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 2013

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 2013 together with the comparative figures of year 2012 as follows:–

* *for identification only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations			
Turnover	5	**37,084**	67,168
Cost of sales		**(36,573)**	(66,003)
Gross profit		**511**	1,165
Other revenue	5	**655**	3,390
Other income	6	**302**	5,290
Other operating expenses		**(29,805)**	(43,501)
Share-based payment		**(3,088)**	–
Impairment loss of goodwill		**(46,485)**	–
Fair value gain on derivative financial liabilities		**4,722**	567
Fair value gain/(loss) on derivative financial assets		**4,925**	(1,673)
Gain on disposal of subsidiaries		**–**	9
Loss from operating activities	6	**(68,263)**	(34,753)
Finance costs	7	**(21,442)**	(15,873)
Loss before tax		**(89,705)**	(50,626)
Taxation	8	**2,459**	2,462
Loss for the year from continuing operations		**(87,246)**	(48,164)
Discontinued operation			
Profit for the year from a discontinued operation	9	**3,670**	9,788
Loss for the year		**(83,576)**	(38,376)
Other comprehensive income, net of tax			
Exchange differences on translating foreign operations		**196**	242
Total comprehensive loss for the year, net of tax		**(83,380)**	(38,134)

	Notes	**2013** *HK$'000*	2012 *HK$'000* (restated)
Loss attributable to:			
Owners of the Company		**(83,269)**	(34,145)
Non-controlling interests		**(307)**	(4,231)
		(83,576)	(38,376)
Total comprehensive loss attributable to:			
Owners of the Company		**(83,284)**	(33,915)
Non-controlling interests		**(96)**	(4,219)
		(83,380)	(38,134)
Loss per share attributable to owners of the Company for continuing and discontinued operations	11		
– Basic		**4.5 cents**	2.5 cents
– Diluted		**4.5 cents**	2.5 cents
Loss per share attributable to owners of the Company for continuing operations			
– Basic		**4.7 cents**	3.3 cents
– Diluted		**4.7 cents**	3.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**27,793**	4,595
Goodwill		**70,135**	71,689
Derivative financial assets		**33,184**	17,924
Available-for-sale financial assets		**1**	1
		131,113	94,209
Current assets			
Trade receivables	12	**21,381**	71,212
Deposits, prepayments and other receivables	13	**58,034**	61,532
Amount due from a director		**–**	34
Deposits with banks		**10,891**	10,786
Cash and cash equivalents		**11,018**	5,030
		101,324	148,594
Assets classified as discontinued operation	9	**5**	–
Total current assets		**101,329**	148,594
Less: Current liabilities			
Trade payables	14	**20,022**	69,426
Accrued liabilities and other payables	15	**206,191**	193,387
Amounts due to shareholders	16	**23,215**	16,670
Derivative financial liabilities		**1,703**	4,159
Borrowings		**17,282**	18,414
Obligations under finance leases		**5,235**	462
Convertible notes		**173,500**	157,014
Deferred tax liabilities		**–**	2,720
		447,148	462,252
Liabilities directly associated with assets classified as discontinued operation	9	**5,353**	–
Total current liabilities		**452,501**	462,252
Net current liabilities		**(351,172)**	(313,658)
Total assets less current liabilities		**(220,059)**	(219,449)

	Notes	**2013**	2012
	Notes	***HK$'000***	*HK$'000*
Less: Non-current liabilities			
Convertible notes		**8,093**	–
Deferred tax liabilities		**261**	–
Obligations under finance leases		**723**	477
		9,077	477
Net liabilities		**(229,136)**	(219,926)
Equity attributable to owners of the Company			
Share capital		**20,623**	16,365
Reserves		**(247,609)**	(233,064)
		(226,986)	(216,699)
Non-controlling interests		**(2,150)**	(3,227)
Total equity		**(229,136)**	(219,926)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2013

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 engaged as investing and developing in unconventional gas business and coal and metals trading business.

The consolidated 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")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new and revised standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1 April 2012. The new and revised standards, amendments and interpretations adopted in the current year are referred to as new and revised HKFRSs. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The directors anticipate that the application of these new and revised HKFRSs has no material impact on the results and the financial position of the Group.

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

HKFRS 1 (Amendments)	Government Loan[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK(SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors anticipate that the application of these five standards will have no impact to the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

HKFRS 7 and HKAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 Presentation of Financial Statements;
- amendments to HKAS 16 Property, Plant and Equipment; and
- amendments to HKAS 32 Financial Instruments: Presentation.

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated 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 consolidated 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 consolidated 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 of approximately HK$83,576,000 for the year ended 31 March 2013 (2012: HK$38,376,000), the Group's net current liabilities and net liabilities of approximately HK$351,172,000 (2012: HK$313,658,000) and HK$229,136,000 (2012: HK$219,926,000) at 31 March 2013 respectively. In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain profitable and positive cash flows operations in the immediate and longer term.

In order to strengthen the capital base of the Group and to improve the Group's liquidity and cash flows in the near foreseeable future, and to sustain the Group as a going concern, the Company has entered into a loan facility agreement of up to HK$20,000,000 with ACE Channel Limited, beneficially owned by Mr. Gao Feng, a director and the substantial shareholder of the Company. The Company has already drawn down a total amount of approximately HK$6,641,000 as at 31 March 2013.

