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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011 together with the comparative figures of year 2010 as follows:–

* *for identification only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Continuing operations			
Turnover	5	**82,368**	87,374
Other revenue	5	**1,450**	3,290
Other income	6	**2,668**	1,276
Advertising and promotion expenses		**(12,718)**	(9,467)
Agency commission		**(6,561)**	(5,746)
Amortisation and depreciation of trade shows and exhibition operation		**(69)**	(928)
Hotel and travel package expenses		**(4,492)**	(3,028)
Operating lease rentals		**(2,484)**	(6,792)
Staff costs		**(24,598)**	(26,899)
Other operating expenses		**(55,800)**	(59,574)
Gain on disposal of subsidiaries		**991**	2,032
Impairment loss recognised in respect of property, plant and equipment		**–**	(377)
Loss from operating activities	6	**(19,245)**	(18,839)
Finance costs	7	**(18,167)**	(22,924)
Loss before tax		**(37,412)**	(41,763)
Taxation	8	**2,228**	1,156
Loss for the year from continuing operations		**(35,184)**	(40,607)
Discontinued operations			
Loss for the year from discontinued operations		**–**	(797,129)
Loss for the year		**(35,184)**	(837,736)
Other comprehensive loss, net of tax			
Exchange differences on translating foreign operations		**(46)**	(254)
Total comprehensive loss for the year		**(35,230)**	(837,990)

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Dividends	9	**–**	–
Loss attributable to:			
Owners of the Company		**(34,458)**	(837,736)
Non-controlling interests		**(726)**	–
		(35,184)	(837,736)
Total comprehensive loss attributable to:			
Owners of the Company		**(34,504)**	(837,990)
Non-controlling interests		**(726)**	–
		(35,230)	(837,990)
Loss per share attributable to owners of the Company	10		
For continuing and discontinued operations			
– Basic		**(3) cents**	(77) cents
– Diluted		**(3) cents**	(77) cents
For continuing operations			
– Basic		**(3) cents**	(4) cents
– Diluted		**(3) cents**	(4) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**2,792**	1,886
Intangible assets		**–**	–
Goodwill		**1,700**	–
		4,492	1,886
Current assets			
Amount due from a director		**78**	–
Deposits, prepayments and other receivables	11	**25,980**	185,287
Trade receivables	12	**22**	1,065
Tax prepayment		**–**	881
Deposits with banks		**69,159**	–
Cash and cash equivalents		**21,220**	5,514
		116,459	192,747
Less: Current liabilities			
Deferred revenue		**–**	32
Amounts due to shareholders and a director	13	**14,478**	138,517
Accrued liabilities and other payables	14	**169,952**	216,348
Other borrowings		**33,872**	5,165
Deposits received in advance		**16,587**	1,954
Tax payable		**–**	235
		234,889	362,251
Net current liabilities		**(118,430)**	(169,504)
Total assets less current liabilities		**(113,938)**	(167,618)

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Less: Non-current liabilities			
Convertible notes		**142,094**	128,592
Deferred tax liabilities		**5,182**	7,410
		147,276	136,002
Net liabilities		**(261,214)**	(303,620)
Equity attributable to owners of the Company			
Share capital		**13,365**	11,138
Reserves		**(272,219)**	(314,758)
		(258,854)	(303,620)
Non-controlling interests		**(2,360)**	–
Total equity		**(261,214)**	(303,620)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. CORPORATE INFORMATION

Sino Resources Group 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 2502, 25/F, No. 9 Queen's Road Central, Central, Hong Kong.

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

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 2010. A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Amendments to HKFRS 1 to HKFRS 5 as a part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Annual Improvements to HKFRSs issued in 2009
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements. The impact of the application of the new and revised standards and interpretations is discussed below.

Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

(i) HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of Sino Giants Group Limited, the Group has elected to measure the non-controlling interests at their share of recognised identified net assets at the date of acquisition.

(ii) HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

(iii) HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree. HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. 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, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interests has been changed. Specifically, under the revised standard, non-controlling interests is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. 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, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interests has been changed. Specifically, under the revised standard, non-controlling interests is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ('HK Int 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. The application of HK Int 5 has had no material impact on the amounts reported for the current and prior years.

