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 2014

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 2014 together with the comparative figures for the year ended 31 March 2013 as follows:–

* *for identification only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Continuing operations			
Turnover	5	**42,540**	37,084
Cost of sales		**(41,289)**	(36,573)
Gross profit		**1,251**	511
Other revenue	5	**107**	655
Other income	6	**366**	302
Other operating expenses		**(25,987)**	(29,805)
Share-based payment		**–**	(3,088)
Impairment loss of goodwill		**–**	(46,485)
Impairment loss of other receivables		**(5,679)**	–
Fair value (loss)/gain on derivative financial liabilities		**(1,806)**	4,722
Net fair value (loss)/gain on derivative financial assets		**(6,968)**	4,925
Loss on disposal of subsidiaries		**(12,752)**	–
Share of loss of an associate		**(1,848)**	–
Loss from operating activities	6	**(53,316)**	(68,263)
Finance costs	7	**(6,300)**	(21,442)
Loss before tax		**(59,616)**	(89,705)
Taxation	8	**261**	2,459
Loss for the year from continuing operations		**(59,355)**	(87,246)
Discontinued operation			
Profit for the year from a discontinued operation		**5,104**	3,670
Loss for the year		**(54,251)**	(83,576)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**183**	196
Other comprehensive income for the year, net of income tax		**183**	196
Total comprehensive loss for the year		**(54,068)**	(83,380)

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(46,044)**	(83,269)
Non-controlling interests		**(8,207)**	(307)
		(54,251)	(83,576)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(46,032)**	(83,284)
Non-controlling interests		**(8,036)**	(96)
		(54,068)	(83,380)
Loss per share			
From continuing and discontinued operations	10		
– Basic		**(1.7) cents**	(4.5) cents
– Diluted		**(1.7) cents**	(4.5) cents
From continuing operations			
– Basic		**(1.9) cents**	(4.7) cents
– Diluted		**(1.9) cents**	(4.7) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**26,134**	27,793
Interest in an associate		**23,904**	–
Goodwill		**46,630**	70,135
Derivative financial assets		**17,940**	33,184
Available-for-sale financial assets		**1**	1
		114,609	131,113
Current assets			
Trade receivables	11	**1,321**	21,381
Deposits, prepayments and other receivables	12	**95,724**	58,034
Deposits with banks		**10,905**	10,891
Cash and cash equivalents		**15,170**	11,018
		123,120	101,324
Assets classified as discontinued operation		**–**	5
Total current assets		**123,120**	101,329
Less: Current liabilities			
Trade payables	13	**110**	20,022
Accrued liabilities and other payables	14	**174,478**	206,191
Amount(s) due to a shareholder(s)	15	**17,118**	23,215
Derivative financial liabilities		**–**	1,703
Borrowings		**–**	17,282
Obligations under finance leases		**–**	5,235
Convertible notes		**173,500**	173,500
		365,206	447,148
Liabilities directly associated with assets classified as discontinued operation		**–**	5,353
Total current liabilities		**365,206**	452,501
Net current liabilities		**(242,086)**	(351,172)
Total assets less current liabilities		**(127,477)**	(220,059)

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Less: Non-current liabilities			
Obligations under finance leases		**–**	723
Convertible notes		**–**	8,093
Deferred tax liabilities		**–**	261
Promissory note		**11,611**	–
		11,611	9,077
Net liabilities		**(139,088)**	(229,136)
Capital and reserves			
Share capital		**32,515**	20,623
Reserves		**(161,228)**	(247,609)
		(128,713)	(226,986)
Non-controlling interests		**(10,375)**	(2,150)
Total equity		**(139,088)**	(229,136)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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, coal and metals trading business and provision of agency services and trading of commodities.

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")

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2013.

A summary of the new HKFRSs adopted by the Group is set out as follows:

HKFRS 1 (Amendments)	Government Loan
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for the amendments to HKAS 1, the application of these new HKFRSs has no material impact on the results and the financial position of the Group.

The nature of the impending changes in accounting policy are described below.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012.

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.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 9	Financial Instruments[3]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9 HKFRS 7 and HKAS 39[3]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HK(IFRIC)-Int 21	Levies[1]

[1] effective for annual periods beginning on or after 1 January 2014, with earlier application permitted
[2] effective for annual periods beginning on or after 1 July 2014, with earlier application permitted
[3] no mandatory effective date yet determined but is available for adoption
[4] effective for annual periods beginning on or after 1 January 2016
[5] effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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.