On 13 June 2013, the Company entered into the a share placing agreement to place up to 412,470,000 shares to not less than 6 share places at the placing price of HK$0.08. The net proceeds from the placement is approximately HK$32,460,000 which will be utilised by the Group as its general working capital and to finance the possible future acquisition when investment opportunities arise. The share placement has already been completed on 21 June 2013.

Moreover, the substantial shareholders of the Company have agreed to provide continuing financial support to the Group.

In the opinion of the directors, after taking into account of the above procedures, the Group will have sufficient working capital for its current requirement. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

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

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

Unconventional gas business	Provision of services in connection with unconventional gas and import of technical equipment for the unconventional gas industry
Coal and metals trading business	Trading of coal and metals in the PRC (trading of metals commenced during the year ended 31 March 2013)
Trade shows and exhibition operation	Sales agent to potential exhibitors for exhibition, trade shows and exhibition operation and providing ancillary services (the operation was discontinued in the current year)

The segment information reported in this note does not include any amounts for these discontinued operation, which is described in Note 9.

Segment revenues and results

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

2013

	Continuing operations		
	Unconventional gas business *HK$' 000*	**Coal and metals trading business** *HK$' 000*	**Consolidated** *HK$' 000*
Turnover			
Turnover from external customers	–	37,084	37,084
Result			
Segment loss	(4,814)	(2,023)	(6,837)
Unallocated income			763
Unallocated corporate expenses			(22,263)
Share-based payment			(3,088)
Impairment loss of goodwill	–	(46,485)	(46,485)
Fair value gain on derivative financial liabilities			4,722
Fair value gain on derivative financial assets	–	4,925	4,925
Finance costs			(21,442)
Loss before tax			(89,705)
Taxation			2,459
Loss for the year from continuing operations			(87,246)

2012

	Continuing operations		
	Unconventional gas business *HK$'000*	Coal and metals trading business *HK$'000*	Consolidated *HK$'000*
Turnover			
Turnover from external customers	–	67,168	67,168
Result			
Segment (loss)/profit	(8,859)	534	(8,325)
Unallocated income			8,197
Unallocated corporate expenses			(33,528)
Fair value gain on derivative financial liabilities	–	567	567
Fair value loss on derivative financial assets	–	(1,673)	(1,673)
Gain on disposal of a subsidiary			9
Finance costs			(15,873)
Loss before tax			(50,626)
Taxation			2,462
Loss for the year from continuing operations			(48,164)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2012: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the (loss)/profit generated by each segment without allocation of corporate expenses, share-based payment, impairment loss of goodwill, fair value gain on derivative financial liabilities, fair value gain/(loss) on derivative financial assets, gain on disposal of a subsidiary, 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

2013

	Continuing operations		Discontinued operation	
	Unconventional gas business	**Coal and metals trading business**	**Trade shows and exhibition operation**	**Consolidated**
	HK$' 000	***HK$' 000***	***HK$' 000***	***HK$' 000***
Assets				
Segment assets	**31,006**	**177,175**	**5**	**208,186**
Unallocated corporate assets				**24,256**
				232,442
Liabilities				
Segment liabilities	**6,320**	**67,238**	**5,353**	**78,911**
Unallocated corporate liabilities				**382,667**
				461,578

2012

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

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

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

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

Other segment information

	Depreciation and amortisation		**Additions to non-current assets***	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations:				
Unconventional gas business	**188**	83	**23,714**	1,297
Coal and metals trading business	**16**	5	**11**	11
Unallocated	**448**	567	**18**	2,553
Discontinued operation:				
Trade shows and exhibition operation	**–**	7	**–**	–
	652	662	**23,743**	3,861

* Additions to non-current assets excluding goodwill, derivative financial assets and available-for-sale financial assets.

Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in the PRC for the year ended 2013. 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	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**–**	–
The PRC	**37,084**	67,168
	37,084	67,168

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

	Carrying amount of non-current assets	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**2,789**	3,252
The PRC	**95,139**	73,032
	97,928	76,284

Information about major customers

For the year ended 31 March 2013, the Group's largest two customers contributed revenue from coal and metals trading business approximately HK$33,664,000, which represent 90.8% of total revenue.

For the year ended 31 March 2012, the Group's largest two customers contributed revenue from coal and metals trading business approximately HK$65,897,000 which represent 98.1% of total revenue.

	2013	2012
	HK$'000	*HK$'000*
Customer A	**–**	49,240
Customer B	**–**	16,657
Customer C	**23,714**	–
Customer D	**9,950**	–
Others	**3,420**	1,271
	37,084	67,168

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of coal sales and metals sales. An analysis of the Group's turnover and other revenue from continuing operations is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Turnover		
Coal sales	**27,134**	67,168
Metal sales	**9,950**	–
	37,084	67,168
Other revenue		
Bank interest income	**105**	144
Refund of legal and professional fee	**369**	2,799
Sundry income	**181**	447
	655	3,390
Total revenue	**37,739**	70,558

6. LOSS FROM OPERATING ACTIVITIES

	2013	2012
	HK$' 000	*HK$' 000*
		(restated)
The Group's loss from operating activities from continuing operations is arrived at after charging:		
Cost of inventory sold	**36,573**	66,003
Depreciation of property, plant and equipment	**652**	655
Loss on disposal of property, plant and equipment	**–**	328
Loss on written off of property, plant and equipment	**–**	268
Staff costs (including directors' remuneration)		
– wages and salaries	**13,838**	22,079
– share-based payment	**3,088**	–
– retirement benefits scheme contributions	**426**	291
	17,352	22,370
Auditors' remuneration		
– current year	**630**	630
– under-provision in previous year	**–**	16
	630	646
Minimum lease payments under operating lease rentals of office premises	**2,719**	2,082
and after crediting:		
Other income:		
Reversal of other payables	**–**	5,290
Gain on early redemption of convertible notes	**302**	–
	302	5,290

