CHINA SONANGOL RESOURCES ENTERPRISE LIMITED
安中資源實業有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1229)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the "Board") of China Sonangol Resources Enterprise Limited (the "Company") is please to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2010

		Six months ended 30 September	
	Notes	**2010 (Unaudited) HK$'000**	2009 (Unaudited) HK$'000
Turnover	*3*	**29,511**	35,900
Cost of sales and services rendered		**(24,846)**	(19,528)
Gross profit		**4,665**	16,372
Other income		**48**	1,969
Selling and distribution expenses		**(748)**	(1,220)
Administrative expenses		**(3,580)**	(3,850)
Finance costs	*4*	**(10,296)**	(9,043)
(Loss) profit before taxation		**(9,911)**	4,228
Income tax expense	*5*	**(97)**	(632)
(Loss) profit for the period	*6*	**(10,008)**	3,596
Exchange differences on translation of foreign operations		**594**	(4,646)
Other comprehensive income (expense) for the period, net of tax		**594**	(4,646)
Total comprehensive expense for the period, net of tax		**(9,414)**	(1,050)

		Six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
(Loss) profit attributable to:			
Owners of the Company		**(9,147)**	(2,457)
Non-controlling interests		**(861)**	6,053
		(10,008)	3,596
Total comprehensive income (expense) attributable to:			
Owners of the Company		**(8,553)**	(7,103)
Non-controlling interests		**(861)**	6,053
		(9,414)	(1,050)
Basic and diluted loss per share (HK cents)	*8*	**(1.20)**	(0.32)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

	Notes	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	*9*	**23,026**	23,626
Intangible assets		**136,514**	139,168
Goodwill		**15,065**	15,065
Security deposit		**1,854**	1,844
		176,459	179,703
Current assets			
Inventories		**67,092**	63,407
Trade and other receivables	*10*	**12,494**	13,412
Bank balances and cash		**219,447**	286,711
		299,033	363,530
Current liabilities			
Trade and other payables	*11*	**48,642**	39,600
Amount due to related companies		**192**	168
Amount due to a minority shareholder		**–**	28,500
Tax payable		**1,503**	–
Convertible loan notes		**190,489**	180,410
		240,826	248,678
Net current assets		**58,207**	114,852
Total assets less current liabilities		**234,666**	294,555
Capital and reserves			
Share capital	*12*	**76,537**	76,537
Reserves		**123,450**	104,860
Equity attributable to owners of the Company		**199,987**	181,397
Non-controlling interests		**–**	78,004
Total equity		**199,987**	259,401
Non-current liabilities			
Deferred tax liabilities		**32,879**	33,364
Provision for close down, restoration and environmental costs		**1,800**	1,790
		34,679	35,154
		234,666	294,555

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 September 2010

1. General Information and Basis of Preparation

The Company was incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited. In the opinion of the directors, the Company's parent company is Ascent Goal Investments Limited, a company incorporated in British Virgin Islands with limited liability and the Company's ultimate holding company is China Sonangol International Limited, a company incorporated in Hong Kong with limited liability.

The address of the Company's principal place of business is Suites 1003-1006, 10th Floor, Two Pacific Place, 88 Queensway, Hong Kong. The condensed interim financial information is presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and other of its subsidiaries are HK$.

The principal activity of the Group are investment holding, marketing of clocks and other office related products, provision of management services related to oil trading and mining, sales and distribution of coal.

The condensed interim financial information has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010 except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK (IFRIC)-INT 17	Distribution of Non-cash Assets to Owners

Except as described below, the application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

2. Principal Accounting Policies *(Continued)*

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

In respect of the acquisition of further 49% equity interest in Star Fortune International Investment Company Limited ("Star Fortune") during the period, the impact of the change in accounting policy has been that the difference of approximately HK$27,143,000 between the consideration paid and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity. Had the previous accounting policy been applied, this amount would have been recognised as gain on bargain purchase in the condensed consolidated statement of comprehensive income. Therefore, the change in accounting policy has resulted in increase in loss for the period of approximately HK$27,143,000.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS7 Disclosures for First – time Adopters[2]
HKFRS 7	Financial Instruments: Disclosures[4]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)–INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)–INT 19	Extinguishing Financial Liabilities with Equity Instruments[2]

2. Principal Accounting Policies *(Continued)*

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements (Continued)

[1] Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 July 2011.
[5] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover and Segment Information

The Group's reportable segments, based on information reported to the chief operating decision maker who are the executive directors of the Company (the "Executive Directors") for the purposes of resource allocation and performance assessment are as follows:

(a) the clocks and other office related products segment engages in the marketing of clocks and other office related accessories;

(b) the provision of management services related to oil trading; and

(c) the coal mine business segment engages in mining, sales and distribution of coal.

