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 2016

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 2016 together with the comparative figures of the corresponding period for 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	4	**19,043**	103,415
Cost of sales		**(18,892)**	(101,327)
Gross profit		**151**	2,088
Other income	5	**1,412**	1,277
Other gains – net	5	**4,133**	796
Share-based payment		**–**	(20,950)
Other operating expenses		**(21,178)**	(13,748)
Loss on disposal of financial assets		**–**	(3,625)
Share of results of associates		**(5,962)**	(5,947)
Loss from operating activities		**(21,444)**	(40,109)
Finance costs	6	**(1,307)**	(4,715)
Loss before tax		**(22,751)**	(44,824)
Taxation	7	**–**	(3)

	Notes	Six months ended 30 September **2016** **HK$'000** **(Unaudited)**	2015 *HK$'000* (Unaudited)
Loss for the period		**(22,751)**	(44,827)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation foreign operations		**(1,366)**	(1,597)
Share of exchange differences of associates		**(146)**	(89)
Other comprehensive loss for the period		**(1,512)**	(1,686)
Total comprehensive loss for the period		**(24,263)**	(46,513)
Loss for the period attributable to:			
Owners of the Company		**(20,975)**	(44,423)
Non-controlling interests		**(1,776)**	(404)
		(22,751)	(44,827)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(22,422)**	(46,029)
Non-controlling interests		**(1,841)**	(484)
		(24,263)	(46,513)
Loss per share			
– Basic	9	**(0.52) cents**	(1.23) cents
– Diluted	9	**(0.51) cents**	(1.23) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	As at 30 September 2016 HK$'000 (Unaudited)	As at 31 March 2016 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**24,054**	26,252
Interests in associates		**27,945**	34,053
Goodwill		**46,648**	46,630
Available-for-sale financial assets		**1**	1
		98,648	106,936
Current assets			
Trade receivables	10	**1,502**	3,993
Deposits, prepayments and other receivables	11	**150,569**	161,348
Cash and cash equivalents		**6,856**	7,338
Total current assets		**158,927**	172,619
Less: Current liabilities			
Trade payables	12	**601**	1,387
Accrued liabilities and other payables	13	**19,753**	27,610
Promissory notes	14	**10,349**	9,042
Total current liabilities		**30,703**	38,039
Net current assets		**128,224**	134,580
Total assets less current liabilities		**226,872**	241,516
Net assets		**226,872**	241,516
Capital and reserves			
Share capital	15	**40,241**	39,641
Reserves		**197,786**	211,190
		238,027	250,831
Non-controlling interests		**(11,155)**	(9,315)
Total equity		**226,872**	241,516

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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 KY1-1111, 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 in trading businesses across Asia and investment in unconventional gas business in the PRC.

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 Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 2016.

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 2016 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.

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 2016, included in the annual report of the Group for the year ended 31 March 2016.

(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 2016.

HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]
HKAS 7 (Amendments)	Statement of cash flows[1]
HKAS 12 (Amendments)	Income taxes[1]
HKFRS 2 (Amendments)	Share-based payment[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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 two operating divisions: unconventional gas business and trading of commodities. These divisions are the basis on which the Group reports its segment information.

The two 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
Trading of commodities	Provision of agency services and trading of commodities in the PRC, Hong Kong and overseas

Turnover

Turnover represents the aggregate of agency fee and commodities sales.

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

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover		
Agency fee and commodities sales	**19,043**	103,415

Segment revenues and results

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

For the six months ended 30 September 2016 (Unaudited)

	Unconventional gas business *HK$'000*	Trading of commodities *HK$'000*	Consolidated *HK$'000*
Turnover			
Turnover from external customers	–	19,043	19,043
Result			
Segment loss	(3,458)	(4,116)	(7,574)
Unallocated income			5,554
Unallocated corporate expenses			(13,462)
Share of results of associates			(5,962)
Finance costs			(1,307)
Loss before tax			(22,751)
Taxation			–
Loss for the period			(22,751)

For the six months ended 30 September 2015 (Unaudited)

	Unconventional gas business *HK$'000*	Trading of commodities *HK$'000*	Consolidated *HK$'000*
Turnove			
Turnover from external customers	–	103,415	103,415
Result			
Segment (loss)/profit	(2,532)	296	(2,236)
Unallocated income			3,376
Unallocated corporate expenses			(10,727)
Share-based payment			(20,950)
Loss on disposal of financial assets			(3,625)
Share of results of associates			(5,947)
Finance costs			(4,715)
Loss before tax			(44,824)
Taxation			(3)
Loss for the period			(44,827)

Turnover reported above represents revenue generated from external customers. There was no inter-segment sales in the period (six months ended 30 September 2015: HK$Nil).