HK (IFRIC) – Int 17 Distributions of Non-cash Assets to Owners

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (2011)	Separate Financial Statements[6]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendment)	Limited Exemption from comparative HKFRS 7 - Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Sever Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 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 2012

6 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 will affect the classification and measurement of the Group's financial assets.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 Disclosures – Transfer of Financial Assets interest the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level continuing exposure in the asset. The amendments also require disclosures when transfers of financial assets are not evenly distributed throughout the period.

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

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

HK(IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) – Int 19 will affect the required accounting. In particular, under HK(IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

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 loss approximately HK$35,184,000 for the year ended 31 March 2011 (2010: HK$837,736,000), the Group's net current liabilities and net liabilities of approximately HK$118,430,000 (2010: HK$169,504,000) and HK$261,214,000 (2010: HK$303,620,000) at 31 March 2011 respectively. The directors of the Company have been taking steps to improve the liquidity of the Group. A substantial shareholder of the Company has agreed to provide continuing financial support to the Group. As such, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

The two operating and reportable segments under HKFRS 8 are as follows:

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

During the year ended 31 March 2010, the Group lost its resources operation in coal.

Segment revenues and results

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

2011

	Unconventional gas business *HK$'000*	Trade shows and exhibition operation *HK$'000*	Consolidated *HK$'000*
Turnover			
Turnover from external customers	**–**	**82,368**	**82,368**
Result			
Segment result	**(1,485)**	**11,359**	**9,874**
Unallocated income			**242**
Unallocated corporate expenses			**(21,986)**
Share-based payment			**(8,366)**
Gain on disposal of subsidiaries	**–**	**991**	**991**
Finance costs			**(18,167)**
Loss before tax			**(37,412)**
Taxation			**2,228**
Loss for the year			**(35,184)**

2010

	Continuing operations	Discontinued operations	
	Trade shows and exhibition operation	Resources operation in coal	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Turnover from external customers	87,374	–	87,374
Result			
Segment result	4,428	–	4,428
Unallocated income			245
Unallocated corporate expenses			(25,544)
Gain on disposal of a subsidiary	2,032	–	2,032
Loss arising from loss of control of a subsidiary	–	(797,129)	(797,129)
Finance costs			(22,924)
Loss before tax			(838,892)
Taxation			1,156
Loss for the year			(837,736)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2010: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit/(loss) generated by each segment without allocation of corporate expenses, share-based payment, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

2011

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

2010

	Continuing operations	Discontinued operations	
	Trade shows and exhibition operation *HK$'000*	Resources operation in coal *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	21,492	–	21,492
Unallocated corporate assets			173,141
			194,633
Liabilities			
Segment liabilities	46,836	–	46,836
Unallocated corporate liabilities			451,417
			498,253

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

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

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

Other segment information

	Depreciation and amortistion		**Additions to non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade shows and exhibition operation	**69**	928	**–**	45
Unconventional gas business	**14**	–	**4**	–
Unallocated	**346**	315	**931**	77
	429	1,243	**935**	122

In addition to the depreciation and amortisation reported above, impairment losses of approximately HK$Nil (2010: HK$377,000) were recognised in respect of property, plant and equipment included in unallocated corporate assets.

Geographical information

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

	Turnover by geographical market	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**75,925**	77,165
UK	**6,443**	6,704
The PRC	**–**	3,505
	82,368	87,374

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

	Carrying amount of non-current assets*	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**4,478**	1,886
The PRC	**14**	–
	4,492	1,886

* Non-current assets excluding financial instruments and deferred tax assets.

Information about major customers

For the year ended 31 March 2011, included in revenues arising from trade shows and exhibition operation of HK$82,368,000 (2010: HK$87,374,000) are revenues of approximately HK$10,607,000 (2010: HK$10,773,000) which arose from the Group's largest customer. No other single customers contributed 10% or more to the Group's turnover for both 2011 and 2010.

