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神州资源
Sino Resources

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)

(1) ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009
(2) POSTPONEMENT OF BOARD MEETING, DELAY IN INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT AND
(3) CONTINUED SUSPENSION OF TRADING

The board of directors (the "Board") of Sino Resources Group Limited (the "Company", together with its subsidiaries, the "Group") hereby announces the audited consolidated results of the Group for the year ended 31 March 2009 together with the comparative figures of year 2008 as follows:–

* *for identification only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	5	**609,233**	213,795
Cost of sales		**(147,885)**	–
Gross profit		**461,348**	213,795
Other revenue	5	**2,434**	1,422
Other income	6	**2,833**	23,748
Advertising and promotion expenses		**(31,507)**	(31,792)
Agency commission		**(13,275)**	(13,396)
Amortisation and depreciation of trade shows and exhibition operation		**(4,434)**	(5,707)
Hotel and travel package expenses		**(11,224)**	(8,603)
Operating lease rentals		**(39,700)**	(49,160)
Staff costs		**(52,454)**	(49,242)
Selling expenses		**(1,727)**	–
Other operating expenses		**(182,609)**	(75,815)
Impairment loss recognised in respect of intangible assets		**(8,407)**	(7,480)
Profit/(loss) from operating activities	6	**121,278**	(2,230)
Finance costs	7	**(21,594)**	–
Profit/(loss) before tax		**99,684**	(2,230)
Taxation	8	**(43,126)**	(4,944)
Profit/(loss) for the year		**56,558**	(7,174)
Attributable to equity holders of the Company		**56,558**	(7,174)
Dividends	9	**–**	–
Earnings/(loss) per share attributable to equity holders of the Company	10		
– Basic		**7 cents**	(2 cents)
– Diluted		**6 cents**	(2 cents)

CONSOLIDATED BALANCE SHEET
At 31 March 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Property, plant and equipment		**151,936**	75,291
Intangible assets		**741,357**	603,667
Goodwill		**341,062**	341,062
Available-for-sale financial assets		**–**	10,377
		1,234,355	1,030,397
Current assets			
Inventories		**25,185**	10,776
Deposits, prepayments and other receivables		**46,340**	42,928
Trade receivables	11	**33,616**	20,469
Tax prepayment		**3,226**	–
Cash and cash equivalents		**51,540**	67,839
		159,907	142,012
Less: Current liabilities			
Trade payables	12	**23,097**	3,859
Deferred revenue		**2,720**	2,187
Amount due to a shareholder		**11,118**	–
Accrued liabilities and other payables		**416,543**	583,828
Other borrowings		**33,953**	–
Deposits received in advance		**54,377**	79,096
Tax payable		**40,512**	20,430
		582,320	689,400
Net current liabilities		**(422,413)**	(547,388)
Total assets less current liabilities		**811,942**	483,009

	Notes	**2009** **HK$'000**	2008 HK$'000
Less: Non-current liabilities			
Deposits received in advance		**–**	6,307
Deferred income		**2,719**	2,681
Other long term liabilities		**76,713**	75,692
Convertible notes	13	**115,988**	196,518
Deferred tax liabilities		**9,426**	22,371
		204,846	303,569
Net assets		**607,096**	179,440
Equity			
Share capital		**9,358**	4,397
Reserves		**597,738**	175,043
Total equity attributable to equity holders of the Company		**607,096**	179,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. CORPORATE INFORMATION

Sino Resources Group Limited, formerly known as Kenfair International (Holdings) Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Suite 3708, 37/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are involved in the organisation of exhibitions and trade shows, providing ancillary services and sale of coal.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2008. A summary of the new HKFRSs are set out as below:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKFRSs (Amendments)	Improvement to HKFRSs[1]
HKFRSs (Amendments)	Improvement to HKFRSs 2009[8]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[7]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 July 2009

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

[5] Effective for annual periods beginning on or after 1 October 2008

[6] Effective for annual periods beginning on or after 30 June 2009

[7] Effective for transfer of assets from customers received on or after 1 July 2009

[8] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKAS 38, HKFRS 2, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16, effective for annual periods beginning on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. HKAS 1 (Revised) will introduce a number of terminology changes (including revised titles for the consolidated financial statements) and will result in a number of changes in presentation and disclosure. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of preparation

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities of approximately HK$422,413,000 at 31 March 2009. The directors of the Company have been taking steps to improve the liquidity of the Group. As set out in note 45 to the financial statements, subsequent to the balance sheet date, the Group carried out a fund raising exercise which involved the subscription of 178,000,000 new shares at a subscription price of HK$0.338 per share. The subscription of new shares was completed on 26 May 2009 and 10 June 2009 respectively. The Company received net proceeds from the fund raising exercise of approximately HK$60,000,000. In addition, Mr. Gao Feng, a shareholder of the Company, has agreed to provide continuing financial support to the Group. As such, the directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(i) Mine Acquisition Agreements and the 2008 Agreements

黑龍江北方企業集團有限責任公司 (transliterated as "Heilongjiang Northern Enterprises Group Co., Ltd") (the "Mine Seller") and Wealth Gain Global Investment Limited, a wholly owned subsidiary of the Group (the "Subsidiary") (collectively referred to as the "Parties") entered into an agreement dated 30 October 2007 (as supplemented by a supplemental agreement dated 31 December 2007) (the "Mine Acquisition Agreement") in respect of the transfer of Shuangyashan Northern Sheng Ping Mining Limited ("the Coal Mine Company") from the Mine Seller to the

Subsidiary (the "Transfer"). The Parties also entered into an agreement dated 31 October 2008 (the "Mine Acquisition Extension Agreement"), pursuant to which the Parties agreed to extend the time of payment of the consideration for the Transfer to 16 April 2009, with an option to extend such time for a further three months to 16 July 2009. Around early December 2008, the Company received complaints from the Mine Seller and the Mine Seller alleged that the Mine Acquisition Agreement was invalid as it did not comply with the relevant laws and regulations of the People's Republic of China (the "PRC"). The Mine Seller also alleged that the Mine Acquisition Extension Agreement was filed and registered with the relevant PRC authorities without the knowledge of the Mine Seller and the Mine Seller proceeded to apply for the cancellation of the relevant registration of the Mine Acquisition Extension Agreement.