Segment results represent the (loss)/profit generated by each segment without allocation of corporate expenses, share-based payments, loss on disposal of financial assets, share of results of associates, finance costs and taxation. 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 2016 (Unaudited)

	Unconventional gas business *HK$'000*	**Trading of commodities** *HK$'000*	**Consolidated** *HK$'000*
Assets			
Segment assets	**40,926**	**60,530**	**101,456**
Interests in associates			**27,945**
Unallocated corporate assets			**128,174**
			257,575
Liabilities			
Segment liabilities	**1,988**	**11,705**	**13,693**
Unallocated corporate liabilities			**17,010**
			30,703

As at 31 March 2016 (Audited)

	Unconventional gas business *HK$'000*	Trading of commodities *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	43,920	61,773	105,693
Interest in an associate			34,053
Unallocated corporate assets			139,809
			279,555
Liabilities			
Segment liabilities	2,600	14,915	17,515
Unallocated corporate liabilities			20,524
			38,039

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

- all assets are allocated to reportable segments other than corporate assets and interests in associates. Goodwill is allocated to reportable segments; and

- all liabilities are allocated to reportable segments other than corporate liabilities and promissory notes.

Other segment information

	Six months ended 30 September			
	Depreciation and amortisation		**Additions to non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Unconventional gas business	**1,284**	176	**11**	1,278
Unallocated	**89**	93	**–**	28
	1,373	269	**11**	1,306

Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in the PRC and Hong Kong. The following analysis of the Group's turnover by geographical area is disclosed for the periods ended 30 September 2016 and 2015.

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The PRC	**18,513**	–
Hong Kong	**530**	625
Overseas	**–**	102,790
	19,043	103,415

The following is an analysis of the carrying amount of non-current assets (excluding interests in associates 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 2016	As at 31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**70,009**	72,118
Hong Kong	**693**	764
	70,702	72,882

5. OTHER INCOME AND OTHER GAINS – NET

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**2**	1,256
Sundry income	**1,410**	21
	1,412	1,277
Other gains – net		
Net exchange gains	**(11)**	5
Loss on early redemption notes on promissory notes	**–**	(222)
Gain on derecognition of promissory notes	**–**	1,013
Gain on disposal of shares	**4,144**	–
	4,133	796

6. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on amounts due to shareholders wholly repayable within five years	**–**	539
Imputed interest expenses on promissory notes	**1,307**	4,175
Other finance costs	**–**	1
	1,307	4,175

7. TAXATION

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprises Income Tax	**–**	3
	–	3
Deferred tax	**–**	–
	–	3

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profit for the period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8. DIVIDENDS

The Board of the Company do not recommend a payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: HK$Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company *(HK$'000)*	**(20,975)**	(44,423)
Weighted average number of ordinary shares in issue *('000)*	**4,009,295**	3,617,724
Basic loss per share *(HK cents per share)*	**(0.52)**	(1.23)

(b) Diluted

During the period ended 30 September 2016, diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares being ordinary shares to be issued under the share options scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options under the share options scheme. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options scheme. During the period ended 30 September 2015, the Company's outstanding convertible notes and share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding convertible notes and share options were anti-dilutive.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company (HK$'000)	**(20,975)**	(44,423)
Weighted average number of ordinary shares in issue ('000)	**4,009,295**	3,617,724
Adjustments for share options	**67,034**	–
Weighted average number of ordinary shares for diluted loss per share ('000)	**4,076,329**	3,617,724
Diluted loss per share (HK cents per share)	**(0.51)**	(1.23)

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 2016	As at 31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**72**	2,313
31 to 60 days	**–**	–
61 to 90 days	**–**	1,620
91 to 180 days	**80**	–
Over 180 days	**1,350**	–
	1,502	3,933

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2016 *HK$'000* **(Unaudited)**	As at 31 March 2016 *HK$'000* (Audited)
Deposits	**1,254**	1,306
Prepayments	**12,297**	10,937
Other receivables	**137,018**	149,105
	150,659	167,348

As at 30 September 2016, included in other receivables of approximately HK$99,500,000 (31 March 2016: HK$99,500,000) was the consideration receivables from disposal of 10.5% issued share capital of Sino United Energy Investment Co., Ltd, a company incorporated in the BVI. The above-mentioned other receivables of approximately HK$24,804,000 were settled subsequently.