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of participation fee income, hotel and travel package income, and advertising fee income. Relating to the sales in the UK, the turnover is stated net of output value added tax of approximately HK$1,022,000 (2010: HK$1,422,000) accrued at 17.5% of the gross income generated from the exhibition and shows held in the UK (2010: 17.5%).

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

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Participation fee income	**77,398**	78,151
Hotel and travel package income	**4,392**	2,902
Advertising fee income	**578**	6,321
	82,368	87,374
Other revenue		
Interest income	**281**	28
Ancillary services for participation services	**–**	1,187
Forfeited deposit received	**479**	1,723
Sundry income	**690**	352
	1,450	3,290
Total revenue	**83,818**	90,664

6. LOSS FROM OPERATING ACTIVITIES

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
The Group's loss from operating activities is arrived at after charging:		
Depreciation of property, plant and equipment	**429**	1,243
Staff costs (including directors' remuneration)		
– wages and salaries	**15,626**	26,558
– share-based payment	**8,366**	–
– retirement benefits scheme contributions	**606**	341
	24,598	26,899
Auditors' remuneration	**630**	700
Minimum lease payments under operating lease rentals of office premises	**2,484**	6,792
and after crediting:		
Other income:		
Exchange differences, net	**76**	268
Reversal of other payables	**2,592**	–
Other income	**–**	1,008
	2,668	1,276

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interests on other borrowings wholly repayable within five years	**2,520**	354
Interests on amounts due to shareholders and a director wholly repayable within five years	**2,145**	10,350
Imputed interest expense on convertible notes	**13,502**	12,220
	18,167	22,924

8. TAXATION

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong profits tax:		
Current year	**–**	860
	–	860
Deferred tax:		
Current year	**(2,228)**	(2,016)
	(2,228)	(1,156)

Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) 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 rate 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 2011 (2010: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

For continuing and discontinued operations

For continuing and discontinued operations, the calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK$34,458,000 (2010: HK$837,736,000) and the weighted average number of ordinary shares in issue during the year is 1,144,892,652 (2010: 1,083,205,213).

Diluted loss per share for continuing and discontinued operations for the years ended 31 March 2011 and 2010 were the same as the basic loss per share. The Company's outstanding convertible notes and share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible notes and share options were anti-dilutive.

For continuing operations

For continuing operations, the calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK$34,458,000 (2010: HK$40,607,000) and the weighted average number of ordinary shares in issue during the year is 1,144,892,652 (2010: 1,083,205,213).

Diluted loss per share for the years ended 31 March 2011 and 2010 were the same as the basic loss per share. The Company's outstanding convertible notes and share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible notes and share options were anti-dilutive.

For discontinued operations

For the year ended 31 March 2010, basic loss per share for the discontinued operations is HK$73 cents per share and diluted loss per share for the discontinued operations is HK$73 cents per share, based on the loss for the year from the discontinued operations of approximately HK$797,129,000 and the denominators detailed above for both basic and diluted earnings per share.

For the year ended 31 March 2010, diluted loss per share for discontinued operations is the same as the basic loss per share as the outstanding convertible notes and share options had anti-dilutive effect on the basic loss per share.

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Deposits	**8,997**	1,651
Prepayments	**6,365**	4,929
Other receivables	**10,618**	178,707
	25,980	185,287

As at 31 March 2011, included in other receivables, approximately HK$10,000,000 (2010: HK$10,000,000) was the deposits previously paid into High Court for an injunction order.

As at 31 March 2010, included in other receivables, approximately HK$159,320,000 was the deposits previously paid into Heilongjiang Haerbin Intermediate People's Court. The deposits were returned to the Group subsequent to the end of the reporting period.

12. TRADE RECEIVABLES

The aged analysis of trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**–**	569
31 to 60 days	**4**	322
61 to 90 days	**18**	174
Total	**22**	1,065

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 HK$.