On the other hand, the Mine Seller claimed that the only valid agreement in respect of the Transfer was an agreement dated 25 March 2008 which was allegedly entered into between the Parties and which was filed and registered with the relevant PRC authorities (the "2008 Agreement").

The Company's ex-chief financial officer and ex-financial controller both informed Mr. Hung Chen Richael, a former director of the Company, on or around 20 June 2008 that, unknown to the Company or a former director of the Company, Mr. Hung Chen Richael, at that time and without their consent, the terms of the Mine Acquisition Agreement had been unilaterally amended and submitted to the relevant PRC authorities by the Mine Seller and that the PRC authorities had duly registered and approved the agreement which became the 2008 Agreement.

The principal difference between the Mine Acquisition Agreement and the 2008 Agreement is that according to the Mine Acquisition Agreement, the Transfer Consideration is to be used by the Mine Seller to settle the Coal Mine Company's long term liabilities and interest plus any contingent liabilities, the Mine Seller would be liable for the deficiency. Pursuant to the terms of the 2008 Agreement, however, the Mine Seller does not bear such responsibility and the Subsidiary is obliged to settle payment in foreign currency of an equivalent sum of a total of RMB140,000,000 which consideration is stated to include the registered capital of RMB20,000,000 paid up by the Mine Seller and staff redundancy fees of RMB32,000,000.

On 21 January 2009, the board of directors of the Company (the "Board") formed a special committee (comprising all independent non-executive directors of the Company and a director of the Company) to review the Transfer (the "Special Committee"). Based on the Special Committee's report dated 9 December 2009, the Special Committee formed a preliminary conclusion that the Mine Acquisition Agreement was legally binding. Accordingly the Board considered that it was appropriate to consolidate the financial information of the Coal Mine Company into the Group's consolidated financial statements for the year ended 31 March 2009 in accordance with the terms of the Mine Acquisition Agreement and the Mine Acquisition Extension Agreement.

(ii) Financial information of Shuangyashan Northern Sheng Ping Mining Limited

On 18 June 2009, the Company received from the Coal Mine Company a notice issued by the Mine Seller on 18 May 2009 pursuant to which, among other things, the Mine Seller warned the Coal Mine Company (i) not to permit the Company and other parties to perform activities; and (ii) the Coal Mine Company should not address to any request made by the Company and the Subsidiary, until final decision is held by the PRC Court in relation to the litigation between the Subsidiary and the Mine Seller. On 1 July 2009, the Subsidiary appointed Heilongjiang Jianmei Juangye Co., Ltd to manage the overall operations and monitor the safety production of the Coal Mine Company (the "New Management Company"). During the period from 9 July 2009 to 24 July 2009, the Subsidiary issued several notices to the Coal Mine Company for the dismissal of three directors of the Coal Mine Company and the appointment of new chairman and directors (the "New Management Team"). However, it is believed that, due to the influence of the Mine Seller, the existing management team of the Coal Mine Company (i) is confused as to the ownership of the Coal Mine Company; and (ii) has discontentment with, and is reluctant to accept, the take-over of the New Management Company and the New Management Team.

The financial information of the Coal Mine Company, a wholly owned subsidiary of the Company, was consolidated in the financial statements of the Group. The financial information was prepared by management based on the Coal Mine Company's management accounts and related reports made up to 31 March 2009, after making the necessary estimates and adjustments arrived at using all relevant information available to the Group. Because of the circumstances mentioned above, the Group's management did not have full access to the relevant accounting records and related supporting documents, it is uncertain as to whether all appropriate estimates and adjustments have been made. The details of the financial information of the Coal Mine Company which has been included in the consolidated financial statements of the Group for the year ended 31 March 2009 is summarised below:

Income and expenses of the Coal Mine Company as included in the consolidated income statement of the Group for the year ended 31 March 2009

	HK$'000
Turnover	395,793
Cost of sales	147,885
Other income	212
Selling expenses	1,727
Other operating expenses	86,656
Finance cost	7,563
Taxation	45,369
Profit for the year	106,805

Assets and liabilities of the Coal Mine Company as included in the consolidated balance sheet of the Group as at 31 March 2009

	HK$'000
Property, plant and equipment	146,242
Intangible assets	741,357
Inventories	25,185
Deposits, prepayments and other receivables	28,625
Trade receivables	33,616
Cash and bank balances	13,395
Trade payables	23,097
Tax payable	40,436
Deposits received in advance	473
Deferred income	2,719
Accrued liabilities and other payables	83,627
Other borrowings	15,681
Other long term liabilities	76,713

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segment represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(i) the trade shows and exhibition operation consisted of trade shows and exhibition operation and providing ancillary services in Hong Kong, Macau and the United Kingdom; and

(ii) the coal operation consisted of production and sale of coal in the PRC.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Business segments
2009

	Trade shows and exhibition operation HK$'000	Coal operation HK$'000	Consolidated HK$'000
Turnover			
Turnover from external customers	**213,440**	**395,793**	**609,233**
Result			
Segment result	**(11,243)**	**159,737**	**148,494**
Unallocated income			**2,680**
Unallocated corporate expenses			**(29,896)**
Finance costs			**(21,594)**
Profit before tax			**99,684**
Taxation			**(43,126)**
Profit for the year			**56,558**