12. TRADE PAYABLES

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

	As at 30 September 2016 *HK$'000* **(Unaudited)**	As at 31 March 2016 *HK$'000* (Audited)
0 to 30 days	**–**	4
31 to 60 days	**–**	–
61 to 90 days	**–**	813
91 to 180 days	**–**	465
Over 180 days	**601**	105
	601	1,387

13. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 30 September 2016 *HK$'000* **(Unaudited)**	As at 31 March 2016 *HK$'000* (Audited)
Accrued liabilities	**13,364**	15,289
Other payables	**1,539**	7,932
Deposits received in advance	**4,850**	4,389
	19,753	27,610

14. PROMISSORY NOTES

Movements of the promissory notes during the period/year are as follows:

	As at 30 September 2016	As at 31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At the beginning of the period/year	**9,042**	70,564
Fair value of promissory notes issued *(Note (iii))*	**–**	18,807
Derecognition of promissory notes *(Note (ii) & (iii))*	**–**	(70,316)
Imputed interest expenses charged *(Note (i), (ii) & (iii))*	**1,307**	6,119
Repayment during the period/year *(Note (i))*	**–**	(13,400)
Loss on early redemption *(Note (i))*	**–**	828
Transfer to other payable upon expiry *(Note (i))*	**–**	(3,560)
At the end of the period/year	**10,349**	9,042

Notes:

(i) On 21 February 2014, the Company issued a two-year non-interest bearing promissory note in the principal amount of HK$20,295,000 (the "PN I") as part of the consideration adjustment under the Fifth Supplemental Agreement of acquisition Zhan Sheng Investments Limited. The fair value of the PN I at the date of issue was estimated to be HK$11,208,000. The PN I was expired during the year ended 31 March 2016 and the balances of approximately HK$3,560,000 was transferred to other payables. The balances were fully settled during the period ended 30 September 2016.

The PN I is subsequently measured at amortised cost using effective interest method. No imputed interest expenses was recognised in profit or loss for the period ended 30 September 2016.

(ii) On 18 August 2014, a wholly-owned subsidiary of the Company issued two 18-month interest bearing promissory notes in the principal amount of HK$51,958,000 (the "PN II") and HK$8,542,000 (the "PN III") as part of the consideration under the acquisition of Sino United Energy Investment Co., Ltd ("Sino United"). The fair value of the PN II and PN III at the date of issue was estimated to be HK$45,056,000 and HK$7,408,000 respectively based on the effective interest rate of 13.07% per annum. During the year ended 31 March 2016, the wholly-owned subsidiary of the Company disposed Sino United and therefore the carrying amount of PN II and PN III were derecognised of approximately HK$40,345,000 and HK$8,213,000 respectively.

The PN II and PN III are subsequently measured at amortised cost using effective interest method. No imputed interest expenses was recognised in profit or loss for the period ended 30 September 2016.

(iii) On 29 September 2014, the Company issued a one-year non-interest bearing promissory note in the principal amount of HK$13,904,480 (the "PN IV") as part of the consideration under the acquisition of Wisdom Orchid Limited. The fair value of the PN IV at the date of issue was estimated to be HK$11,930,000 based on the effective interest rate of 16.55% per annum.

On 31 August 2015, the Company entered into the second supplemental agreement with the vendor and vendor guarantor of Wisdom Orchid to cancel the PN IV and replaced by a new promissory note (the "Second PN IV") to be issued by the Company to the vendor on the same date. The principal amount of the Second PN IV is adjusted to HK$10,946,830 and the maturity date would be extended to 27 March 2016. The fair value of the Second PN IV at the date of issue was estimated to be HK$9,815,000 based on the effective interest rate of 20.14% per annum. The carrying amount of PN IV were derecognised of approximately HK$10,827,000 upon the exercise of Second PN IV.

On 24 March 2016, the Company entered into the third supplemental agreement with the vendor and vendor guarantor of Wisdom Orchid to cancel the Second PN IV and replaced by a new promissory note (the "Third PN IV") to be issued by the Company to the vendor on the same date. The principal amount of the Third PN IV was HK$10,946,830 (representing the outstanding principal amount of the Second PN IV as at 24 March 2016), and the maturity date will be extended to 31 December 2016. The fair value of the Third PN IV at the date of issue was estimated to be HK$8,992,000 based on the effective interest rate of 29.0% per annum. The carrying amount of Second PN IV were derecognised of approximately HK$10,931,000 upon the exercise of Third PN IV. As at 30 September 2016, the fair value of the Third PN IV was approximately HK$10,327,000 (31 March 2016: approximately HK$9,036,000).

The Second and Third PN IV are subsequently measured at amortised cost using effective interest method. Imputed interest expenses of Second PN IV and Third PN IV of approximately HK$Nil and HK$1,307,000 respectively were recognised in profit or loss for the period ended 30 September 2016.

