading business as well as sales agent to introduce potential exhibitors for exhibitions.

UNCONVENTIONAL GAS BUSINESS

On 20 June 2012, Multi Century Energy Technology (Beijing) Limited ("MCT(BJ)"), an indirectly non wholly-owned subsidiary of the Company, entered into a finance lease agreement with 匯信融資租賃(天津)有限公司(Huixin Financial Leasing (Tianjing) Co., Ltd) ("Huixin"), pursuant to which the Huixin agreed to acquire certain equipment and machineries for carrying out coalbed methane exploration ("Equipment") by MCT (BJ) at the consideration of RMB7,680,000 and lease back the Equipment to MCT (BJ) for a term of two years.

As of the end of October 2012, two units of the Equipment have already arrived at the port of Tianjin in the PRC and are waiting for the Customs declaration. Once the Customs clearance is completed, the Equipment will be delivery to Heilongjiang province for installation and testing.

COAL TRADING BUSINESS

The Group has been conducting coal trading business in the Northeast region (mainly in the Heilongjiang province) and the Northwest region of the PRC.

The Company has completed an acquisition of 70.97% equity interest in Zhan Sheng Investments Limited (the "Tiegang Acquisition"), together with World Grace Enterprises Limited and 77.5% equity interest in Hubei Tiegang Tading Company Limited ("Hubei Tiegang") via Zhuhai Tiegang Commerical Trading Company Limited (the "Zhan Sheng Group") which is also engaged in coal trading business. The Tiegang Acquisition is in line with the Group's strategy to further develop its existing coal business segment. As Hubei Tiegang has a focus on the Northwestern region of the PRC, which is another important region with abundant coal resources apart from the Northeastern region of the PRC, the Tiegang Acquisition shall enhance the Group's geographical coverage and strategic position in the industry.

These investments will provide the Group with a solid platform for the further business development in the energy and resources sector in the PRC.

PROSPECT AND OUTLOOK

With the exhibition business further streamlined in 2012, the Board will continue its efforts in developing the Group's businesses in unconventional gas and coal trading segments; it will also keep pursuing cost reduction strategies to maximise the Group's profit margin.

For the unconventional gas business, the imported specialised equipments have arrived at the Port of Tianjin and will be further transported to the site for installation and testing, the Company believes that the equipments could be in full operation within the first half of 2013 and shall contribute to the business growth of the Group's unconventional gas segment in the next financial year.

For the coal trading business, the Group will further cultivate its coal trading business through the two trading arms, Heilongjiang Derong Coal Industrial Co., Ltd ("Derong") and Hubei Tiegang. As Derong's value added tax issue was resolved in October 2012 and the coal trading industry may recover upon closure of the 18th National Congress of the Communist Party of China, the Company will work closely with Derong's management team to improve the business and financial performances of Derong. Hubei Tiegang, which was newly acquired in August 2012, shall extend the Group's geographical average to the Northwestern region of the PRC and form a more comprehensive coal trading platform for the Group. In the future, the Company will enhance the resources allocation and management flexibility among Derong and Hubei Tiegang, in order to achieve higher cost effectiveness in its coal trading business segment.

It is expected that 2013 will be a challenging year with global economic uncertainties, the Board will take a cautious approach on conducting and expanding its existing businesses in times of volatile economy, whilst it will continue its inorganic growth strategies to diversify the Group's business portfolios. Given the rapidly changing economic landscape, the Board shall explore attractive investment opportunities more proactively, and may consider engaging in other industries with growth potentials apart from the energy and resources sector.

RESULTS ANALYSIS

For the six months ended 30 September 2012, the Group recorded turnover of HK$306,000 (six months ended 30 September 2011: HK$Nil). The turnover was contributed by the coal trading segment from Derong. Minimal turnover on coal trading business was mainly due to: (i) material adverse change in the coal trading business environment in China, especially the coal market rapidly deteriorated in the 2nd and 3rd quarter of 2012. The slowdown of coal demand and consumption with oversupply in the market resulted in fiercer competition and extensively minimised profit margin. The management has taken a more cautious and conservative approach towards sales orders of the coal trading; and (ii) Value added tax ("VAT") issue between Derong and Haerbin Tax Bureau (the "VAT Issue"). In the 3rd quarter of 2012, the Haerbin Tax Bureau did not allow Derong to issue new output VAT invoices as some previous input VAT invoices prior to the acquisition of Derong have not been settled, and the discussion process was longer than expected. It had affected the cash return cycle of the trade receivables of Derong and deterred Derong from entering into new sales orders during the period ended 30 September 2012. Due to the above two reasons, the estimated sales volume and turnover of Derong in 2012 shall be far less than the expected figures set out at the time of the acquisition. The VAT Issue was subsequently resolved in