	Trade shows and exhibition operation HK$'000	Coal operation HK$'000	Consolidated HK$'000
Assets			
Segment assets	**38,947**	**1,329,482**	**1,368,429**
Unallocated corporate assets			**25,833**
			1,394,262
Liabilities			
Segment liabilities	**72,243**	**242,746**	**314,989**
Unallocated corporate liabilities			**472,177**
			787,166

	Trade shows and exhibition operation	Coal operation	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other information				
Capital additions	**1,067**	**179,666**	**2,521**	**183,254**
Depreciation	**2,456**	**104,987**	**187**	**107,630**
Amortisation	**1,978**	**13,450**	**–**	**15,428**

2008

	Trade shows and exhibition operation	Coal operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Turnover from external customers	213,795	–	213,795
Result			
Segment result	2,292	–	2,292
Unallocated income			6,899
Unallocated corporate expenses			(11,421)
Loss before tax			(2,230)
Taxation			(4,944)
Loss for the year			(7,174)

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

	Trade shows and exhibition operation	Coal operation	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other information				
Capital additions	75,315	–	–	75,315
Depreciation	1,897	–	–	1,897
Amortisation	3,810	–	–	3,810
Impairment loss recognised in respect of intangible assets	7,480	–	–	7,480

Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments, including Hong Kong, the PRC, Macau and the United Kingdom ("UK").

	2009	2008
	HK$'000	*HK$'000*
Revenue from external customers:		
Hong Kong	**181,740**	173,631
Macau	**24,454**	23,904
UK	**7,245**	16,260
PRC	**395,794**	–
	609,233	213,795
Carrying amount of segment assets:		
Hong Kong	**380,176**	446,511
The PRC	**1,014,086**	725,898
	1,394,262	1,172,409
Capital expenditure:		
Hong Kong	**3,588**	4,541
The PRC	**179,666**	70,774
	183,254	75,315

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of participation fee income, entrance fee income, hotel and travel package income, advertising fee income, portal income from exhibitions and trade shows and sale of coal. Relating to the sales in the UK, the turnover is stated net of output value added tax of approximately HK$2,063,000 (2008: HK$2,846,000) accrued at 17.5% of the gross income generated from the exhibition and shows held in the UK (2008: 17.5% of gross income generated from the exhibition and shows held in the UK).

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

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Turnover		
Participation fee income	**196,170**	198,429
Entrance fee income	**–**	639
Hotel and travel package income	**9,682**	5,513
Advertising fee income	**7,588**	7,413
Portal income	**–**	1,801
Sale of coal	**395,793**	–
	609,233	213,795
Other revenue		
Interest income	**866**	1,225
Floor management fee income	**1,500**	–
Forfeited deposit received	**68**	197
	2,434	1,422
Total revenue	**611,667**	215,217

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	The Group	
	2009	2008
	HK$'000	*HK$'000*
The Group's profit/(loss) from operating activities is arrived at after charging:		
Amortisation of intangible assets	**15,428**	3,810
Depreciation of property, plant and equipment	**107,630**	1,897
Total amoritsation and depreciation	**123,058**	5,707
Staff costs (including directors' remuneration)		
– wages and salaries	**51,524**	47,899
– retirement benefits scheme contributions	**930**	1,012
– equity-settled share-based payment	**–**	331
	52,454	49,242

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration	**1,900**	503
Minimum lease payments under operating lease rentals of land and buildings *(note (i))*	**39,700**	49,160
Share options expenses	**–**	13,044
Transfer from equity on disposals of available-for-sale investments	**4,351**	–
and after crediting:		
Other income:		
Exchange differences, net	**–**	1,083
Gain on disposal of property, plant and equipment	**–**	6,373
Gain on disposal of subsidiaries	**–**	6,494
Transfer from equity on disposals of available-for-sale investments	**–**	3,761
Fair value change of derivative financial instrument	**2,047**	–
Other income	**786**	6,037
	2,833	23,748

Note:

(i) The amount includes rentals paid for the venues of exhibitions and trade shows held in the United Kingdom, net of input value added tax of approximately HK$1,194,000 (2008: HK$1,279,000) accrued at 17.5% (2008:17.5%) of the gross rental expenses for the year.

7. FINANCE COSTS

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Interests on other borrowings wholly repayable within five years	**7,836**	–
Interests on amount due to a shareholder wholly repayable within five years	**118**	–
Imputed interest expense on convertible notes	**13,640**	–
	21,594	–

8. TAXATION

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong profits tax:		
Current year	**722**	4,833
Over-provision in previous years	**(715)**	–
	7	4,833
Overseas income tax:		
Current year	**45,369**	–
Under-provision in previous years	**–**	111
	45,369	111
Deferred tax:		
Current year	**(2,250)**	–
	43,126	4,944

The Group has tax losses arising in Hong Kong of approximately HK$69,875,000 (2008: HK$79,246,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised due to the unpredictability of the future profit streams.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong profits tax has been provided for at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

9. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2009 (2008: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

	2009	2008
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) attributable to equity holders of the Company for the purpose of basic earnings/(loss) per share	**56,558**	(7,174)
Effect of diluted potential ordinary share:		
Interest expense on convertible notes	**13,640**	–
Deferred tax arises in respect of interest expense on convertible notes	**(2,250)**	–
Earnings/(loss) attributable to equity holders of the Company for the purpose of diluted earnings/(loss) per share	**67,948**	(7,174)

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**839,247,493**	313,891,254
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	30,608,760
Convertible notes	**347,000,000**	690,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**1,186,247,493**	1,034,500,014

For the year ended 31 March 2008, diluted loss per share is the same as the basic loss per share as the outstanding convertible notes and the share options outstanding had anti-dilutive effect on the basic loss per share.