The fair value of the promissory notes at the date of issuance and at the reporting date are determined by the directors of the Company with reference to the valuation performed by APAC Asset Valuation and Consulting Limited, an independent firm of professional valuer using discounted cash flow approach.

15. SHARE CAPITAL

	As at 30 September 2016 (Unaudited)		As at 31 March 2016 (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	**3,964,130**	**39,641**	3,865,130	38,651
Subscription of shares *(Notes (i))*	**60,000**	**600**	63,000	630
Exercise of share options *(Notes (ii))*	**–**	**–**	36,000	360
At end of the period/year	**4,024,130**	**40,241**	3,964,130	39,641

Notes:

(i) On 16 May 2016, the Company has successfully subscribed 60,000,000 shares of HK$0.01 each at a subscription price of HK$0.164 per share for a total consideration, before expenses, of approximately HK$9,840,000. The proceeds was being used for general working capital purpose such as payment of staff costs and operating lease expenditure and/or financing any potential investment shall such opportunity arises in the future.

On 2 November 2015, the Company has successfully subscribed 30,000,000 shares of HK$0.01 each at a subscription price of HK$0.169 per share for a total consideration, before expenses, of approximately HK$5,070,000. The proceeds was being used for general working capital purpose such as payment of staff costs and operating lease expenditure and/or financing any potential investment shall such opportunity arises in the future.

On 25 January 2016, the Company has successfully subscribed 33,000,000 shares of HK$0.01 each at a subscription price of HK$0.153 per share for a total consideration, before expenses, of approximately HK$5,049,000. The proceeds was being used for general working capital purpose such as payment of staff costs and operating lease expenditure.

(ii) During the year ended 31 March 2016, 36,000,000 share options had been exercised by holders at HK$0.17 each for the issuance of shares. As a result of the exercise of share options, cash and cash equivalents, share capital and share premium have been increased by approximately HK$6,120,000, HK$360,000 and HK$8,784,000 respectively and share options reserve has been decreased by approximately HK$3,024,000.

16. 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' meeting.

Movement in share options during the period ended 30 September 2016 are as follows:

Category of Participants	Date of grant *(Note (b))*	Exercisable period *(Note (a))*	Exercisable price per share *HK$*	Number of share options Outstanding at 1 April 2016	Granted during period	Lapsed during period	Outstanding at 30 September 2016
Directors							
Mr. Zhang Xiaobin	22 September 2015	Period 2	0.17	36,000,000	–	–	36,000,000
Mr. Gao Feng	29 November 2012	Period 1	0.105	7,622,000	–	–	7,622,000
	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
				23,622,000	–	–	23,622,000
Mr. Chiu Sui Keung	29 November 2012	Period 1	0.105	7,622,000		–	7,622,000
	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
				23,622,000	–	–	23,622,000
Ms. Geng Ying	29 November 2012	Period 1	0.105	7,622,000		–	7,622,000
	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
				23,622,000	–	–	23,622,000
Mr. Shao Zili	22 September 2015	Period 2	0.17	36,000,000	–	–	36,000,000
Mr. Li Du	22 September 2015	Period 2	0.17	36,000,000	–	–	36,000,000
Mr. Cheng Wing Keung, Raymond	29 November 2012	Period 1	0.105	762,000	–	–	762,000
	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
				2,362,000	–	–	2,362,000
Mr. Lam Williamson	29 November 2012	Period 1	0.105	762,000	–	–	762,000
	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
				2,362,000	–	–	2,362,000

Category of Participants	Date of grant *(Note (b))*	Exercisable period *(Note (a))*	Exercisable price per share *HK$*	Number of share options: Outstanding at 1 April 2016	Granted during period	Lapsed during period	Outstanding at 30 September 2016
Directors							
Mr. Wong Hoi Kuen	29 November 2012	Period 1	0.105	762,000	–	–	762,000
	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
				2,362,000	–	–	2,362,000
			Sub-total	185,952,000	–	–	185,952,000
Employees of the Group							
In aggregate	29 November 2012	Period 1	0.105	41,882,000	–	–	41,882,000
	22 September 2015	Period 2	0.17	51,000,000	–	–	51,000,000
			Sub-total	92,882,000	–	–	92,882,000
Others							
In aggregate	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
			Total	280,434,000	–	–	280,434,000
Weighted average exercise price (in HK$) *(Note (c))*				0.1545	–	–	0.1545

Notes:

(a) Period 1 29 November 2012 to 28 November 2017

Period 2 22 September 2015 to 21 September 2020

(b) The vesting date of the share options for Period 1 to 2 is the date of grant.