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Continuing operations:		
Interests on borrowings wholly repayable within five years	**136**	32
Interests on obligations under finance leases wholly repayable within five years	**1,200**	29
Interests on amounts due to shareholders wholly repayable within five years	**1,205**	892
Imputed interest expense on convertible notes	**18,657**	14,920
Other finance costs	**244**	–
	21,442	15,873

8. TAXATION

	2013	2012
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprises Income Tax	**–**	–
	–	–
Deferred tax	**(2,459)**	(2,462)
Total credit for the year	**(2,459)**	(2,462)
Tax credit from continuing operations for the year	**(2,459)**	(2,462)
Tax credit from discontinued operation for the year	**–**	–
Tax credit for the year	**(2,459)**	(2,462)

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

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

9. DISCONTINUED OPERATION

During the year ended 31 March 2013, the Group decided to discontinue its trade shows and exhibition operation and focus its resources on unconventional gas business and coal and metals trading business. Hence, trade shows and exhibition operation was classified as discontinued operation.

The results of the trade shows and exhibition operation for the year are presented below:

	2013	2012
	HK$'000	*HK$'000*
Turnover	**1,334**	69,480
Cost of sales	**–**	(53,491)
Other revenue	**–**	269
Other income	**2,700**	–
Other operating expenses	**(364)**	(6,470)
Profit from operating activities	**3,670**	9,788
Finance costs	**–**	–
Profit before tax	**3,670**	9,788
Taxation	**–**	–
Profit for the year	**3,670**	9,788

The major classes of assets and liabilities of the trade shows and exhibition operation classified as discontinued operation as at 31 March 2013 are as follows:

	2013	2012
	HK$'000	*HK$'000*
Assets		
Deposits, prepayments and other receivables	**–**	–
Cash and cash equivalents	**5**	–
Assets classified as discontinued operation	**5**	–
Liabilities		
Accrued liabilities and other payables	**5,353**	–
Liabilities directly associated with assets classified as discontinued operation	**5,353**	–
Net liabilities directly associated with the discontinued operation	**(5,348)**	–

The cash flows incurred by trade shows and exhibition operation are as follows:

	2013	2012
	HK$'000	*HK$'000*
Net cash outflows from operating activities	**(297)**	(1,939)
Net cash outflows from investing activities	**–**	(269)
Net cash outflows	**(297)**	(2,208)

Earnings per share from discontinued operation:

	2013	2012
	HK cents	*HK cents*
– Basic	**0.2**	0.7
– Diluted	**0.2**	0.7

The earnings per share attributable to owners of the Company from the discontinued operation is based on the profit for the year of approximately HK$3,670,000 (2012: HK$9,788,000) and the weighted average number of ordinary shares in issue during the year of 1,858,242,012 (2012: 1,351,766,302).

Diluted earnings per share was the same as the basis earnings per share. The Company's outstanding warrants, convertible notes and share options were not included in the calculation of diluted earnings per share because the effect of the Company's outstanding warrants, convertible notes and share options were anti-dilutive.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2013 (2012: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year of 1,858,242,012 (2012: 1,351,766,302).

Diluted loss per share for the years ended 31 March 2013 and 2012 were the same as the basic loss per share. The Company's outstanding warrants, convertible notes and share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding warrants, convertible notes and share options were anti-dilutive.

	2013	2012
	HK$'000	*HK$'000*
The (loss)/profit for the year attributable to the owners of the Company are as follows:		
– from continuing operations	**(86,939)**	(43,933)
– from discontinued operation	**3,670**	9,788
Loss for the year from continuing and discontinued operations	**(83,269)**	(34,145)

12. TRADE RECEIVABLES

The aged analysis of trade receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**–**	59,180
31 to 60 days	**11,376**	10,096
61 to 90 days	**322**	–
91 to 180 days	**104**	–
Over 180 days	**9,579**	1,936
Total	**21,381**	71,212

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.

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Deposits	**3,698**	19,216
Prepayments	**6,561**	11,994
Other receivables	**47,775**	30,322
	58,034	61,532

As at 31 March 2013, included in other receivables, approximately HK$10,000,000 (2012: HK$10,000,000) was the deposits previously paid into the High Court of Hong Kong (the "High Court") for an injunction order.

14. TRADE PAYABLES

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

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**–**	55,916
31 to 60 days	**11,102**	–
61 to 90 days	**312**	–
91 to 180 days	**–**	2,769
Over 180 days	**8,608**	10,741
Total	**20,022**	69,426

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

15. ACCRUED LIABILITIES AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Accrued liabilities	**174,207**	177,123
Other payables	**31,984**	15,896
Amount due to a related company	**–**	368
	206,191	193,387

Included in accrued liabilities of HK$158,600,000 (2012: 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 Chan, Richael ("Mr. Hung") in the High Court 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.

As at 31 March 2013, amount due to a related company, which has a common director with the Company, was approximately HK$Nil (2012: HK$368,000). The amount due is unsecured, interest-free and repayable on demand.