13. AMOUNTS DUE TO SHAREHOLDERS AND A DIRECTOR

	2011	2010
	HK$'000	*HK$'000*
Amount due to Hung Chen, Richael ("Mr. Hung") *(Note i)*	**14,478**	44,335
Amount due to ACE Channel Limited *(Note ii)*	**–**	88,960
Amount due to a director *(Note iii)*	**–**	5,222
	14,478	138,517

Notes:

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

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

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

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

(ii) The amount due to ACE Channel Limited, beneficially owned by Mr. Gao Feng, a director of the Company, is the principal amount and interests and detail terms are summarised as follows:

1) HK$70,000,000 loan is unsecured, bearing interest at a prime rate plus 5% (i.e. 10%) per annum due on 15 October 2009, and renewed on 1 March 2010 with bearing interest at a fixed rate 1.6% per month and due on 31 May 2010;

2) HK$10,000,000 loan is unsecured, bearing interest at a fixed rate 1.6% per month and due on 31 May 2010; and

3) HK$3,684,200 loan is unsecured, bearing interest at a prime rate plus 5% (i.e. 10%) per annum due on 18 December 2009, and renewed on 1 March 2010 with bearing interest at a fixed rate 1.6% per month and due on 31 May 2010.

The loan has already been repaid on 9 April 2010.

(iii) The loan from a director is unsecured, bearing interest at a prime rate plus 5% (i.e. 10%) per annum due on 15 October 2009. The loan has already been renewed on 1 March 2010 with bearing interest at a fixed rate of 1.6% per month and due on 31 May 2010. The loan repaid on 7 April 2010.

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Accrued liabilities	**162,015**	165,584
Other payables	**7,937**	50,764
	169,952	216,348

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

EXTRACTED FROM INDEPENDENT AUDITORS' REPORT

BASIS FOR QUALIFIED OPINION

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2010 (the "2010 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effects of the inability to obtain sufficient audit evidence of our audit, details of which are set out in our audit report dated 23 July 2010. We are unable to obtain sufficient reliable evidence to satisfy ourselves as to whether the net liabilities of the Group as at 31 March 2010 and the results and cash flows and the related disclosures in the notes to the consolidated financial statements of the Company and of the Group for the year ended 31 March 2010 were fairly stated. Any adjustment found to be necessary may affect the net liabilities of the Company and of the Group as at 31 March 2010 and the results and cash flows and the related disclosures in the notes to the consolidated financial statements of the Company and the Group for the year ended 31 March 2010.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to Note 3(a) in the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$35,184,000 during the year ended 31 March 2011 and, as of that date, the Group had net current liabilities of approximately HK$118,430,000 and net liabilities of approximately HK$261,214,000. These conditions, along with other matters as set forth in Note 3(a) in the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Sino Resources Group Limited (the "Company", together with its subsidiaries, the "Group") will continue to focus its business on the resources and energy related sector as well as on being the show manager of exhibitions, trade fairs and provision of ancillary service.

1. Exhibition Business

During the year under review, the Group acted as show manager of the "Mega Shows Part 1 & 2" held in October 2010 and the "London Asia Expo" held in January 2011 successfully.

The performance of the Group's exhibition business continued to improve for the year ended 31 March 2011 despite of the strong competition. The Board believes that exhibition business will keep contributing stable revenue to the Group.

2. Unconventional Gas Business

The Company completed the acquisition of Sino Giants Group Limited ("Sino Giants", together with Multi Century Technology Development Limited and Multi Century Engery Technology (Beijing) Limited ("Multi Century (BJ)", the "Sino Giants Group") on 9 February 2011. On 20 April 2011, Multi Century (BJ) and Heilongjiang Coal Geology Bureau (黑龍江省煤田地質局) ("Heilongjiang CG Bureau") entered into a memorandum of agreement (the "Memorandum") on the Heilongjiang Unconventional Gas Research and Development Centre Project (黑龍江省非常規氣工程研發中心項目備忘錄) pursuant to which the parties agreed to develop a strategic cooperation relationship to establish an unconventional gas research and development centre (黑龍江省非常規氣工程研發中心) (the "Heilongjiang Unconventional Gas R&D Centre") for the purposes of developing technologies for and providing services in the exploration and development of unconventional gas in Heilongjiang Province.