October 2012 and Haerbin Tax Bureau currently permits the issuance of new output VAT invoices for Derong. In addition, the Group has been implementing operation downsizing and cost saving measures, whilst exploring new sources of revenue and investment opportunities at the same time.

For the six months ended 30 September 2012, the Group recorded a net loss of approximately HK$13,370,000 (six months ended 30 September 2011: approximately HK$19,678,000) and a loss attributable to owners of the Company of approximately HK$14,763,000 (six months ended 30 September 2011: approximately HK$16,955,000); basic losses per share was approximately HK$1 cents (six months ended 30 September 2011: HK$1 cents). Loss from operating activities was approximately HK$12,079,000 (six months ended 30 September 2011: approximately HK$19,229,000), representing a decrease of 37% over last interim period. It was attributable to (i) streamline the exhibition operations so as the operating costs cut down accordingly; and (ii) significant decrease in legal and professional fees incurred for litigations with Mr. Hung after some court cases were settled.

INTERIM DIVIDEND

The Board of the Company did not recommend payment of an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: HK$Nil).

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group derived its working capital mainly from internal cash flow of operating activities, issuance of convertible notes and shareholder's loan. On 6 July 2012, the Company issued a convertible notes in an aggregate principal amount of HK$15,000,000 (net proceeds of approximately HK$14,800,000). In addition, the Company was subsequently placed of 174,000,000 shares at the placing price of HK$0.115 on 25 October 2012, and the net proceeds of approximately HK$19,808,000 has been received.

As at 30 September 2012, deficit on shareholders' funds of the Group aggregately amounted to approximately HK$184,787,000 (31 March 2012: HK$219,926,000). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 1.62 times (31 March 2012: 1.91 times). Net current liabilities of the Group amounted to approximately HK$315,001,000 (31 March 2012: HK$313,658,000). Current assets of the Group was approximately HK$153,957,000 (31 March 2012: HK$148,594,000), of which deposits with banks, cash and cash equivalents amounted to approximately HK$11,842,000 (31 March 2012: HK$15,816,000) and deposit of HK$10,000,000 (31 March 2012: 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$334,132,000 (31 March 2012: HK$333,692,000), which are included in current liabilities, are related to the legal proceedings with Mr. Hung in the High Court: (i) HK$158,600,000 (31 March 2012: HK$158,600,000) was consideration payable for the acquisition of Wealth Gain Group; (ii) HK$15,798,000 (31 March

2012: HK$15,358,000) was shareholder's loan plus interests from Mr. Hung; and (iii) convertible notes of HK$157,014,000 (31 March 2012: HK$157,014,000) and respective deferred tax liabilities of HK$2,720,000 (31 March 2012: HK$2,720,000). The Board considers the liquidity of the Group is good enough as at 30 September 2012 and the Group would be turned to net assets position of HK$149,345,000 (31 March 2012: HK$113,766,000) if removal of (i) to (iii).

As at 30 September 2012, the Group's gearing ratio (calculated as total debts to total equity) was 116.6% (31 March 2012: 89.7%).

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.

On 14 November 2011, the Company filed an amended Statement of Claim to the Court, the Defendants filed amended defence on 16 January 2012. Subsequently, the Company filed amended reply to Defendants' defence on 13 April 2012. The pleading stage of the proceedings is now closed. Now, the Company is preparing the lists of documents to be exchanged with Defendants, after which the parties would have to exchange witness statements.

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 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 provide 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 court case is still ongoing and 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 prejudice 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 parties are now in the process of negotiation for the Petitioner to agree to have the Amended Petition be dismissed on the condition that the Company to arrange for a guarantee issued by a bank in Hong Kong in favour of Mr. Hung in the amount equivalent to the above deposit of HK$10,658,922 and the issue regarding the petitioning debt be dealt with in the action HCA2477/2009. The Company consider the above proposal to be very reasonable and should the parties failed to reach an agreement for the dismissal of the Amended Petition, the Company shall proceed to apply for the dismissal of the Amended Petition.