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

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 (e.g. the Group's available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). 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.

Amendments to HKFRS 7 and HKAS 32 — 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.

Amendments to HKAS 36 — Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The directors anticipate that the application of these amendments to HKAS 36 will have no material impact on the Group's financial performance and positions.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The investment entities amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The directors anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) will have no material impact on the Group's financial performance and positions.

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in HKFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The directors anticipate that the application of these amendments to HKAS 39 will have no material impact on the Group's financial performance and positions.

HK (IFRIC)-Int 21 Levies

HK (IFRIC)-Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC)-Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

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 HKFRSs, 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.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out in the Company's annual report for the year ended 31 March 2014.

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$54,251,000 for the year ended 31 March 2014 (2013: HK$83,576,000), the Group's net current liabilities and net liabilities of approximately HK$242,086,000 (2013: HK$351,172,000) and HK$139,088,000 (2013: HK$229,136,000) at 31 March 2014 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.

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 agency fee and trading of commodities. 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
Agency fee and trading of commodities	Provision of agency services and trading of commodities in the PRC
Trade shows and exhibition operation	Sales agent to introduce potential exhibitors for exhibition, (the operation was discontinued during the year ended 31 March 2013)

Segment revenues and results

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

2014

	Continuing operations			
	Unconventional gas business *HK$'000*	Coal and metals trading business *HK$'000*	Agency fee and trading of commodities *HK$'000*	Consolidated *HK$'000*
Turnover				
Turnover from external customers	**–**	**41,141**	**1,399**	**42,540**
Result				
Segment (loss)/profit	**(3,722)**	**(1,624)**	**1,161**	**(4,185)**
Unallocated income				**429**
Unallocated corporate expenses				**(20,507)**
Impairment loss of other receivables	**–**	**(5,679)**	**–**	**(5,679)**
Fair value loss on derivative financial liabilities				**(1,806)**
Net fair value loss on derivative financial assets	**–**	**(6,968)**	**–**	**(6,968)**
Loss on disposal of subsidiaries	**–**	**(12,752)**	**–**	**(12,752)**
Share of loss of an associate				**(1,848)**
Finance costs				**(6,300)**
Loss before tax				**(59,616)**
Taxation				**261**
Loss for the year from continuing operations				**(59,355)**

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)
Net fair value gain on derivative financial liabilities	–	4,159	4,722
Net 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)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2013: 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, fair value loss/(gain) on derivative financial liabilities, share of loss of an associate, 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

2014

	Continuing operations			Discontinued operation	
	Unconventional gas business	**Coal and metals trading business**	**Agency fee and trading of commodities**	**Trade shows and exhibition operation**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	**43,111**	**75,868**	**377**	**–**	**119,356**
Interest in an associate					**23,904**
Unallocated corporate assets					**94,469**
					237,729
Liabilities					
Segment liabilities	**1,449**	**11,688**	**110**	**–**	**13,247**
Unallocated corporate liabilities					**363,570**
					376,817

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

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

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

- all liabilities are allocated to reportable segments other than corporate liabilities, amount(s) due to a shareholder(s), borrowings, obligations under finance leases, convertible notes, deferred tax liabilities and promissory note.

Other segment information

	Depreciation and amortisation		**Additions to non-current assets***	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations:				
Unconventional gas business	**81**	188	**1,713**	23,714
Coal and metals trading business	**23**	16	**16**	11
Unallocated	**241**	448	**51**	18
	345	652	**1,780**	23,743

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

In addition to the depreciation and amortisation reported above, impairment loss of goodwill, impairment loss of other receivables, fair value gain on derivative financial liabilities, net fair value loss on derivative financial assets and loss on disposal of subsidiaries of HK$Nil (2013: HK$46,485,000), HK$5,679,000 (2013: HK$Nil), HK$Nil (2013: HK$4,159,000), HK$6,968,000 (2013: gain of HK$4,925,000) and HK$12,752,000 (2013: HK$Nil) respectively were attributable to coal and metals trading business segment during the year ended 31 March 2014.

Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in the PRC and all of the Group's turnover are derived from the PRC. No analysis of the Group's turnover by geographical area is disclosed for the years ended 31 March 2014 and 2013.