On 5 June 2011, Multi Century (BJ) signed a coalbed methane stimulation technology services contract with Heilongjiang CG Bureau. Multi Century (BJ) will provide coalbed methane ("CBM") stimulation technology services for a large-scale CBM exploration project over a three-years period, from 2011 to 2013. Multi Century (BJ) will be engaged in technical consulting and operation services such as unconventional gas well drilling, completion and stimulation for exploration and development work and import of technical equipment for the unconventional gas industry in the PRC.

The Company believes that the partnership between the Group and Heilongjiang CG Bureau is a significant step for the Group's entrance into the China unconventional gas market and it is confident that the Group will, in the near future, secure revenue by provision of services in connection with unconventional gas and import of technical equipment for the unconventional gas industry.

Development and utilisation of clean energy is a global trend and is highly supported by the PRC Government. Unconventional gas industry is one of the emerging industries supported by "12th 5-year plan" which is in line with the PRC Government's development strategies and entitled to tax benefits. Unconventional gas (including coalbed methane, coal mine methane, tight sand gas, shale gas and gas hydrates) is a major source of clean energy. Despite its abundant unconventional gas resources, there is a lack of skilled manpower and advanced technology and equipment to explore and develop unconventional gas in the PRC.

3. Litigation of the Group and the Company in Hong Kong

Detail of the litigation of the Group and the Company as at 31 March 2011, please refer to "Litigations and Contingent Liabilities" below.

RESULTS ANALYSIS

For the year ended 31 March 2011, the Group recorded turnover of HK$82,368,000, representing a decrease of 5.7% over last year. For the year ended 31 March 2011, the Group recorded a loss attributable to shareholders of approximately HK$34,458,000 (2010: HK$837,736,000); basic loss per share was approximately HK$3 cents (2010: HK$77 cents). This has included (i) fair value on share-based payment of HK$8,366,000 (2010: HK$Nil) which is a non-cash item; (ii) imputed interest expense of HK$13,502,000 (2010: HK$12,220,000) on convertible notes under finance costs as well as non-cash item; (iii) legal expense of HK$9,858,000 (2010: HK$1,992,000) incurred in relation to Mr. Hung's litigations; and (iv) interest expenses of HK$3,135,000 (2010: HK$2,033,000) arising from loan with Mr. Wong Ching Ping, Alex, to be reversed in the next financial year ending 31 March 2012. If the above-mentioned items (i) to (iv), totally HK$34,861,000 (2010: HK$16,245,000), were to be excluded, it would be changed to profit attributable to the shareholders of the Company on continuing operation of approximately HK$403,000 (for the year ended 31 March 2010: loss attributable to the shareholder of approximately HK$24,362,000).

The decrease in turnover was mainly due to scale-down of the operation relating to the advertising of Mega Show Part 1 exhibitor information on the Megasia Website from last year, and thus advertising income and subscription income has been reduced accordingly. Notwithstanding this, net loss attributable to owners of the Company had improved during the period because: (i) the deconsolidation of a subsidiary since 1 April 2009 which was a one-off transaction in last period; (ii) the Group's segment profit for its exhibition business has been increased to approximately HK$11,359,000 (2010: HK$4,428,000) in this year; and (iii) effective cost saving in cutting directors' remuneration (included in staff costs) and some of the exhibition events operations were outsourced. The Board believes that the Group can achieve a better result in next year.

PROSPECT AND OUTLOOK

The Group will use its best endeavors to improve its operating results in the next financial year. It will consider expanding into resources related business such as acting as a technology services provider in the unconventional gas industry. It will also continue to adopt cost reduction strategies with a particular focus on cutting overheads and legal expenses.

The Group will continue to explore investment opportunities in the resources and energy related sector in an attempt to diversify the Group's business into areas with higher growth potential and achieve inorganic growth.

FINANCIAL REVIEW

Capital Structure

In February 2011, the Company has successfully placed of 222,752,000 shares, at the placing price of HK$0.35 per share and raised net proceeds of approximately HK$75,000,000. The proceed was being used for the acquisition of the shares in Sino Giants Group, the shareholder's loan to Sino Giants Group, future business development and general working capital of the Group.