3. Turnover and Segment Information *(Continued)*

(a) Segment revenue and results

The following tables present turnover, results and certain asset, liability and expenditure information for the Group's business segments.

	Clocks and other office related products		Provision of management services		Coal mine business		Total	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
For the six months ended 30 September								
TURNOVER								
Management service fees	**–**	–	**–**	3,000	**–**	–	**–**	3,000
Sales to external customers	**–**	368	**–**	–	**29,511**	32,532	**29,511**	32,900
Total	**–**	368	**–**	3,000	**29,511**	32,532	**29,511**	35,900
RESULT								
Segment results	**–**	(831)	**–**	(1,122)	**5,904**	12,986	**5,904**	11,033
Interest income							**12**	75
Net unallocated income and expenses							**(5,531)**	2,163
Finance costs							**(10,296)**	(9,043)
(Loss) profit before taxation							**(9,911)**	4,228

Segment result represents the profit earned by/loss from each segment without allocation of central administration costs, directors' and senior management's emoluments, interest income and finance costs. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

3. Turnover and Segment Information *(Continued)*

(b) *Segment assets*

At 30 September 2010

	Clocks and other office related products HK$'000	Provision of management services HK$'000	Coal mine business HK$'000	Unallocated	Total HK$'000
ASSETS					
Segment assets	1	–	239,125	–	239,126
Unallocated assets					236,366
Total assets					475,492

At 31 March 2010

	Clocks and other office related products HK$'000	Provision of management services HK$'000	Coal mine business HK$'000	Unallocated	Total HK$'000
ASSETS					
Segment assets	1	–	241,332	–	241,333
Unallocated assets					301,900
Total assets					543,233

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than goodwill, bank balances and cash and security deposit. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

4. Finance Costs

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest expenses on:		
– amount due to a minority shareholder	**217**	–
– effective interest expenses on convertible loan notes	**10,079**	9,043
	10,296	9,043

5. Income Tax Expense

The major components of income tax expense in the condensed consolidated income statement are:

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax – other jurisdictions		
– current	**97**	632
Income tax expense	**97**	632

Hong Kong Profits Tax has not been provided for in the condensed consolidated interim financial information as there was no estimated assessable profit derived from Hong Kong for both periods ended 30 September 2010 and 30 September 2009.

5. Income Tax Expense *(Continued)*

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the laws and regulations in the PRC, one of the Group's subsidiaries operating in the PRC is entitled to exemption from PRC income tax in the first two years from the first profit-making year, followed by a 50% reduction of PRC income tax for the following three years.

6. Loss/Profit for the Period

(Loss) profit for the period is arrived at after charging:

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Allowance for doubtful debts	**–**	224
Amortisation of intangible assets	**3,052**	1,151
Cost of inventories sold	**24,846**	19,528
Depreciation of property, plant and equipment	**1,355**	259
Staff costs (excluding directors' remuneration)		
– Basic salaries and allowances	**2,706**	1,399
– Retirement benefits scheme contributions	**289**	35

7. Dividends

No interim dividend was paid, declared or proposed during the six months ended 30 September 2010 and 2009.

8. Loss Per Share

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

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share	**(9,147)**	(2,457)

	2010	2009
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**765,373,584**	765,373,584

The calculation of diluted loss per share for the periods ended 30 September 2010 and 30 September 2009 do not assume the conversion of the convertible loan notes since its conversion would result in a decrease in loss per share. The basic and diluted loss per share are the same.

9. Property, Plant and Equipment

Acquisitions and disposals

During the six months ended 30 September 2010, the Group had disposed of certain plant and machinery with a carrying amount of approximately HK$351,000, resulting in a gain on disposal of approximately HK$4,000 (six months ended 30 September 2009: Nil).

During the six months ended 30 September 2010, the Group acquired assets with a cost of HK$940,000 (six months ended 30 September 2009: HK$1,159,000).