11. TRADE RECEIVABLES

The credit period granted to customers ranges from 30 to 180 days. The aged analysis of trade receivables is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**16,244**	4,757
31 to 60 days	**6,001**	5,039
61 to 90 days	**–**	3,449
91 to 180 days	**5,963**	–
Over 180 days	**5,408**	7,224
Total	**33,616**	20,469

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

Aging of trade receivables which are not considered to be impaired is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Over 180 days	**5,408**	7,224

Trade receivables that were past due but not impaired related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance if necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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

12. TRADE PAYABLES

The aged analysis of trade payables is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**3,519**	2,741
31 to 60 days	**1,114**	17
61 to 90 days	**1,273**	280
91 to 180 days	**11,434**	121
Over 180 days	**5,757**	700
	23,097	3,859

13. CONVERTIBLE NOTES

On 31 March 2008, the Company issued HK$345,000,000 zero coupon convertible notes (the "Convertible Notes") which as part of the consideration for the acquisition of the Subsidiary and its subsidiary, the Coal Mine Company (the "Wealth Gain Group").

	The Group and the Company	
	2009	2008
	HK$'000	*HK$'000*
Liability component	**116,372**	209,415
Derivative component	**(384)**	(12,897)
	115,988	196,518
Liability component		
At beginning of the year	**209,415**	–
Issuance of Convertible Notes	**–**	209,415
Converted into Company's shares	**(106,683)**	–
Imputed interest expense charged	**13,640**	–
At end of the year	**116,372**	209,415
Derivative component		
At beginning of the year	**(12,897)**	–
Issuance of Convertible Notes	**–**	(12,897)
Converted into Company's shares	**14,560**	–
Fair value change	**(2,047)**	–
At end of the year	**(384)**	(12,897)
Carrying amount	**115,988**	196,518

The terms of the Convertible Notes are as follows:

a. convertible at the option of the note holders into fully paid ordinary shares on or after 31 March 2008 and up to and including 30 March 2013 at a conversion price of HK$0.5 per share;

b. redeemable at the option of the Company at 100% of their principal amount at any time and from time to time, by written to notice to redeem the whole or part of the outstanding principal amount of the Convertible Notes; and

c. convertible at the option of the Company to request the note holders for mandatory conversion of the prescribed amount of the Convertible Notes on or after the fifth anniversary of the issue date.

The Convertible Notes do not bear interest on the principal amount of the notes outstanding. The Convertible Notes will be redeemed on maturity at a value equal to the aggregate of its principal amount outstanding.

The Convertible Notes are denominated in HK$ which is the same as the functional currency of the note issuing entity. As such, the exercise of the conversion option will give rise to the settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. The conversion option is therefore accounted for as an equity instrument and is determined after deducting the liability component and the derivative component from the total proceeds.

The embedded derivatives relating to the Company's redemption option in note (b) above which are not closely related to the host contract shall be separately measured and included together with the liabilities component as a financial liability. The fair value of the derivative component is determined based on the valuation performed by Savills Valuation and Professional Services Limited ("Savills") using binomial option pricing model ("Binomial Model"). The fair value of the liabilities component is determined based on the valuation performed by Savills using discounted cash flow method. The effective interest rate of the host contract is determined to be 10.5%. The residual amount is assigned as the equity component for the conversion option and was included in the convertible notes equity reserve.

The liability component is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The derivative component of the Convertible Notes is subsequently measured at fair value with changes recognised in the income statement. The value of the equity component is not remeasured in subsequent years.

As at 31 March 2009, the fair value of the derivative component is approximately HK$384,000 (2008: HK$12,897,000) and is calculated using the Binomial Model. Details of the variables and assumptions of the model are as follows:

Share price at 31 March 2009:	HK$0.22
Remaining life at 31 March 2009:	3.58 years
Risk free interest rate:	1.25%
Expected volatility:	80%
Expected ordinary dividend yield:	Nil

As at 31 March 2009, the fair value of the liability component of the Convertible Notes was approximately HK$111,970,000.

During the year ended 31 March 2009, convertible note with an aggregate amount HK$171,500,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 343,000,000.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

BASIS FOR DISCLAIMER OF OPINION

(a) 黑龍江北方企業集團有限責任公司 (transliterated as "Heilongjiang Northern Enterprises Group Co., Ltd") (the "Mine Seller") and Wealth Gain Global Investment Limited, a wholly owned subsidiary of the Group (the "Subsidiary") (collectively referred to as the "Parties") entered into an agreement dated 30 October 2007 (as supplemented by a supplemental agreement dated 31 December 2007) (the "Mine Acquisition Agreement") in respect of the transfer of Shuangyashan Northern Sheng Ping Mining Limited (the "Coal Mine Company") from the Mine Seller to the Subsidiary (the "Transfer"). The Parties also entered into an agreement dated 31 October 2008 (the "Mine Acquisition Extension Agreement"), pursuant to which the Parties agreed to extend the time of payment of the consideration for the Transfer to 16 April 2009, with an option to extend such time for a further three months to 16 July 2009. However, during the financial year ended 31 March 2009 and subsequently, the Mine Seller alleged that the Mine Acquisition Agreement did not comply with the relevant laws and regulations of the People's Republic of China (the "PRC") and was therefore invalid. The Mine Seller also alleged that the Mine Acquisition Extension Agreement was filed and registered with the relevant PRC authorities without the knowledge of the Mine Seller, and the Mine Seller proceeded to apply for the cancellation of the registration of the Mine Acquisition Extension Agreement.