16. AMOUNTS DUE TO SHAREHOLDERS

	2013	2012
	HK$'000	*HK$'000*
Amount due to Mr. Hung *(Note i)*	**16,238**	15,358
Amount due to ACE Channel Limited *(Note ii)*	**6,977**	1,312
	23,215	16,670

Notes:

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

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

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

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

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

EXTRACTED FROM INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, 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 2013 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$83,576,000 during the year ended 31 March 2013 and, as of that date, the Group had net current liabilities of approximately HK$351,172,000 and net liabilities of approximately HK$229,136,000. 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.

1. Coal and Metals Trading Business

In 2012, China's GDP growth rate went down, growth in coal consumption slowdown, downstream inventory continued to remain high, while coal price in the market was at low level, and there was an oversupply in the overall domestic coal market. Facing a declining coal trading market, management has taken a more cautious and conservative approach towards sales orders of coal trading.

Profit Guarantee under Wealthy Wing Acquisition

With reference to the circular of the Company dated 28 September 2011, for the acquisition of the Wealthy Wing Limited and its subsidiaries ("Wealthy Wing Acquisition"), the vendor undertakes and guarantees to the Company that (i) the audited distributed profit (the "First Year Distributable Profit") after tax of Heilongjang Derong Coal Industrial Co., Ltd ("Derong") for the period commencing from the Completion date (i.e 30 November 2011) up to 31 December 2011 (the "First Year") prepared in accordance with the International Financial Reporting Standards ("IFRS") will not be less than RMB15 million (the "First Year Consideration Adjustment"); (ii) the audited distributable profits (the "Second Year Distributable Profit") after tax of Derong for the period commencing from 1 January 2012 to 31 December 2012 (the "Second Year") prepared in accordance with the IFRS will not be less than RMB50 million (the "Second Year Consideration Adjustment"); and (iii) the audited distributable profits (the "Third Year Distributable Profit") after tax of Derong for the period commencing from 1 January 2013 to 31 December 2013 (the "Third Year") prepared in accordance with the IFRS will not be less than RMB70 million (the "Third Year Consideration Adjustment"). The distribution of consideration shares issued under the Wealthy Wing Acquisition is subject to a consideration adjustment ("Derong's Consideration Adjustment") mechanism based on Derong's results throughout the three years ending 2013. Based on the audited accounts of Derong, the Second Year loss was RMB559,000 which was far below the Second Year guaranteed by vendor. Accordingly, no consideration shares will be delivered to the vendor for the Second Year and the Derong's Consideration Adjustment for the First Year and Second Year will be rolled over to year ending 2013.

Profit Guarantee under Zhan Sheng Acquisition

With reference to the announcement of the Company dated 31 March 2012, for the acquisition of the Zhan Sheng Investments Limited and its subsidiaries ("Zhan Sheng Acquisition"), the vendor undertakes and guarantees to the Company that (i) the audited distributed profit (the "First Year Distributable Profit") after tax of Hubei Tiegang Trading Company Limited ("Hubei Tiegang") for the period commencing from the Completion date (i.e 31 August 2012) up to 31 December 2012 (the "First Year") prepared in accordance with the International Financial Reporting Standards ("IFRS") will not be less than RMB9 million (the "First Year Consideration Adjustment"); (ii) the audited distributable profits (the "Second Year Distributable Profit") after tax of Hubei Tiegang for the period commencing from 1 January 2013 to 31 December 2013 (the "Second Year") prepared in accordance with the IFRS will not be less than RMB16 million (the "Second Year Consideration Adjustment"); and (iii) the audited distributable profits (the "Third Year Distributable Profit") after tax of Tiegang for the period commencing from 1 January 2014 to 31 December 2014 (the "Third Year") prepared in accordance with the IFRS will not be less than RMB23 million (the "Third Year Consideration Adjustment"). The distribution of consideration shares issued under the Zhan Sheng Acquisition is subject to a consideration adjustment ("Tiegang's Consideration Adjustment") mechanism based on Hubei Tiegang's results throughout the three years ending 2014. Based on the audited accounts of Hubei Tiegang, the First Year loss was RMB33,000 which was far below the First Year guaranteed by vendor. Accordingly, no consideration shares will be delivered to the vendor for the First Year and the Hubei Tiegang's Consideration Adjustment for the First Year will be rolled over to year ending 2013.

2. Trade Shows and Exhibition Operation

The expiry of both the Master Project Management Agreement with Group Idea International Limited on 5 April 2012 and the Sales Agency Agreement with Kenfair Exhibition (Hong Kong) Limited on 31 October 2012 respectively of the Group's exhibition business. The Group has restructured its business portfolio and ceased to engage in the exhibition business. The Board intends to put more focus on the development of the Group's energy and resources related businesses and considers it appropriate to exit from the exhibition industry.

3. Unconventional Gas Business

The Group continues its close collaboration with Coalfield Geology Reconnaissance Design and Research Institute of Heilongjiang Province ("HCI").

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

In October 2012, two units of Equipment has already arrived at the port of Tianjin in the PRC. Afterwards, MCT (BJ) has been cooperating with HCI to set up a project by seeking the Heilongjiang Development and Reform Commission ("HDRC") approval to demonstrate the technology of the Equipment in the cities of Hegang (鶴崗), Jixi (雞西) and Yilan (依蘭) for CBM stimulation work (the "Project"). The Project also may allow MCT (BJ) to get tax exemption on Customs duties and import VAT for a maximum of 25% of the value of the Equipment. The Company believes that the Equipment could be in full operation in the second half of 2013 and shall contribute to the business growth of the Group's unconventional gas segment in the next financial year.