10. Trade and Other Receivables

The Group allows an average credit periods ranging from 90 to 180 days to its trade customers. The following is an analysis of trade receivables by age, presented based on invoice date (net of allowance for bad debts and doubtful debts):

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Within 90 days	**7,569**	7,248
91-180 days	**5**	4,383
181 – 365 days	**562**	–
Over 1 year	**45**	–
Trade and bills receivables	**8,181**	11,631
Prepayments, deposits and other receivables	**4,313**	1,781
Total trade and other receivables	**12,494**	13,412

11. Trade and Other Payables

At the end of reporting period, the aging analysis of the trade payables were as follows:

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Within 90 days	**10,704**	12,898
91-180 days	**10**	1,253
181-365 days	**–**	2,795
Over 1 year	**1,207**	655
Trade payables	**11,921**	17,601
Receipt in advance	**12,803**	1,373
Other payables and accruals	**23,918**	20,626
	48,642	39,600

The average credit period of purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. Share Capital

	Number of ordinary shares of HK$0.10 each	Amount HK$'000
Ordinary Shares		
Authorised :		
At 31 March 2010 and 30 September 2010	5,000,000,000	500,000
Issued and fully paid:		
At 31 March 2010 and 30 September 2010	765,373,584	76,537

13. Acquisition of Further Interest in Subsidiaries/Acquisition of Subsidiaries

For the six months ended 30 September 2010

On 17 August 2010, the Group completed the acquisition of further 49% equity interest in Star Fortune, at an aggregate consideration of HK$50,000,000. The difference of approximately HK$27,143,000 between the consideration paid and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity.

As at date of interim report, both the performance guarantee (please refer to paragraph below) for the First Annual Period (defined below) and the profit guarantee (please refer to paragraph below) have been met. In addition, as stated in the conditional agreement on 20 May 2010 to acquire the further 49% equity interest in Star Fortune, the performance guarantee for the Second Annual Period (defined below) has been waived. Details of which are set out in the Company's announcement dated 2 June 2010. The transaction was approved by independent shareholders of the Company at a special general meeting held on 12 August 2010.

13. Acquisition of Further Interest in Subsidiaries/Acquisition of Subsidiaries *(Continued)*

For the six months ended 30 September 2009

On 3 July 2009, the Group completed the acquisition of 51% equity interest in Star Fortune, which engages in mining, sales and distribution of coal in the PRC, at an aggregate consideration of HK$104,066,000 including legal and professional fees directly attributable to the acquisition amounting to approximately HK$4,066,000. This transaction has been accounted for using the acquisition method of accounting.

The consideration is subject to further adjustment per profit guarantee with the vendor and vendor's guarantor, which stated that net profit after tax attributable to the shareholder of Star Fortune for shall not be less than HK$40 million for the period from 1 January 2009 to 31 December 2009 in accordance with the HKGAAP. In the event of any shortfall in the guaranteed profit, the vendor shall pay the Group a maximum amount of HK$28 million depending on the level of shortfall. In addition, the fair value of net assets is subject to further adjustment per performance guarantee with the vendor and the vendor's guarantor, which stated that the volume of coal sold by Star Fortune from 4 July 2009 to 3 July 2010 (the "First Annual Period"), and from 4 July 2010 to 3 July 2011 (the "Second Annual Period") respectively shall not be less than 900,000 tonnes for each period. If the said amount could not be achieved, the vendor and the vendor's guarantor shall deliver to Star Fortune a quantity of coal equivalent to the difference between the performance guarantee and the 12-month volume of coal sold by Star Fortune for each of the First Annual Period and the Second Annual Period. Details of which are set out in the Company's announcement dated 12 June 2009.

13. Acquisition of Further Interest in Subsidiaries/Acquisition of Subsidiaries *(Continued)*

For the six months ended 30 September 2009 (Continued)

The aggregate net assets acquired in the transaction, and the goodwill arising on acquisition, are as follows:

	Carrying amount before acquisition HK$'000	**Acquiree's fair value adjustments** HK$'000	**Acquiree's fair value at acquisition date** HK$'000
Net assets acquired:			
Property, plant and equipment	18,790	–	18,790
Intangible assets	189,216	–	189,216
Inventories	70,297	–	70,297
Trade and other receivables	28,787	–	28,787
Bank balances and cash	32,461	–	32,461
Trade and other payables	(63,866)	–	(63,866)
Amount due to minority shareholder	(28,500)	–	(28,500)
Deferred tax liabilities	(44,613)	–	(44,613)
Taxation payable	(2,263)	–	(2,263)
Net assets acquired	200,309	–	200,309
Non-controlling interests			(96,243)
Total consideration			104,066
Satisfied by:			
Deposits for acquisition of subsidiaries			2,000
Cash			102,066
			104,066
Net cash outflow arising on acquisition:			
Cash consideration			102,066
Bank balances and cash acquired			(32,461)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries			69,605

13. Acquisition of Further Interest in Subsidiaries/Acquisition of Subsidiaries *(Continued)*

The subsidiaries acquired during the period contributed HK$32,532,000 to the Group's turnover and a profit for the year of HK$12,352,000 between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2009, total group revenue for the period would have been HK$95,993,000 and profit for the period would have been HK$19,831,000. The pro forma information is for illustrative purpose only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

14. Operating Lease Commitments

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due are as follows:

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Land and buildings		
Within one year	**171**	724
In the second to fifth years inclusive	**–**	10
	171	734

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a turnover of HK$29,511,000 during the six months ended 30 September 2010, decreased by HK$6,389,000 when compared with the same period last year.