(c) The exercise prices of the outstanding share options as at 30 September 2016 range from HK$0.105 to HK$0.17 (30 September 2015: range from HK$0.105 to HK$0.36) per share and their weighted average remaining contractual life as at 30 September 2016 is 3.31 years (six months ended 30 September 2015: 3.76 years).

No options were granted during the period ended 30 September 2016.

During the period ended 30 September 2015, the Company granted 249,400,000 share options to the directors and employees and the fair value of the share options granted is HK$0.084 each. 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. The fair value of the share options granted during the period ended 30 September 2015 was determined by an independent valuer, APAC Asset Valuation and Consulting Limited using the Binomial option pricing model (the "Model"). Details of the inputs to the Model are as follows:

	22 September 2015
Grant date share price	HK$0.168
Exercise price	HK$0.17
Expected volatility	72%
Expected life of the options	5 years
Dividend yield	0%
Risk-free interest rate	0.97%

The Group recognised the total expenses of approximately HK$20,950,000 during the period ended 30 September 2015 in relation to share options granted by the Company.

17. 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 Broad approved and transferred HK$5,000,000 to the Trustee. There was no purchase of shares by the Trustee for the Scheme during the period ended 30 September 2016 (31 March 2016: Nil). As at 30 September 2016, 10,1000,000 shares were purchased and held by the Trustee, representing approximately 0.25% of the issued share capital of the Company.

All the shares held by the Trustee for the purpose of the Scheme are listed below:

	Number of shares	
	As at 30 September 2016	As at 31 March 2016
	(Unaudited)	(Audited)
At the beginning of the period/year	**10,100,000**	10,100,000
% of the issued share capital	**0.25%**	0.25%

No award shares have been granted to Selected Participants since the commencement of the Scheme.

18. COMMITMENTS

(a) Capital commitment

As at 30 September 2016, the Group had the following capital commitments:

	As at 30 September 2016	As at 31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised and contracted for capital contributions payable to two subsidiaries	**221,508**	226,378

(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 2016: 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 2016, 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 2016	As at 31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**2,993**	2,838
In the second to fifth years,inclusive	**1,402**	2,803
	4,395	5,641

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Elife Holdings Limited (formerly known as "Sino Resources Group Limited") (the "Company", together with its subsidiaries, the "Group") is principally engaged in trading businesses across Asia and investment in unconventional gas business in the PRC.

The Group has been managing the following businesses:

TRADING OF COMMODITIES BUSINESS

During the period, the trading business related mainly to trading of aluminum ingots in the PRC. The Company intends to allocate resources for developing into the benefit of people related commodities goods market, in particular daily consumer products, by expanding its existing trading business to this area and broaden its income sources. Upon the change of the Company's name recently, the Group will change its business model to expand into the daily consumer goods and related value-added services businesses and considering acquisitions of related business with growth potentials.

UNCONVENTIONAL GAS BUSINESS

The technical issue for the further CMB stimulation work in the HE-08 Project is still under developing with the support from the technical team of the national petroleum enterprises. In the meantime, the subsidiary of the Company entered into the letter of intent with a company in the city of Jixi (雞西市) of Heilongjiang for the jointly exploration and development of the coalbed methane in the city of Jixi areas.

BUSINESS PROSPECTS AND FUTURE DEVELOPMENTS

The continuous shrinkage in the existing business resulted in the substantial decrease in the Group's revenue for the six months ended 30 September 2016. In this regards, the Group has been actively conducting adjustment and transformation to its businesses in every aspect, including expanding its existing trading business to daily consumer goods and related value-added services businesses and considering acquisition of related business with growth potentials.

The proposed change of the Company's name will signify the comprehensive refinement of the Group's development direction and business model. In the coming year, the Group will be dedicated to expanding into the daily consumer goods and related value-added services businesses, which conforms to its business principles to "benefit people's livelihood and make life easier (惠民生、易生活)".

The "new normal" policy adopted by the Chinese government has been transforming the China economy from manufacturing to services and consumption based. It is estimated that urban daily consumer goods retail market value reached RMB1,251 billion in 2015, within which online sales accounted for only 4.3%, hence there is still a huge potential for future growth. In fact, the online sales segment has shown the strongest annual growth rate since 2012 as compared to other channels such as supermarkets and hypermarkets. Annual household spending in daily consumer goods increased gradually over the years, from approximately RMB6,600 per household in 2011 to approximately RMB7,800 per household in 2015, which has revealed a growing and sustainable demand from consumers in China.