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

Detail of the litigation of the Group and the Company as at 31 March 2013, please refer to "Litigations and Contingent Liabilities" below.

RESULTS ANALYSIS

For the year ended 31 March 2013, the Group recorded turnover of HK$37,084,000 from continuing operations (2012: HK$67,168,000), representing a decrease of 44.8% over last year. The turnover were mainly contributed by the coal and metals trading segment. Decrease of the turnover was mainly due to material adverse change in the coal trading business environment in China, especially the coal market rapidly deteriorated in the 2nd to 4th quarter of 2012. The slowdown of coal demand and consumption with oversupply in the market resulted in fiercer competition and extensively minimised profit margin. The management has taken a more cautious and conservative approach towards sales orders of the coal trading.

For the year ended 31 March 2013, the Group recorded a loss attributable to shareholders of approximately HK$83,269,000 (2012: HK$34,145,000); basic loss per share for continuing operations was approximately HK$4.7 cents (2012: HK$3.3 cents). This has included some non-cash items: (i) imputed interest expense of HK$18,657,000 (2012: HK$14,920,000) on convertible notes under finance costs; (ii) fair value gain on derivative financial assets of HK$4,925,000 (2012: fair value loss of HK$1,673,000) and fair value gain on derivate financial liabilities of HK$4,722,000 (2012: HK$567,000); (iii) fair value on share-based payment of HK$3,088,000 (2012: HK$Nil); and (iv) impairment loss of goodwill of HK$46,485,000 (2012: HK$Nil) from Wealthy Wing Acquisition.

PROSPECT AND OUTLOOK

Despite the slowdown in the PRC economy in 2012 and uncertainties of global economic recovery, which affected the level of demand for coal and minimized the opportunity of the coal trading business in the PRC, the Directors are cautiously optimistic on the future of the coal trading business in the PRC, as positive signs of recovery shown in the domestic economy in the PRC together with the recovery of the downstream industry shall drive the demand for coal.

For the unconventional gas business, the testing and installation of the Equipment will be commenced in the second half of 2013. The success of the Projects with HCI will bring a good opportunity for the Group to develop the business with other state-owned enterprises on the stimulation work in the PRC. The Group expects the unconventional business will commence to generate revenue in the next financial year.

The Group will continue to explore investment opportunities in the resources and energy related sector to achieve inorganic growth, on top of its existing unconventional gas and coal and metals trading business platform.

FINANCIAL REVIEW

Capital Structure

On 6 July 2012, the Company issued a convertible notes in an aggregate principal amount of HK$15,000,000 at 12% coupon rate per annum with maturity on the second anniversary of the issue date. The convertible notes will be convertible into 75,000,000 conversion shares at the initial conversion price of HK$0.2 per conversion shares. Pursuant to convertible note subscription agreement, the initial conversion price is subject to adjustment on the occurrence of average closing price of the Company's shares as quoted on the daily quotation sheet of the Stock Exchange for the period commencing from the date of issue of the convertible note and ending on the 180th day thereafter falls below the then conversion price. On 2 January 2013, the initial conversion price is adjusted to HK$0.129 per conversion shares. As at 31 March 2013, no conversion shares were issued upon conversion of the convertible notes.

On 25 October 2012, the Company has successfully placed of 174,000,000 shares, at the placing price of HK$0.115 per share and raised net proceed of approximately HK$19,800,000. The proceed was used for 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, issuance of convertible notes, shares placement and shareholder's loan.

As at 31 March 2013, deficit on shareholders' funds of the Group aggregately amounted to HK$229,136,000 (2012: HK$219,926,000). As at 31 March 2013, the Group's assets-liabilities ratio (total liabilities to total assets) was approximately 1.99 times (2012: 1.91 times). Net current liabilities of the Group amounted to approximately HK$351,172,000

(2012: HK$313,658,000). Current assets of the Group was approximately HK$101,329,000 (2012: HK$148,594,000), of which fixed deposits, cash and bank balances amounted to approximately HK$21,914,000 (2012: HK$15,816,000). The following items with an aggregate amount of HK$348,338,000 (2012: HK$333,692,000), which are included in current liabilities, are related to the legal proceedings with Mr. Hung in the High Court of Hong Kong (the "High Court"): (i) HK$158,600,000 (2012: HK$158,600,000) was consideration payable for the acquisition of Wealth Gain Global Investment Limited and its subsidiary; (ii) HK$16,238,000 (2012: HK$15,358,000) was the shareholder's loan plus interest from Mr. Hung; and (iii) convertible notes of HK$173,500,000 (2012: HK$157,014,000), and respective deferred tax liabilities of HK$Nil (2012: HK$2,720,000). The Board considers that the liquidity of the Group is good enough for the year ended 31 March 2013 and the Group would be turned to net assets position to HK$119,202,000 (2012: HK$113,766,000) if removal of (i) to (iii).

As at 31 March 2013, the Group's gearing ratio (total debts to total equity) was 99.5% (2012: 89.7%).

Exposure to Fluctuations in Exchange Rates and any Related Hedges

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

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

Dividend

The Board of the Company does not recommend any payment of final dividend to shareholders for the year ended 31 March 2013 (2012: Nil).