On the other hand, the Mine Seller claimed that the only valid agreement in respect of the Transfer was an agreement dated 25 March 2008 which was allegedly entered into between the Parties and which was filed and registered with the relevant PRC authorities.

On 17 January 2009, the Mine Seller filed a statement of claim against the Subsidiary (the "Statement of Claim") with the High Court of the Heilongjiang Province of the PRC (the "Court") seeking, among other things, (1) a rescission of the relevant agreements in respect of the Transfer; (2) the return of the entire equity interest in the Coal Mine Company to the Mine Seller; and (3) costs and other relief. On 20 April 2009, the Company received a summons from the Court (attaching the Statement of Claim) as official notice of proceedings against the Subsidiary (the "Litigation"). Court hearings were held on 22 July 2009 and 13 November 2009 and up to the date of this report, no judgment has been made by the Court.

On 21 January 2009, the board of directors of the Company (the "Board") formed a special committee (comprising all independent non-executive directors of the Company and a director of the Company) to review the Transfer (the "Special Committee"). Based on the Special Committee's report dated 9 December 2009, the Special Committee formed a preliminary conclusion that the Mine Acquisition Agreement was legally binding. Accordingly the Board considered that it was appropriate to consolidate the financial information of the Coal Mine Company into the Group's consolidated financial statements for the year ended 31 March 2009 in accordance with the terms of the Mine Acquisition Agreement and the Mine Acquisition Extension Agreement.

On 15 December 2009, the Company issued proceedings against Mr. Hung Chen Richael ("Mr. Hung"), a former executive director of the Company and a substantial shareholders of the Company, at the High Court of Hong Kong 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 in relation to the sale and purchase and subscription of shares in the Subsidiary.

(b) Notwithstanding the preliminary conclusion reached by the Special Committee in its report dated 9 December 2009 that the Mine Acquisition Agreement was legally binding and therefore considered it was appropriate to consolidate the financial statements of the Coal Mine Company into the Group's consolidated financial statements for the year ended 31 March 2009 as explained in (a) above, we consider that the circumstances surrounding the Litigation indicate that there are uncertainties as to the validity of the Mine Acquisition Agreement and the Mine Acquisition Extension Agreement which may cast significant doubt as to the appropriateness of the accounting treatment adopted by the Group in accounting for the Transfer and the related disclosures thereof. Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the net assets of the Group as at 31 March 2009, the profit and cash flows of the Group for the year then ended and the related disclosures thereof. In view of the extent and potential impact of the significant uncertainties described above, we disclaim our opinion in these respects.

(c) As explained in (a) above, the Mine Seller has initiated legal proceedings against the Subsidiary in the PRC. The directors of the Company are of the opinion, after obtaining legal advice from the Company's legal advisors, that the Litigation can be defended and may not result in a loss of control of the Coal Mine Company. However, there is uncertainty as to whether the Litigation can be successfully defended. In the event that the outcome of the Litigation was unfavorable to the Group, this might result in a possible loss of control of the Coal Mine Company from the effective date of the rescission of the relevant agreements in respect of the Transfer, and the consolidated financial statements for the year ended 31 March 2009 could be affected. In view of the extent and potential impact of the significant uncertainties described above, we disclaim our opinion in these respects.

(d) Due to the Litigation as explained in (a) above, we were denied full access to the accounting records and management of the Coal Mine Company. Consequently, we were unable to carry out auditing procedures that we consider necessary to satisfy ourselves as to the nature, completeness, accuracy, existence, valuation, classification and disclosures in respect of all the transactions undertaken by the Coal Mine Company during the year ended 31 March 2009 and the related balances as at 31 March 2009. The financial information of the Coal Mine Company which has been included in the consolidated financial statements of the Group for the year ended 31 March 2009 is summarised below:

Income and expenses of the Coal Mine Company as included in the consolidated income statement of the Group for the year ended 31 March 2009

	HK$'000
Turnover	395,793
Cost of sales	147,885
Other income	212
Selling expenses	1,727
Other operating expenses	86,656
Finance cost	7,563
Taxation	45,369
Profit for the year	106,805

Assets and liabilities of the Coal Mine Company as included in the consolidated balance sheet of the Group as at 31 March 2009

	HK$'000
Property, plant and equipment	146,242
Intangible assets	741,357
Inventories	25,185
Deposits, prepayments and other receivables	28,625
Trade receivables	33,616
Cash and bank balances	13,395
Trade payables	23,097
Tax payable	40,436
Deposits received in advance	473
Deferred income	2,719
Accrued liabilities and other payables	83,627
Other borrowings	15,681
Other long term liabilities	76,713

We were unable to determine whether any adjustments to the financial information of the Coal Mine Company as set out above were necessary. We were also unable to carry out auditing procedures that we consider necessary to satisfy ourselves as to the completeness and existence of any significant contingent liabilities, commitments and post balance sheet events relating to the Coal Mine Company. Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the net assets of the Group as at 31 March 2009 and the profit and cash flows of the Group for the year ended 31 March 2009 and may have resulted in additional information being disclosed in the financial statements as to the nature of the transactions and any significant non-adjusting post balance sheet events relating to the Coal Mine Company.

(e) Included in "goodwill" as shown on the consolidated balance sheet of the Group as at 31 March 2009 was goodwill with carrying amount of approximately HK$341,062,000 arising from the acquisition of the Coal Mine Company. As stated in note 20 to the financial statements, the directors of the Company have carried out an impairment testing on goodwill as at 31 March 2009. However, for reasons as explained in (d) above, we were unable to perform auditing procedures that we consider necessary to satisfy ourselves that the recoverable amount of the goodwill exceeded its carrying amount as at 31 March 2009 and whether any impairment loss should be recognised in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets". Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the net assets of the Group as at 31 March 2009 and the profit of the Group for the year ended 31 March 2009.