The Group recorded a loss of HK$10,008,000 during the period in concern and was mainly attributed to account of non-cash deemed interest expense for the convertible notes issued by the Group approximately HK$10,296,000 (2009: HK$9,043,000) as well as the amortization of intangible assets HK$3,052,000 (2009: HK$1,151,000).

During the period the Group completed the acquisition of further 49% equity interest from the joint venture partner in respect of our existing mining interest in Xinjiang Province and recorded approximately 790,000 tonnes of coal had been sold. The gross margin and the operating profit of coal mine business diminished to 16% (2009: 45%) and HK$5,904,000 (2009: HK$11,033,000) respectively, due to the adverse effect of realizing obsolete stock and sluggish market activities in the second quarter of the year.

Nevertheless, strong business rebound was encountered starting from third quarter and the results was encouraging. We are positive about the whole year business result with cautions thinking in mind.

PROSPECTS

The Board believes that the demand for coal from various industries will continue to be robust and is confident our investments can add value for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2010, the Group had working capital of approximately HK$58,207,000 (31 March 2010: HK$114,852,000), and its current ratio, being the proportion of total current assets against total current liabilities, was 1.24 times (31 March 2010: 1.46 times). The Group continued to maintain a strong financial position. At 30 September 2010, the Group had cash and bank balances of approximately HK$219,447,000 (31 March 2010: approximately HK$286,711,000).

As at 30 September 2010, there was no bank and other borrowing in the Group (31 March 2010: HK$Nil).

The gearing ratio of the Group was 137.76% (31 March 2010: 156.47%), calculated on the basis of the Group's total borrowings over equity attributable to equity holders of the Company.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES (AND RELATED HEDGES)

The Group mainly earns revenue and incurs cost in RMB and Hong Kong dollars. The Group is exposed to foreign exchange risk based on fluctuations between the Hong Kong dollars and the RMB arising from its operation in the PRC. In order to limit this foreign currency risk exposure, the Group maintained cash balance that approximate three to four months' of operating cash flows.

CHARGES ON ASSETS

As at 30 September 2010, no trade receivable was pledged to secure the borrowing, and no assets or fund of the Group were pledged to secure general banking facilities granted to the Group (2009: HK$Nil).

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the six months ended 30 September 2010.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group did not have any significant contingent liabilities and capital commitments as at 30 September 2010.

HUMAN RESOURCES

The Group had approximately 120 employees as at 30 September 2010 (31 March 2010: 115).

Apart from the basic remuneration, the Group also provides other employee benefits including medical scheme and provident fund schemes. In addition, the Company has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2010 (2009: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2010.

CORPORATE GOVERNANCE

To the best knowledge and belief of the directors of the Company, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2010, except for the code provision A.2.1 and E.1.2 which are summarised below:

Code Provision A.2.1

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Company did not have any officer with CEO title. Ms. Lo Fong Hung is currently the Chairperson and Managing Director of the Company. The duties of CEO were carried out by Ms. Lo Fong Hung. In view of the size of operation of the Company, the Board considered that this structure is more suitable for the Company as it can promote the efficient formulation and implementation of the Company's strategies.

Code Provision E.1.2

Code provision E.1.2 of the code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other business commitment, Ms. Lo Fong Hung, the Chairperson of the Board, was unable to attend the annual general meeting of the Company held on 10 August 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry made by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2010.

AUDIT COMMITTEE

The audit committee of the Company (the "Committee") comprises three independent non-executive directors, namely Mr. Lam Ka Wai, Graham, Mr. Wong Man Hin, Raymond and Mr. Chan Yiu Fai, Youdey. The Committee together with the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 September 2010.

PUBLICATION OF INTERIM REPORT

The interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.chinasonangol.com.hk. The interim report will be despatched to the shareholders and will be available at the websites of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By order of the Board
Wang Xiangfei
Executive Director

Hong Kong, 23 November 2010

As at the date of this announcement, the Board comprises three executive directors, namely Ms. Lo Fong Hung, Mr. Wang Xiangfei and Mr. Kwan Man Fai; and three independent non-executive directors, namely Mr. Lam Ka Wai, Graham, Mr. Wong Man Hin, Raymond and Mr. Chan Yiu Fai, Youdey.