OTHER EVENTS

Employees and Remuneration Policy

As at 31 March 2013, the Group had a total of 30 employees (2012: 53) 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. During the year ended 31 March 2013, 71,158,000 share options have been granted to the directors and employee of the Group and 2,062,000 share options were lapsed. As at 31 March 2013, 127,796,000 share options are remained outstanding.

Material Acquisition and Disposal

On 31 August 2012, the Company duly completed the acquisition of the entire issued share capital of Zhan Sheng Investments Limited and its subsidiaries ("Zhan Sheng Group") at a consideration of HK$41,780,000. Zhan Sheng Group is principally engaged in trading of coal and metals in the PRC.

The Group did not have material disposal for the year ended 31 March 2013.

Significant Investment

The Group did not hold any significant investment for the year ended 31 March 2013.

LITIGATIONS AND CONTINGENT LIABILITIES

The Group and the Company

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

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

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

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

(i) rescission of the Agreement;

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

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

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

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

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

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

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

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

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

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

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

(b) Injunction Order

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

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

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

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

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

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

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

On 3 September 2010, Mr. Hung through his solicitors applied by way of a Summons to vary the Injunction Order granted by the Honourable Mr. Justice Chung dated 30 March 2010 (the "Application") and the hearing was scheduled to be heard on 20 September 2010. The Court dismissed Mr. Hung's Application by way of summons, for an order to vary the Injunction Order made against the Defendants. The Court ordered costs of the summons be paid by the Defendants to the Company in any event.

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

Mr. Hung put the Company on notice on 6 October 2011 that he would take out an application by way of an inter parte summons, for variation of the ex parte Order granted by the Honourable Mr. Justice Yam on 22 January 2010, which was discharged and re-granted by the Honourable Mr. Justice Chung on 30 March 2010 (the "Order") Pursuant to the summons, Mr. Hung together with Mega Wealth and Webright are seeking for an order that:–

(1) the Order be varied by:

  (i) that the Mr. Hung be permitted to exercise the right to convert a portion of the Convertible Note in the principal amount of HK$123,204,095 into 246,408,190 ordinary shares of the Company at a conversion price of HK$0.5 per share and that the Mr. Hung be registered forthwith as the shareholder of such converted and allotted 246,408,190 shares;

  (ii) amending Paragraph 1(a) in the following manner:

  "The 323,048,190 of the Company's shares issued to the Mr. Hung at issue price of HK$0.5 per share;"

  (iii) amending Paragraph 1(b) in the following manner:

  "The non-interest bearing convertible redeemable note issued by the Company to the Mr. Hung ("Convertible Note") in the principal amount of HK$50,295,905 convertible into ordinary shares of the Company at a conversion price of HK$0.5 per share;"

(iv) adding Paragraph 6:

"save and except what is permitted under Paragraph 7;"

(v) adding to Paragraph 7:

"save and except exercising voting rights of the Shares, either by himself or by the Mr. Hung via proxy or any other agent, at the extraordinary general meeting of the Company which was fixed to be held at Room 2502, 25/F, 9 Queen's Road Central, Central, Hong Kong on Friday, 14 October 2011 at 2.30 p.m. pursuant to the Company's circular dated 28 September 2011 or at such other adjourned dates and places for that extraordinary general meeting;"

(vi) alternatively, any Order that the Honourable Court deems fit.

(2) the time for service of this summons be abridged; and

(3) costs of and occasioned by this application be to provide for.

The Court on 13 October 2011 made the following Order that:

1. the Summons be dismissed; and

2. the costs of the Summons be paid to the Company by Mr. Hung, Mega Wealth and Webright with two certificates to counsels.

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

(c) Winding-up Petition

Mr. Hung served the statutory demands on the Company in respect of a total outstanding Alleged Indebtedness of HK$41,722,630 (the "Statutory Demands"). A winding-up petition (the "Winding-up Petition") was presented to the High Court and served on the Company by Mr. Hung on 28 January 2010 in connection with the Alleged Indebtedness. The Company intends to oppose the Winding-up Petition and has appointed legal advisers to handle the matter. The first hearing of the Winding-up Petition was held on 7 April 2010. At the second hearing held in the High Court on 12 April 2010, upon hearing submissions by the parties, the Companies Judge made an order that, among other things, the Winding-up Petition be adjourned to the second Monday after the date of handing down of judgment in connection with the Statement of Claim by which the Company has made a claim against Mr. Hung. On 24 August 2010, the Court made an order by consent of both parties to grant leave to the Petitioner to amend the Winding-up Petition and costs of and occasioned by the amendment of the Winding-up Petition be paid by the Petitioner to the Company in any event. The Petitioner amended the Winding-up Petition, including, among others, a reduction of the Alleged Indebtedness to HK$9,600,000. The Board of the Company considers that the issue of the Statutory Demands is, of itself, unlikely to have a negative impact on the Group's financial condition. In addition, the Company may seek to set-off against the Alleged Indebtedness claims which the Company is asserting against Mr. Hung under the Statement of Claim. The Board of the Company is of the view that it has a bona fide claim on substantial grounds and should succeed in the Proceedings by which the Company has made a claim against Mr. Hung, which shall extinguish Mr. Hung's claim in the Winding-up Petition.