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) *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 unauthorised 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.

(g) *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).

On 21 February 2012, upon the joint application by way of Consent Summons and order that:

1. The Defendant delivers and the Plaintiff retains possession of the Vehicle (namely Porsche Cayenne Turbo with vehicle identification number M48/1ZZZ9PZ9LA81368 bearing registration number NP 5059) on or before 10 March 2012 subject to the conditions stated in paragraph (2) below;

2. The acceptance of paragraph (1) above is subject to an inspection, restoration and repair (if any) of the Vehicle by the Porsche Centre Hong Kong to be arranged and costs to be paid by the Defendant; and the Defendant shall send to the Plaintiff a certificate that the Vehicle is good and roadworthy on or before 12 March 2012;

3. Upon the satisfaction of paragraphs (1) and (2) above, this action against the Defendant be withdrawn;

4. Trial hearing scheduled on 22 February 2012 at 9:30 a.m. reserved for 5 days (from 23 February 2012 to 28 February 2012) be vacated;

5. Without admitting the validity and authenticity of the Pledge Agreement and without admission of liability on the Defendant's part, the Defendant shall pay to the Plaintiff a sum of HK$100,000 within seven (7) days of the date of the Consent Summons; and

6. The Defendant do pay the Plaintiff costs of these proceedings (including costs of the Consent Summons) and such costs to be taxed if not agreed.

The vehicle has been returned to Sino Talent on 17 March 2012 and Defendant paid the HK$100,000 to Sino Talent on 29 February 2012. Sino Talent also prepared the bills of costs and commence taxation proceeding against Mr. Raymond Hung on 22 June 2012. The hearing of taxation is now fixed to be heard on 17 December 2012. The cost of taxation is claimed for approximately HK$420,349.80 from Mr. Raymond Hung.

OTHER EVENTS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2012, the Group had a total of 44 employees (30 September 2011: 37) 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. As at 30 September 2012, 58,700,000 share options are remained outstanding.

MATERIAL ACQUISITION AND DISPOSAL

On 31 August 2012, the Company duly completed the acquisition of the Zhan Sheng Group at a consideration of HK$52,115,000. Zhan Sheng Group is principally engaged in trading of coal in the Northwestern region of the PRC.

The Group did not have any material disposal for the six months ended 30 September 2012.

CONTINUING CONNECTED TRANSACTION

A wholly-owned subsidiary of the Company, Pro-capital Investments Limited, entered into a Master Project Management Agreement with Group Idea International Limited was expired on 5 April 2012. As such, there is no continuing connected transaction occurred during the six months ended 30 September 2012.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the six months ended 30 September 2012.

EVENTS AFTER THE REPORTING PERIOD

(i) On 3 October 2012, the Company and Select Investment Services Limited (the "Placing Agent") entered into a termination agreement to terminate the 8 September 2012 share placing agreement and the supplemental agreement. On the same date, the Company entered into a new share placing agreement with the Placing Agent to place up to 174,000,000 placing shares (the "Placing Shares") to not less than 6 share placees at the placing price of HK$0.12 on a best effort basis (the "Placing"). On 15 October 2012, the Company entered into a supplemental share placing agreement to amend the terms of the new share placing. The placing price is agreed at HK$0.115 and the maximum number of Placing Shares to be amended to 174,000,000. The Placing was completed on 25 October 2012 and the net proceeds approximately HK$19,808,000 has been received.

    The net proceeds will be used for (a) financing the capital commitment (in full or in part) in connection with the Tiegang Acquisition; and (b) the Group's general working capital purpose.

(ii) On 5 April 2012, the Company (through its subsidiary) entered into a sales agency agreement ("Agency Agreement") with Kenfair Exhibition (Hong Kong) Limited in replacement of renewal of the Master Project Management Agreement to act as a sales agent. The Agency Agreement was subsequently ended on 31 October 2012 without further renewal.

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 2012.

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 2012.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all code provisions of the Code on Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's results announcement for the six months ended 30 September 2012 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 2012 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, 27 November 2012

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*