In light of the growth potentials in the daily consumer goods and related value-added services businesses, the Board will use its best endeavours to capturing such opportunities and conducting business in the global arena with a focus on the China market. In particular, the Group intends to expand into the following three business lines:

1. International trading platform (國際貿易平台), which is to be developed based upon the strategic cooperation with Zhongshang Huimin (Beijing) E-Commerce Co. Ltd;

2. Online servicing platform (網上服務平台), which involves the establishment of an online daily consumer goods trading platform that consolidate value added services, data collection and data mining functions; and

3. Advertising & marketing platform (廣告推廣平台), which is engaged in digital advertising, provision of marketing services and/or production of ancillary equipment.

The Board will continue its inorganic growth strategy and consider any suitable investment opportunities in order to achieve an overall sustainable growth of the Group's businesses. The Board is confident that the Group's redefined market positioning and development strategies shall translate into thriving and profitable businesses in the foreseeable future.

RESULTS ANALYSIS

REVENUE

For the period ended 30 September 2016, the Group recorded turnover of approximately HK$19,043,000 (six months ended 30 September 2015: approximately HK$103,415,000), representing a decrease of 81.6%. The decrease was arising from the trading of commodities segments. The significant drop in revenue was primarily due to a substantial decrease in the volume of commodities trading especially lower profit margin of the optical fibre cable in the market and the Group took a conservative approach to the trading in such commodities during the period.

More details of the Group's performance by business segments are set out in Note 4 to the condensed consolidated financial statements.

COST OF SALES

For the period ended 30 September 2016, the cost of sales of the Group amounted to approximately HK$18,892,000 (six months ended 30 September 2015: approximately HK$101,327,000), representing a decrease of approximately 81.4% which is also in line with the fluctuation of the turnover.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit for the period ended 30 September 2016 was approximately HK$151,000 (six months ended 30 September 2015: approximately HK$2,088,000), representing a reduction of approximately 92.8%. The gross profit margins of the Group for the period ended 30 September 2016 was approximately 0.79% (six months ended 30 September 2015: approximately 2.0%). The decrease was mainly due to change in product mix in respect of the trading segment and the market of optical fibre cable was unfavorable in current period when compare to the last corresponding period in 2015.

OTHER OPERATING EXPENSES

Other operating expenses incurred by the Group for the period ended 30 September 2016 was approximately HK$21,178,000 (six months ended 30 September 2015: approximately HK$13,748,000), representing an increase of 54.0%, and approximately 111.2% (six months ended 30 September 2015: approximately 13.3%) of the period's total revenue. Increase was attributable to (i) increment of the staff costs as results of appointment of several new directors when last period did not have such staff costs; and (ii) increase of the consultancy fee incurred for seeking potential investment opportunities for the Group.

There are some non-cash items for the period ended 30 September 2015 while as no such items during the current period, for example (i) share-based payment of approximately HK$20,950,000; and (ii) loss on disposal of financial assets of approximately HK$3,625,000.

SHARE OF RESULTS OF ASSOCIATES

The Group recorded loss from associates of approximately HK$5,962,000 (six months ended 30 September 2015: approximately HK$5,947,000) for the period ended 30 September 2016, representing approximately increase of 0.25% and 31.3% (six months ended 30 September 2015: approximately 5.8%) of the Group's turnover.

FINANCE COSTS

The finance costs incurred by the Group for the period ended 30 September 2016 was approximately HK$1,307,000 (six months ended 30 September 2015: approximately HK$4,715,000), representing approximately 6.9% (six months ended 30 September 2015: approximately 4.6%) of the Group's revenue in the period. The reduction was mainly due to (i) fully repayment of one promissory note to lower the imputed interest expenses during the period; and (ii) repayment of all shareholders loan in last corresponding period in 2015 and no interests incurred for the current period.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the period ended 30 September 2016, the Group recorded a loss attributable to shareholders of approximately HK$20,975,000 (six months ended 30 September 2015: approximately HK$44,423,000), representing a significant decrease of 52.8%. Basic loss per share was approximately HK$0.52 cents (six months ended 30 September 2015: approximately HK$1.23 cents) for the period ended 30 September 2016. The decrease was mainly attributable to nil of share-based payment and loss on disposal of financial assets occurred in current period.

INTERIM DIVIDEND

The Board of the Company did not recommend payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: HK$Nil).