(d) Appointment of Provisional Liquidators

On 28 January 2010, by a letter to the High Court, Mr. Hung's solicitors applied for an early date for a first hearing of the application for appointment of provisional liquidators to the Company by Mr. Hung (the "Application"). A hearing in respect of the Application took place on 2 February 2010, at which a date was set down for a further hearing on 5 May 2010. The Company and Mr. Hung, through their lawyers, entered into a consent summons whereby the hearing scheduled on 5 May 2010 for the Application was adjourned without a further date of hearing, with liberty to restore. The Court made an order by consent on 26 April 2010 in this regard. Notwithstanding this, the Company received a letter from Mr. Hung's lawyers dated 15 June 2010 in which, among other things, Mr. Hung requested to set down a date for the hearing of the Application. The Application was scheduled to be heard on 9 November 2010. However, upon the joint application of Mr. Hung (the "Petitioner") and the Company by way of consent summons dated 4 November 2010 and upon the Company undertaking to the Court that:

(i) On 9 November 2010, deposit the sum of HK$10,658,922 into a designated interest-bearing bank account opened in the name of Company ("Designated Account") as security for the petitioning debt claimed by the Petitioner in these proceeding and will not use the monies as deposited in the Designated Account until after determination of HCA2477 of 2009 or upon such other condition as may be agreed between the Petitioner and the Company in writing;

(ii) It shall within 3 working days of the written request of the Petitioner provide the bank statements relating to the Designated Account; and

(iii) It shall secure and preserve all the shares and assets (if any) of Wealth Gain and will not dispose of such shares and assets or any part thereof unless with the Petitioner's written consent or until the determination of HCA2477 of 2009;

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

The parties are now in the process of negotiation for the Petitioner to agree to have the Amended Petition be dismissed on the condition that the Company to arrange for a guarantee issued by a bank in Hong Kong in favour of Mr. Hung in the amount equivalent to the above deposit of HK$10,658,922 and the issue regarding the petitioning debt be dealt with in the action HCA2477/2009. Parties did not take any further action in the proceedings until the Petitioner's solicitors sent a letter on 30 April 2013 proposing to re-amend the Amended Petition to include a HK$3,000,000 sum in the winding-up petition in which it is actually part of the consideration under the sale and purchase agreement for the acquisition of Wealth Gain Global Investment Limited and the subject matter of parties' dispute in HCA2477/2009. The Company have objected to the proposed amendment on 9 May 2013 and will oppose the Petitioner's application for leave to amend should they take out such application. The Company consider the above proposal to be very reasonable and should the parties failed to reach an agreement for the dismissal of the Amended Petition, the Company shall proceed to apply for the dismissal of the Amended Petition.

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

(e) Labour Action

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

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

The Company has been advised that re-litigating the Wages' Claim in the High Court, the subject matter of which has already been resolved and settled, constitutes an abuse of process of the Court and is therefore liable to be struck out under the relevant Rules of Court. The Company will defend both the Wages'

Claim and the Reimbursement Claim as advised. The Company filed a defence and counterclaim whereby the Company only agreed to pay a sum of HK$74,221.20 out of Mr. Hung's claim, and counterclaimed against Mr. Hung for repayment of a sum of HK$67,569 being, inter alia, unauthorised payments incurred by Mr. Hung on the Company's behalf and the value of the Company assets held by Mr. Hung. Mr. Hung has subsequently filed a reply and defence to counterclaim. This case is now in the discovery stage on 28 June 2011, the Company and Mr. Hung filed a joint application for on order by consent that: (i) this action be stayed sine die with liberty to restore by either party; (ii) and costs reserved. No hearing date has been scheduled for this case on 28 June 2011, the Company and Mr. Hung filed a joint application for an order by consent that:

(i) This action be stayed sine die with liberty to restore by either party; and

(ii) cost reserved.

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

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

On 2 July 2010, Mr. Hung Hoi Ming Raymond (the "Claimant"), brought an action at the Labour Tribunal against the Company and Sino Talent Holdings Limited ("Sino Talent"), a wholly owned subsidiary of the Group for payment of a sum of approximately HK$347,000, being the amount allegedly owed by the Group on termination of his employment contract dated 10 December 2009. The Group have filed with the Labour Tribunal a defence and counterclaim which the Group only agreed to pay a sum of approximately HK$95,000 and counterclaimed against the Claimant for repayment of a sum of approximately HK$128,000 being the amount of education subsidy received by the Claimant and a sum of an approximately HK$46,000 being compensation for unauthorized absence from work and outstanding telephone bills. Pursuant to an Order by the Labour Tribunal dated 27 July 2010, the case was transferred to the District Court. At the directions hearing on 17 November 2010. The Court ordered that: (i) The Claimant do file and serve the Statement of Claim on or before 22 December 2010; (ii) The Sino Talent do file and serve the Defence and Counterclaim, if any, on or before 26 January 2011; (iii) The Claimant do file and serve the Reply and Defence to Counterclaim on or before 2 March 2011; and (iv) The costs of this directions hearing, assessed summarily in the sum of HK$800 be costs in the cause. On 28 June 2011, the Company, Sino Talent and Claimant filed a joint application for an order by consent that: (i) this action be stayed sine die with liberty to restore by either party; and (ii) cost reserved. The Board of the Company, based on legal advices, is of the view that the Group have a good defence to the Claimant's claim and a good chance of success in respect of the respective counterclaims.