Liquidity, Financial Resources and Capital Structure

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

As at 31 March 2011, deficit on shareholders' funds of the Group aggregately amounted to HK$261,214,000 (2010: HK$303,620,000). As at 31 March 2011, the Group's assets-liabilities ratio (total liabilities to total assets) was approximately 3.16 times (2010: 2.56 times). Net current liabilities of the Group amounted to approximately HK$118,430,000 (2010: HK$169,504,000). Current assets of the Group was approximately HK$116,459,000 (2010: HK$192,747,000), of which fixed deposits, cash and bank balances amounted to approximately HK$90,379,000 (2010: HK$5,514,000). The following items with an aggregate amount of HK$320,354,000 (2010: HK$338,937,000), which are included in current liabilities and non-current liabilities, are related to the legal proceedings with Mr. Hung in the High Court: (i) HK$158,600,000 (2010: HK$158,600,000) was consideration payable for the acquisition of Wealth Gain Global Investment Limited and its subsidiary; (ii) HK$14,478,000 (2010: HK$44,335,000) was the shareholder's loan plus interest from Mr. Hung; and (iii) convertible notes of HK$142,094,000 (2010: HK$128,592,000), and respective deferred tax liabilities of HK$5,182,000 (2010: HK$7,410,000) which are both included under non-current liabilities. The Board considers that the liquidity of the Group is good enough for the year ended 31 March 2011 and the Group would be turned to net assets position to HK$59,140,000 (2010: HK$35,317,000) if removal of (i) to (iii). The Group's liquidity has significantly improved after the resumption on 2 February 2011.

As at 31 March 2011, the Group's gearing ratio (total debts to total equity) was 72.9% (2010: 89.7%).

Exposure to Fluctuations in Exchange Rates and any Related Hedges

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

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

Dividend

The Board of the Company does not recommend any payment of final dividend to shareholders for the year ended 31 March 2011 (2010: Nil).

OTHER EVENTS

Employees and Remuneration Policy

As at 31 March 2011, the Group had a total of 38 employees (2010: 46) 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 adopted a new share option scheme on 8 October 2010, with options to be granted to employees at the discretion of the Board. All share options are outstanding as at 31 March 2011.

Material Acquisition and Disposal

The Group did not have any material acquisition and disposal for the year ended 31 March 2011.

Connected Transaction

The connected transaction involving the disposal of Group Idea International Limited was completed on 6 April 2009. Other than this, the Group did not conduct any connected transaction for the year ended 31 March 2011.

Significant Investment

The Group did not hold any significant investment for the year ended 31 March 2011.

LITIGATIONS AND CONTINGENT LIABILITIES

The Group and the Company

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

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

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

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

   (i) rescission of the Agreement;

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

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

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

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

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

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

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

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

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

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

(b) Injunction Order

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

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

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

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

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

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

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

The Board of the Company takes the view that the costs order nisi has no material impact on the Group's finances and will make further announcement as and when appropriate.

On 3 September 2010, Mr. Hung through his solicitors applied by way of a Summons to vary the Injunction Order (the "Application"). The Court dismissed the Application on 20 September 2010 and ordered costs of the Summons be paid by the Defendants to the Company in any event.

Mr. Hung through his lawyers also applied to the Court for leave to appeal to the Court of Appeal on 20 September 2010. The Court dismissed the Application for leave to appeal and ordered costs of this Application for leave be paid by the Defendants to the Company in any event.

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

The Action is still ongoing and the Company will make further announcements as and when appropriate.

(c) Winding-up Petition

Mr. Hung served the statutory demands on the Company in respect of a total outstanding Alleged Indebtedness of HK$41,722,630 (the "Statutory Demands"). A winding-up petition (the "Winding-up Petition") was presented to the High Court and served on the Company by Mr. Hung on 28 January 2010 in connection with the Alleged Indebtedness. The Company opposed the Winding-up Petition and appointed legal advisers to handle the matter. Upon hearing submissions by the parties on 12 April 2010, the Companies Judge made an order that, among other things, the Winding-up Petition be adjourned to the second Monday after the date of handing down of judgment in connection with the Statement of Claim by which the Company has made a claim against Mr. Hung. Pursuant to the joint application of the Company and Mr. Hung by way of Consent Summons, the Companies Judge on 24 August 2010 made the following Order that:

1. Mr. Hung do have leave to amend the Winding up petition (the "Amended Petition") dated 28 January 2010;

2. The service and advertisement of the Amended Petition be dispensed with;

3. Costs of and occasioned by the amendment of the Winding up-Petition be paid by the Mr. Hung to the Company in any event.