(f) Included in "Interests in subsidiaries" as shown on the Company's balance sheet as at 31 March 2009 was the Company's investment in the Subsidiary with a carrying amount of approximately HK$689,928,000. As explained in (a) and (c) above, there is uncertainty as to whether the Litigation can be successfully defended. In the event that the outcome of the Litigation was unfavorable to the Group, this might result in a possible loss of control of the Coal Mine Company from the effective date of the rescission of the relevant agreements in respect of the Transfer, and the Company's financial statements for the year ended 31 March 2009 could be affected. In view of the extent and potential impact of the significant uncertainties described above, we disclaim our opinion in these respects.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the financial statements as to whether they give a true and fair view of the state affairs of the Group and the Company as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work as described in the basis for disclaimer of opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to note 3(a) to the financial statements which indicates that the Group had net current liabilities of approximately HK$422,413,000 as at 31 March 2009. These conditions, along with other matters as set forth in note 3(a) to the financial statements, indicate that existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is mainly engaged in coal production and sales in China, as well as organisation of exhibitions and trade fairs and provision of ancillary service.

In 2008, the most severe financial tsunami swept global economy and resulted in a wave of company shutdowns in the rarely seen difficult business environment. However, as encouraged by central government's domestic demand stimulus package, China's economy grows at a relatively steady pace.

During the year ended 31 March 2009 (the "period under review"), domestic coal price had seen fluctuations with the highest point at RMB1,500 per tonne. As the economy sharply slowed down by the financial tsunami, market demand for resources decreased dramatically, thus the retreat of coal price. Nevertheless, due to the enormous coal demand in China, domestic coal price held on the high side generally, providing positive operation environment for coal companies.

During the period under review, the Group acquired Sheng Ping Coal Mine, marking the transformation into the resources sector. Under the upward trend of coal price, Sheng Ping Coal Mine achieved satisfactory results.

RESULTS ANALYSIS

For the year ended 31 March 2009, the Group recorded turnover of HK$609,233,000, representing a considerable increase of 1.85 times over last year, on the back of increased coal sales. During the period under review, the Group managed to turn loss into profit: profit after income tax was approximately HK$56,558,000 (for the year ended 31 March 2008: loss HK$7,174,000); profit attributable to shareholders was approximately HK$56,558,000 (for the year ended 31 March 2008: loss HK$7,174,000); and basic earnings per share was approximately HK$7 cents (for the year ended 31 March 2008: loss HK$2 cents).

For the year ended 31 March 2009, coal business of the Group saw substantial increase in profitability. Turnover from coal business was approximately HK$395,793,000, representing over 64.96% of the total turnover; operation profit reached HK$159,737,000, serving as the main profit source of the Group; operating loss from exhibition and related business was approximately HK$11,243,000.

PROSPECT AND OUTLOOK

Governments around the globe have unveiled financial revival plans which abated the credit crisis in short term. As the PRC Government has proactively implemented various economic stimulus packages toward the primary target of "8%" economic growth, the Group is confident in the prospects of China's economic development. Meanwhile, the PRC Government has endeavoured to promoting new energy and renewable energy industries, the Group's future development shall benefit from such policies.

On exhibition service, given the globally contracted business operational expenses and reduced intention of the exhibitors to participate, the exhibition industry is now facing unprecedented challenges. Despite the supporting plan by HKSAR Government to assist exhibitions against the financial tsunami, the Group is not ready to give positive view for exhibition industry under the gloomy investment atmosphere and economic outlooks.

In the coming year, the Group will seek business restructuring to capitalise on its resources to develop coal business with higher profitability. Looking into the future, the Group is positioned to better profit from its coal business by leveraging acquisition opportunities of high quality mines with initiatives to improve coal output, strict cost control and sales promotion.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

The Group derived its working capital mainly from internal cash flow from operating activities.

As at 31 March 2009, shareholders' funds of the Group aggregately amounted to HK$607,096,000 (31 March 2008: HK$179,440,000). As at 31 March 2009, the Group's assets-liabilities ratio (total liabilities to total assets) was approximately 56.46% (31 March 2008: 84.69%). Net current liabilities of the Group amounted to approximately HK$422,413,000 (31 March 2008: HK$547,388,000). Current assets of the Group was approximately HK$159,907,000 (31 March 2008: HK$142,012,000), of which fixed deposits, cash and bank balances amounted to approximately HK$51,540,000 (31 March 2008: HK$67,839,000).

As at 31 March 2009, the Group's gearing ratio (total debts to total equity) was 27% (31 March 2008: 109%).

Exposure to fluctuations in exchange rates and any related hedges

The Group is mainly engaged in coal production and sales in the People's Republic of China (the "PRC"). The Group's sales and purchase are mainly transacted in 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.

Pledge of assets of the Group

Details of pledge of assets of the Group as at 31 March 2009 were set out in note 37 to the consolidated financial statements in the Company's annual report for the year ended 31 March 2009 ("Annual Report").

Dividend

The Board of the Company does not recommend any payment of final dividend to shareholders for the year ended 31 March 2009 (for the year ended 31 March 2008: Nil).

OTHER EVENTS

Employees and remuneration policy

As at 31 March 2009, the Group had a total of 2,608 employees (2008: 2,971) 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. It introduced a share option scheme on 10 April 2002, with options to be granted to employees at the discretion of the Board. There was no option outstanding as at 31 March 2009.