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

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

1. Possession of vehicle with vehicle identification number WP1ZZZPZ9LA81368 bearing a registration number of NP5059 ("the Vehicle");

2. Rent for the Vehicle between 11 December 2009 to the date of judgment;

3. Insurance premium for the Vehicle for the period between 11 December 2009 and 12 July 2010;

4. Vehicle licence fee for the Vehicle for the period between 11 December 2009 and the date of judgment or 28 October 2010 being the date of expiry of the current vehicle licence, whenever is earlier;

5. HK$6,980 being the amount reimbursed to the Defendant for car restoration coupons for the Vehicle;

6. Further or alternatively, damages for tort of conversion of the Vehicle;

7. interest;

8. further and other relief; and

9. costs.

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

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

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

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

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

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

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

The vehicle has been returned to Sino Talent on 17 March 2012 and Defendant paid the HK$100,000 to Sino Talent on 29 February 2012. The Defendant also paid HK$290,000 to Sino Talent for final settlement of the costs under these proceedings on 2 January 2013

The case is closed during the year ended 31 March 2013.

(h) Civil claim against Derong

On 7 March 2013, a PRC independent third party (the "PRC Claimant") filed a statement of claim and an asset preservation application against Derong, an indirect non wholly-owned subsidiary of the Company, in the People's Court for recovery of an alleged indebtedness of RMB6,490,000 plus interest owed to it by Derong (the "Claim"). However, the statement of claim did not mention a tri-party agreement dated 29 November 2011 among the Dreong, the PRC Claimant and a third party (the "Tri-Party Agreement") whereas the alleged indebtedness has been transferred to the said third party.

Upon the asset preservation application taken out by the PRC Claimant, the People's Court ordered to freeze a bank account of Derong with deposit of RMB8,300,000 therein on 8 March 2013 (the "Injunction Order"). According to the Injunction Order, Derong is restrained from dealing with the said deposit in the bank account from the service date of the ruling of civil action in respect of the Injunction Order.

After receipt of the said ruling of civil action and the relevant legal documents on 11 March 2013, Derong has retained PRC lawyer to take steps to discharge the Injunction Order and defend the Claim immediately. Derong filed an opposition application and an Injunction Order discharge application on 18 March 2013 and 26 April 2013 respectively, in which Derong presented its views that the alleged indebtedness sought by the PRC Claimant does not exist at all and the PRC Claimant case was made without merit as all debts owed by Derong to the PRC Claimant was transferred to a third party pursuant to the Tri-Party Agreement. Derong's PRC lawyer opined in May 2013 that Derong should not be held liable for the Claim, Derong has a good defence against the PRC Claimant's Claim and a good chance of success in respect of the Claim.

The Board expects that the Claim shall incur additional financial costs and operating costs of Derong, but the Claim shall not have material impact on the Group as a whole.

EVENTS AFTER THE REPORTING PERIOD

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

(i) On 5 April 2013, the Company and the placing agent, Grand Vinco Capital Limited ("Grand Vinco"), entered into the termination agreement to terminate the warrant placing agreement and the supplemental warrant placing agreement due to the current adverse market conditions. For details of the warrant placing agreement and the supplemental warrant placing agreement, please refer to the announcement dated 8 February 2013 and 28 March 2013.

(ii) On 9 May 2013, the Company and Hugo Faithful Holdings Limited ("Hugo Faithful") entered into a memorandum of understanding (the "MOU") whereby the Company and Hugo Faithful agreed to negotiate in good faith to enter into the formal agreement on the possible acquisition.

Under the MOU, the Company will acquire the entire issued share capital of Glacier Sun Limited ("GSL") from Hugo Faithful. GSL will undergo certain steps of restructuring and upon completion of which, it will own 7% of Wide Code New Material Development Limited ("Wide Code"). Wide Code will in turn own the entire registered capital of Wuhu Weixiang Neo-Material Co., Ltd ("Wuhu Weixiang"), which is a PRC company principally engaged in the production and sale of ultra-fine nano calcium carbonate powder and related products which are broadly applied in plastic, paint, paper and rubber industries. For more details, please refer to the Company's announcement dated 5 May 2013.

(iii) On 12 May 2013, the Company entered into a share placing agreement and a warrant placing agreement with Grand Vinco will place of 252,470,000 shares at the placing price of HK$0.09 and will issue 160,000,000 unlisted warrants at an issue price of HK$0.004 per warrant. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK$0.004 each at a subscription price of HK$0.096 per share, payable in cash and subject to adjustment from the date of issue of the warrants to the expiry, which is 36 months from the issue of the warrants. The share placing agreement and the warrant placing agreement verbally agreed to terminate on 13 June 2013 and the termination agreement was signed on 14 June 2013.

(iv) On 13 June 2013, the Company entered into the new share placing agreement with Win Fung Securities Limited to place up to 412,470,000 shares to not less than 6 share places at the placing price of HK$0.08 on a best effort basis. The net proceeds from the placement is approximately HK$32,460,000 which will be utilised by the Group as its general working capital and to finance the possible acquisition of the entire issued share capital of GSL as mentioned in (ii) above or other future acquisition when investment opportunities arise. The new share placement has already been completed on 21 June 2013.

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 2013.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company applied the principles and complied with all code provisions of the Corporate Governance Code 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 2013 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, 26 June 2013

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. Wang Xihua, and the independent non-executive directors of the Company are Mr. Cheng Wing Keung Raymond, Mr. Lam Williamson and Mr. Wong Hoi Kuen.