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group derived its working capital mainly from financing activities. For the period ended 30 September 2016, the Group had net cash outflow from operating activities of approximately HK$9,543,000 (six months ended 30 September 2015: approximately HK$10,802,000), net cash outflow from investing activities of approximately HK$29,000 (six months ended 30 September 2015: approximately HK$1,309,000) and net cash inflow from financing activities of approximately HK$9,619,000 (six months ended 30 September 2015: approximately HK$15,438,000). As at 30 September 2016, the Group had available cash and cash balances amounting approximately HK$6,856,000 (31 March 2016: approximately HK$7,338,000).

As at 30 September 2016, surplus on shareholders' funds of the Group aggregately amounted to approximately HK$226,872,000 (31 March 2016: approximately HK$241,516,000). Net current assets of the Group amounted to approximately HK$128,224,000 (31 March 2016: approximately HK$134,580,000). The Group's total current assets and current liabilities were approximately HK$158,927,000 (31 March 2016: approximately HK$172,619,000) and HK$30,703,000 (31 March 2016: approximately HK$38,039,000) respectively, while the current ratio was approximately 5.18 times (31 March 2016: approximately 4.54 times). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 0.12 times (31 March 2016: approximately 0.14 times).

As at 30 September 2016, the Group's gearing ratio (total debts to total equity) was approximately 4.6% (31 March 2016: approximately 3.7%).

CAPITAL STRUCTURE

On 16 May 2016, the Company was successfully subscribed 60,000,000 shares of HK$0.01 each at a subscription price of HK$0.164 per share for a total consideration, before expenses, of approximately HK$9,840,000. The net proceeds of approximately HK$9,825,000 were used for general working capital purpose such as payment of staff costs, operating lease expenditure, the operation fund for trading of commodities and financing any potential investment shall such opportunity arise in the future.

On 1 November 2016, the Company were successfully placed 138,568,000 existing shares and 30,000,000 existing shares of HK$0.01 each at a placing price of HK$0.22 per share and HK$0.225 per share for a total consideration, before expenses, of approximately HK$30,485,000 and HK$6,750,000 respectively. The net proceeds from the share placement of approximately HK$30,147,000 and HK$6,658,000 were used for general working capital and/or finance future acquisitions when investment opportunities arise.

On 18 November 2016, the Company was successfully subscribed 549,066,000 shares of HK$0.01 each at a subscription price of HK$0.225 per share for a total consideration, before expenses, of approximately HK$123,540,000. The net proceeds of approximately HK$123,500,000 is intended to use as the start-up capital for the strategic cooperation with Zhongshang Huimin (Beijing) E-Commerce Co. Ltd and/or as working capital for business development and/or financing any future acquisitions or investments.

Upon completion of the above share placement and subscription, the liquidity and working capital of the Group is improved and lower of the Group's gearing ratio.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

During the period ended 30 September 2016, the capital expenditures mainly for additions in property, plant and equipment amount to approximately HK$11,000 (six months ended 30 September 2015: approximately HK$1,306,000). These capital expenditures were funded by internal cash flow from operating activities.

As at 30 September 2016, the Group had capital commitment of approximately HK$221,508,000 (31 March 2016: approximately HK$226,378,000) in respect of the authorised and contracted for capital contributions payable to two subsidiaries.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's sales and purchase are mainly transacted in Hong Kong Dollar, United States 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 did not have any material contingent liabilities as at 30 September 2016.

OTHER EVENTS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group had a total of 37 employees (30 September 2015: 34) 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. No options were granted during the period ended 30 September 2016. As at 30 September 2016, 280,434,000 share options are remained outstanding.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition and disposal for the six months ended 30 September 2016.

MATERIAL RELATED PARTY TRANSACTION

The Group did not have any material related party transaction for the six months ended 30 September 2016.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the six months ended 30 September 2016.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in these condensed consolidated interim financial statements, the Group has the following events occurred subsequent to the end of the reporting period:

(i) On 3 October 2016, the board of directors of the Company proposed to change the English name of the Company from "Sino Resources Group Limited" to "Elife Holdings Limited", and adopt the Chinese name of "易生活控股有限公司" as the dual foreign name of the Company in place of its exiting Chinese name "神州資源集團有限公司". The special resolution was passed at the extraordinary general meeting held on 28 October 2016 by shareholders.

(ii) On 18 October 2016, the Company and Ms. Hu Hui Qun (the "Subscriber I") and Ms. Liu Qiuhua (the "Subscriber II") entered into the subscription agreements, pursuant to which the Company agreed to issue, and the Subscriber I and Subscriber II agreed to subscribe for 255,760,000 subscription shares (the "Subscription Agreement I") and 549,066,000 subscription shares (the "Subscription Agreement II") respectively at the subscription price of HK$0.225 per share.