Based on the Amended Petition, the Alleged Indebtedness is HK$9,600,000 and interests.

The Board of the Company considers that the issue of the Statutory Demands is, of itself, unlikely to have a negative impact on the Group's financial condition. The Alleged Indebtedness was fully recognised in the Group's financial statements as at 31 March 2010. In addition, the Company may seek to set-off against the Alleged Indebtedness claims which the Company is asserting against Mr. Hung under the Statement of Claim. The Board of the Company is of the view that it has a bona fide claim on substantial grounds and should succeed in the proceedings by which the Company has made a claim against Mr. Hung, which shall extinguish Mr. Hung's claim in the Winding-up Petition.

(d) Appointment of Provisional Liquidators

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

Upon the joint application of the Company and Mr. Hung by consent summons on 4 November 2010 and upon the Company undertaking to the High Court to:

(1) deposit the sum of HK$10,658,922 into a designated interest-bearing bank account opened in the name of the Company (the "HCCW Designated Account") as security for the petitioning debt claimed by Mr. Hung in the proceedings, by 5:00p.m. on 9 November 2010, and not to use the monies so deposited in the HCCW Designated Account until after determination of the Action, or upon such other condition as may be agreed between Mr. Hung and the Company in writing;

(2) provide the bank statements relating to the HCCW Designated Account within 3 working days of the written request of Mr. Hung; and

(3) secure and preserve all the shares and assets (if any) of Wealth Gain and not to dispose of such shares and assets or any part thereof unless with Mr. Hung's written consent or until the determination of the High Court Action,

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

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

(e) Labour Action

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

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

The Company has been advised that re-litigating the Wages' Claim in the High Court, the subject matter of which has already been resolved and settled, constitutes an abuse of process of the Court and is therefore liable to be struck out under the relevant Rules of Court. The Company will defend both the Wages' Claim and the Reimbursement Claim as advised. The Company filed a defence and counterclaim whereby the Company only agreed to pay a sum of HK$74,221.20 out of Mr. Hung's claim, and counterclaimed against Mr. Hung for repayment of a sum of HK$67,569 being, inter alia, unauthorised payments incurred by Mr. Hung on the Company's behalf and the value of the Company assets held by Mr. Hung. Mr. Hung has subsequently filed a reply and defence to counterclaim. This case is now in the discovery stage. No hearing date has been scheduled for this case.

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

(f) Claim made by Hung against the Company

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

Particulars of the Claim are summarised as follows:–

The Plaintiffs' claim against the Company for:–

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

2. damages for the breach of agreements;

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

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

5. damages in reputation;

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

7. rescission of the abovesaid grant;

8. costs;

9. interests; and

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

The Plaintiffs claim against Ms. Geng Ying for:

1. damages;

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

3. damages in reputation;

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

5. rescission of the abovesaid grant;

6. costs;

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

The Plaintiffs claim against Mr. Gao Feng for:

1. damages;

2. damages in reputation;

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

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

5. rescission of the abovesaid grant;

6. costs;

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

The Plaintiffs claim against Mr. Chiu Sui Keung for:

1. damages;

2. damages in reputation;

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

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

5. rescission of the abovesaid grant;

6. costs;

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

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

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

   (a) disclosing no reasonable cause of action;

   (b) being scandalous, frivolous or vexatious;

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

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

and that the action therein be dismissed; and

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

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

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

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

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

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

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

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

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

7. Costs of this application be reserved.

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

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

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

The First Summons is now scheduled to be heard before Deputy High Court Judge Au-Yeung on 19 September 2011 at 10:00 a.m.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The Undertaking be discharged;