Material acquisition and disposal

On 31 March 2008, the Group duly completed the acquisition of the entire equity interests in Sheng Ping Coal Mine in Shuangyashan City, Heilongjiang Province, the PRC, at a total consideration of HK$700,000,000. The coal mine has more than 60,000,000 tonnes of reserves of premium "1/3 Coking Bituminous" coal, with an annual production capacity of 600,000 tonnes. Its own coal washing facility can produce Clean Coal used primarily to manufacture iron and steel. The coal mine is well recognized in the region as a benchmark and training hub for mine operators. Recently, it has received the 'Star Mine' award from the China Coal Mining Operational Safety Bureau in recognition of its excellent safety records.

Connected transaction

On 26 February 2009, Pro-Capital Investments Limited ("Pro-Capital"), a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement pursuant to which Pro-Capital agreed to sell the entire equity interest in Group Idea International Limited ("Group Idea"), a wholly-owned subsidiary of the Group for an aggregate consideration of HK$5 million (the "Disposal").

It was also proposed that Group Idea and Pro-Capital to enter into the Master Project Management Agreement upon completion of the Disposal. Under the Master Project Management Agreement, Pro-Capital will act as the exclusive project manager in relation to the provision of certain management services for the exhibitions and trade fairs to be organised by Group Idea from time to time. Pro-Capital or its subsidiaries will retain the revenues from the exhibitions managed by it, after sharing with Group Idea 20% of such revenues.

The Disposal was completed on 6 April 2009.

Significant investment

The Group did not hold any significant investment for the year ended 31 March 2009.

CONTINGENT LIABILITIES AND LITIGATIONS

The Group and the Company

(a) On 17 January 2009, the Mine Seller filed a statement of claim (the "Statement of Claim") against the Subsidiary with the High Court of the Heilongjiang Province of the People's Republic of China (the "Court") seeking, among other things, (1) a rescission of the relevant agreements in respect of the transfer of the Coal Mine Company to the Subsidiary (the "Transfer"); (2) the return of the entire equity interest in the Coal Mine Company to the Mine Seller; and (3) costs and other relief. On 20 April 2009, the Company received a summons from the Court (attaching the Statement of Claim) as official notice of proceedings against the Subsidiary (the "Litigation").

Subsequent to the hearings held on 22 July 2009 and 13 November 2009 and up to the date of this announcement, no judgment has been made by the Court. The directors of the Company are of the opinion, after obtaining legal advice from the Company's legal advisors, that the Litigation can be defended and may not result in loss of control of the Coal Mine Company.

(b) On 15 December 2009, the Company issued proceedings against Mr. Hung Chen Richael ("Mr. Hung"), a former executive director and a substantial shareholders of the Company, at the High Court of Hong Kong 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 in relation to the sale and purchase and subscription of shares in the Subsidiary. In the opinion of the directors, based on legal advice, the Company has a genuine and valid claim against Mr. Hung.

POST BALANCE SHEET EVENTS

(a) On 26 February 2009, Pro-capital Investments Limited ("Pro-capital"), a wholly-owned subsidiary of the Group, entered into a formal sale and purchase agreement with Mr. Cheung Shui Kwai and Mr. Javed Iqbal Khan to sell the entire share capital of Group Idea International Limited and the amount payable to Pro-capital, amounting to approximately HK$2,975,000, with a consideration of approximately HK$5,000,000 which will be satisfied by cash. The disposal was completed on 6 April 2009. The transaction constituted a connected transaction. For more details, please refer to the Company's announcement dated 6 April 2009.

(b) On 15 April 2009, Twinkle Win Limited ("Twinkle Win"), a wholly-owned subsidiary of the Group, entered into a memorandum of understanding with Right Source International Limited and Fortune In Investments Limited (collectively referred to as "the Vendors"), in respect of the proposed acquisition of the entire shareholding in Realty Investment (Group) Limited. For more details, please refer to the Company's announcement dated 15 April 2009.

(c) On 29 December 2008, the Company announced a change of the Company's financial year end from 31 March to 31 December. On 15 April 2009, the Board announces that it has resolved to change the financial year end date of the Company back to 31 March from 31 December with immediate effect.

(d) On 19 May 2009, the Company entered into a subscription agreement with ACE Channel Limited ("ACE"), under which ACE have agreed to subscribe 178,000,000 new shares to be issued by the Company. The consideration to be received by the Company for the issue of the 178,000,000 new shares shall be used for general working capital purposes including but not limited to the payment of the consideration of acquisition of the Coal Mine Company. For more details, please refer to the Company's announcement dated 19 May 2009.

On 26 May 2009, the Company has completed the first phase subscription. The 89,000,000 new shares at the subscription price of HK$0.338 per share were alloted and issued to ACE. For more details, please refer to the Company's announcement dated 26 May 2009.

On 10 June 2009, the Company has completed the second phase subscription. The 89,000,000 new shares at the subscription price of HK$0.338 per share were alloted and issued to ACE. For more details, please refer to the Company's announcement dated 10 June 2009.

(e) On 26 June 2009, a lawyer letter was issued by Heilongjiang Far East Lawyer Group, as the Subsidiary's PRC lawyers ("Heilongjiang Lawyers"), to the Mine Seller, requesting the Mine Seller to provide written information on particulars of the name of receiving bank, the account holder's name and account number, etc. ("Payment Particulars") to effect the payment of Transfer consideration. Subsequently, the Subsidiary issued another two reminding letters to the Mine Seller, to keep repeating the request for Payment Particulars. Notwithstanding that the Subsidiary had endeavored to discharge its obligation of settling the Transfer consideration timely pursuant to the Mine Acquisition Extension Agreement by serving several notices to the Mine Seller, the Mine Seller has not yet informed either the Subsidiary or Heilongjiang Lawyers of any Payment Particulars.