However, the Subscriber I informed the Company that decided not to proceed with the subscription shares of 255,760,000 subscription shares following the expiry of the long stop date of 18 November 2016, the Subscription Agreement I lapsed and became null and void and forthwith on 18 November 2016 both parties thereto were released from all obligations thereunder. The Subscription Agreement II has been completed on 18 November 2016. The net proceeds of the subscription amounted to approximately HK$123,500,000.

On 18 November 2016, the Company and Ms. Lin Xiaoling (the "New Subscriber I") and Mr. Mo Qingquan (the "New Subscriber II") entered into the new subscription agreements, pursuant to which the Company agreed to issue, and the New Subscriber I and New Subscriber II agreed to subscribe for 138,000,000 subscription shares (the "New Subscription Agreement I") and 117,760,000 subscription shares (the "New Subscription Agreement II") respectively at the subscription price of HK$0.229 per share. The aggregate gross proceeds of the new subscriptions will amount to approximately HK$58,569,000. As at the reporting date, the new subscriptions has not yet been completed.

The Company intends to use the captioned net proceeds as the start-up capital for the strategic cooperation with Zhongshang Huimin (Beijing) E-Commerce Co. Ltd ("Huimin") and/or as working capital for business development and/or financing any future acquisitions or investments.

(iii) On 19 October 2016, the Subscriber II of Note (ii) above entered two placing letters with Prominence Financials Limited and Sino Wealth Securities Limited respectively where the Subscriber II agreed to subscribe for an aggregate of 168,568,000 existing shares (including 138,568,000 shares at the price of HK$0.220 each under the share placement of 2015 Tri-party agreement and 30,000,000 shares at the price of HK$0.225 each under the share placement of 2016 Tri-party agreement). The net proceeds from the share placement of approximately HK$30,147,000 (138,568,000 placing shares) and HK$6,658,000 (30,000,000 placing shares) respectively for general working capital and/or to finance future acquisitions when investment opportunities arise. The share placement has been completed on 1 November 2016.

(iv) On 20 October 2016, the Company granted an aggregate of 96,362,000 share options to directors, employees and others at the exercise price of HK$0.3 per share. The exercise period is 5 years from 20 October 2016 (the date of grant) to 19 October 2021.

(v) On 22 November 2016, the Company, Mr. Chen Kang ("Mr. Chen") and National Gain Holdings Limited ("National Gain") entered into the subscription agreement whereby the Company and Mr. Chen agreed to contribute HK$7,200,000 and HK$2,800,000 into the share capital of National Gain to subscribe for the corresponding number of shares of National Gain. As at the date of the captioned agreement, National Gain is a directly wholly-owned subsidiary of the Company. National Gain holds 100% of Hui Min International (HK) Limited ("Hui Min International"). Upon completion, National Gain will be held as to 72% and 28% by the Company and Mr. Chen respectively. National Gain and Hui Min International will continue to be accounted for as subsidiaries of the Company and its financial results will still be consolidated into the accounts of the Company.

The Group will initially invest not more than HK$100,000,000 in developing its daily consumer goods and related value-added services businesses via National Gain.

On the same date, Hui Min International and Huimin entered into the strategic cooperation agreement (the "Strategic Cooperation Agreement") for ten years up to 21 November 2026. Huimin agreed that Hui Min International shall be appointed as the exclusive overseas procurement agent of Huimin for the procurement and sourcing of overseas products for Huimin and Huimin shall not purchase, directly or indirectly, overseas products from other procurement agents. Huimin also provide support on business operation to Hui Min International and agreed to develop into a long-term, comprehensive and sustainable strategic cooperation relationship in trading related businesses. Hui Min International and Huimin also agreed to further negotiate the feasibility of equity investment and equity structure requisite for business cooperation. The Group intends to expand into the international trading platform, which is to be developed based upon the strategic cooperation with Huimin. Entering into the Strategic Cooperation Agreement marked an important milestone in the implementation of such strategic cooperation.

For further details, please refer to the Company's announcement dated 22 November 2016.

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 2016.

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 2016.

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 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's results announcement for the six months ended 30 September 2016 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 2016 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, 25 November 2016

As at the date of this announcement, the executive directors of the Company are Ms. Zhang Xiaobin, Mr. Gao Feng and Mr. Chiu Sui Keung, non-executive directors of the Company are Ms. Geng Ying, Mr. Zhang Yichun, Mr. Shao Zili, Mr. Li Du and Mr. Xie Zhichun, and the independent non-executive directors of the Company are Mr. Lam Williamson, Mr. Cheng Wing Keung Raymond, Mr. Wong Hoi Kuen, and Dr. Lam Lee G..

* *for identification only*