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

3. Liberty to apply; and

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

The Company has incurred approximately HK$5,800,000 up to 8 June 2011 in accrued interest expenses arising from the Claim, which after this settlement will be written back to the Company for the current financial year ending 31 March 2012. Having considered the legal opinion from its legal advisors and in view of the savings of the aforementioned interest costs; the saving of expected legal costs of the Company of over HK$4,000,000; the saving of time and other resources to be incurred in defending the Claim, and the fact that if the Company were to be unsuccessful in its defence it would have to pay the legal costs of Mr. Wong, the Board is of the view that the settlement is in the interests of the Company. The Company set aside a sum of HK$28,500,000 into a designated account to pay Mr. Wong and the Company still has sufficient working capital on hand.

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

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

On 2 July 2010, Mr. Hung Hoi Ming Raymond ("Mr. Raymond Hung"), brought an action at the Labour Tribunal against the Company and Sino Talent Holdings Limited ("Sino Talent"), a wholly-owned subsidiary of the Group for payment of a sum of approximately HK$389,000, being the amount allegedly owned by the Group on termination of his employment contract on 10 December 2009. The action was transferred to the District Court. Mr. Raymond Hung filed a Statement of Claim on 29 December 2010 and subsequently an Amended Statement of Claim on 11 January 2011 claiming against Sino Talent for payment of a sum of approximately HK$389,000.

The Company and Sino Talent filed a Defence and Counterclaim at the District Court on 2 February 2011 which the Group only agreed to pay to Mr. Raymond Hung a sum of approximately HK$95,000 and counterclaimed against him for repayment of a sum of approximately HK$128,000 being the amount of education subsidiary received by Mr. Raymond Hung; a sum of approximately HK$33,600 being compensation for unauthorized absence from work; and company assets. The parties have completed exchange of pleadings and no date for hearing of of this action has yet been fixed.

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

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

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

1. Possession of vehicle with vehicle identification number WP1ZZZPZ9LA81368 bearing a registration number of NP5059 ("the Vehicle");
2. Rent for the Vehicle between 11 December 2009 to the date of judgment;
3. Insurance premium for the Vehicle for the period between 11 December 2009 and 12 July 2010;
4. Vehicle licence fee for the Vehicle for the period between 11 December 2009 and the date of judgment or 28 October 2010 being the date of expiry of the current vehicle licence, whenever is earlier;
5. HK$6,980 being the amount reimbursed to the Defendant for car restoration coupons for the Vehicle;
6. Further or alternatively, damages for tort of conversion of the Vehicle;
7. interest;
8. further and other relief; and
9. costs.

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and elsewhere in this announcement, the Group has the following events occurred subsequent to the end of the reporting period:

(i) On 20 April 2011, Multi Century (BJ), a 51% owned subsidiary of the Company, and Heilongjiang CG Bureau entered into a memorandum of agreement on the Heilongjiang Unconventional Gas Research and Development Centre Project whereby the parties agreed to develop a strategic cooperation relationship to establish an unconventional gas research and development centre for the purposes of developing technologies for and providing services in the exploration and development of unconventional gas in Heilongjiang Province. For more details, please refer to the Company's announcement dated 20 April 2011.

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

(iii) On 23 May 2011, the Company and Zheng Xuefeng entered into a memorandum of understanding in respect of the proposed acquisition of the entire shareholding in Western Spark Investments Limited. For more details, please refer to the Company's announcement dated 23 May 2011.

(iv) On 8 June 2011, the Company paid the amount of HK$28,500,000 to Mr. Wong and by consent it is ordered that the Wong's Action be dimissed and no order as to costs.

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. Lam Williamson and the other two members are Mr. Cheng Wing Keung, Raymond and Mr. Wong Hoi Kuen. The Audit Committee has reviewed and discussed with the Company's management the annual results of the Group for the year ended 31 March 2011.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's results announcement for the year ended 31 March 2011 containing all information required by Appendix 16 of the Listing Rules is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's appointed website at http://www.capitalfp.com.hk/eng/index.jsp?co=223. The Annual Report will be despatched to the shareholders and published on the above websites in due course.

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

Hong Kong, 28 June 2011

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