On 16 July 2009, the Subsidiary received three civil decrees ("Intermediate Court Decrees") and a notice requesting for settlement of third party debts ("Third Party Notice"), all dated 14 July 2009, issued by Heilongjiang Haerbin Intermediate People's Court ("Haerbin Intermediate Court"). Pursuant to the Intermediate Court Decrees and the Third Party Notice, legal actions were taken by sub-branch of the Heilongjiang branch of the Agricultural Bank of China ("Heilongjiang Agricultural Bank") on 13 July 2009 at the Haerbin Intermediate Court in respect of disputes arising from loan agreement(s) entered into between Heilongjiang Agricultural Bank, the Mine Seller and Jiamusi Northern Coal Chemical Engineering Co., Ltd ("Loan Agreement Proceedings").

In accordance with the Intermediate Court Decrees, in the light of the Loan Agreement Proceedings, (i) the Subsidiary is ordered not to settle the total sum of RMB66,433,400 with the Mine Seller directly; and (ii) if it is necessary to settle the total payment of RMB66,433,400 with the Mine Seller, such payment shall be paid into the Haerbin Intermediate Court instead. In accordance with the Third Party Notice, the Subsidiary is ordered (i) not to settle the Transfer consideration with the Mine Seller directly; and (ii) to pay into the Haerbin Intermediate Court the sum of RMB73,566,600 or to raise objection against the Third Party Notice within 15 days after receiving the same. The Haerbin Intermediate Court will enforce the Third Party Notice if there is no objection or non-performance on part of the Subsidiary upon expiry of the time limit set out in the Third Party Notice. The total sum referred to in the Intermediate Court Decrees and the Third Party Notice is RMB140,000,000 (which is equivalent to the sum of Transfer consideration).

Upon seeking Heilongjiang Lawyers' legal opinions on the Intermediate Court Decrees and the Third Party Notice, the Subsidiary was advised by the Heilongjiang Lawyers, among others, that the Intermediate Court Decrees and the Third Party Notice were entirely lawful and should be complied with. As in Heilongjiang Lawyers' opinion, the obligation of payment of Transfer consideration can be discharged through payment of Transfer consideration into the Haerbin Intermediate Court, the Subsidiary was thus further advised to arrange payment of RMB140,000,000 into the Haerbin Intermediate Court. The Subsidiary has effected payment of RMB140,000,000 (equivalent to approximately HK$159,320,000) into the Haerbin Intermediate Court on 20 July 2009.

(f) On 13 October 2009, the Company entered into a memorandum of understanding with Mr. Chen Kangliu (collectively referred to as "the Seller"), pursuant to which the Group intends to acquire and the Seller intends to sell the entire shareholding of Harbour Score Holdings Limited. For more details, please refer to the Company's announcement dated 13 October 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises the three independent non-executive directors of the Company, chaired by Mr. Tang Ping Sum and the other two members are Mr. Cheng Wing Keung, Raymond and Mr. Lu Xin. The Audit Committee has reviewed and discussed with the Company's management the annual results of the Group for the year ended 31 March 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of shareholders of the Company will be held upon despatch of the Annual Report. The notice of AGM will be published and despatched to the shareholders in due course.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to amend the Articles of Association to bring it in line with the Code on Corporate Governance Practices and the provisions under the Listing Rules and is subject to the approval of the shareholders by way of a special resolution at the AGM.

The proposed amendment to the Articles of Association is set out below:

Article 86(3)

The original Article 86(3) which provides:

"The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election."

is proposed to be replaced in its entirety by the following:

"The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election."

A circular containing details of the proposed amendments to the Articles of Association, together with the notice of AGM, will be despatched to the shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's results announcement for the year ended 31 March 2009 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 Annual Report will be despatched to the shareholders and published on the above websites in due course.

POSTPONEMENT OF BOARD MEETING, DELAY IN INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

Reference is made to the Company's announcements dated 18 December 2009 in relation to the board meeting for approving, inter alia, the interim results of the Group for the six months ended 30 September 2009 ("Interim Results") and to consider the payment of interim dividend, if any ("Board Meeting for Interim Results").

The Board announces that due to the issues concerning the Coal Mine Company remain unresolved as of the date of this announcement, additional time is required by the Company to finalize certain information and disclosures relating to the Coal Mine Company to be made in the announcement of Interim Results and the Company's interim report for the six months ended 30 September 2009 ("Interim Report").

With regards to the above, the Board Meeting for Interim Results, which was originally scheduled on 31 December 2009, is postponed to be held on or before 28 February 2010. The Company will notify the Stock Exchange and shareholders in accordance with the requirements of the Listing Rules once the rescheduled date of the Board Meeting for Interim Results is fixed.

Accordingly, there will be a delay in announcement of the Interim Results to be made on or before 28 February 2010 and the Interim Report will be despatched on or before 3 March 2010.

CONTINUED SUSPENSION OF TRADING

The delay in announcement of the Interim Results and despatch of the Interim Report has constituted a breach of Rules 13.49(6) and 13.48(1) of the Listing Rules. Suspension in the trading of shares of the Company will continue pending the release and despatch of the Interim Results in accordance with the Listing Rules.

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, 31 December 2009

As at the date of this announcement, the executive directors of the Company are Ms. Geng Ying, Mr. Gao Feng, Mr. Chiu Sui Keung and Mr. Sun Wei, and the independent non-executive directors of the Company are Mr. Tang Ping Sum, Mr. Cheng Wing Keung Raymond and Mr. Lu Xin.