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

	Carrying amount of non-current assets	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**1,120**	2,789
The PRC	**71,644**	95,139
	72,764	97,928

Information about major customers

For the year ended 31 March 2014, the Group's largest customer contributed revenue from coal and metals trading business of approximately HK$41,141,000, which represent 96.7% of total turnover.

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

	2014	2013
	HK$'000	*HK$'000*
Customer A	**41,141**	23,714
Customer B	**–**	9,950
Others	**1,399**	3,420
	42,540	37,084

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of coal sales, metal sales and agency fee and commodities sales.

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

	2014	2013
	HK$'000	*HK$'000*
Turnover		
Coal sales	**41,141**	27,134
Metal sales	**–**	9,950
Agency fee and commodities sales	**1,399**	–
	42,540	37,084
Other revenue		
Bank interest income	**45**	105
Refund of legal and professional fee	**–**	369
Sundry income	**62**	181
	107	655
Total revenue	**42,647**	37,739

6. LOSS FROM OPERATING ACTIVITIES

	2014	2013
	HK$' 000	*HK$' 000*
The Group' s loss from operating activities from continuing operations is arrived at after charging:		
Cost of inventory sold	**41,289**	36,573
Loss on derecognition of convertible notes	**31**	–
Depreciation of property, plant and equipment	**345**	652
Loss on disposal of property, plant and equipment	**261**	–
Loss on written off of property, plant and equipment	**4**	–
Staff costs (including directors' remuneration)		
– wages and salaries	**12,090**	13,838
– share-based payment	**–**	3,088
– retirement benefits scheme contributions	**481**	426
	12,571	17,352
Auditors' remuneration		
– current year	**630**	630
Minimum lease payments under operating lease rentals of office premises	**2,730**	2,719
and after crediting:		
Other income:		
Reversal of over-provision of accrued liabilities in previous years	**366**	–
Gain on early redemption of convertible notes	**–**	302
	366	302

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations:		
Interests on borrowings wholly repayable within five years	**3,056**	136
Interests on obligations under finance leases wholly repayable within five years	**689**	1,200
Interests on amounts due to shareholders wholly repayable within five years	**992**	1,205
Imputed interest expense on convertible notes	**903**	18,657
Imputed interest expense on promissory note	**403**	–
Other finance costs	**257**	244
	6,300	21,442

8. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprises Income Tax	**–**	–
	–	–
Deferred tax	**(261)**	(2,459)
Total tax credit for the year	**(261)**	(2,459)
Tax credit from continuing operations for the year	**(261)**	(2,459)
Tax credit from discontinued operation for the year	**–**	–
Tax credit for the year	**(261)**	(2,459)

Hong Kong profits tax is calculated at 16.5% (2013: 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. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2014 (2013: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

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

Continuing and discontinued operations

	2014	2013
Loss for the year attributable to owners of the Company *(HK$'000)*	**(46,044)**	(83,269)
Weighted average number of ordinary shares in issue *('000)*	**2,657,924**	1,858,242
Basic loss per share (HK cents per share)	**(1.7)**	(4.5)

Continuing operations

	2014	2013
Loss for the year attributable to owners of the Company *(HK$'000)*	**(51,148)**	(86,939)
Weighted average number of ordinary shares in issue *('000)*	**2,657,924**	1,858,242
Basic loss per share (HK cents per share)	**(1.9)**	(4.7)

Discontinued operation

	2014	2013
Profit for the year attributable to owners of the Company *(HK$'000)*	**5,104**	3,670
Weighted average number of ordinary shares in issue *('000)*	**2,657,924**	1,858,242
Basic earnings per share (HK cents per share)	**0.2**	0.2

(b) Diluted

During the years ended 31 March 2014 and 2013, the Company's outstanding convertible notes and share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding convertible notes and share options were anti-dilutive.

11. TRADE RECEIVABLES

The aged analysis of trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**1,321**	–
31 to 60 days	**–**	11,376
61 to 90 days	**–**	322
91 to 180 days	**–**	104
Over 180 days	**–**	9,579
Total	**1,321**	21,381

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.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Deposits	**1,246**	3,698
Prepayments	**6,380**	6,561
Other receivables	**88,098**	47,775
	95,724	58,034

As at 31 March 2014, included in other receivables, approximately HK$52,920,000 (2013: HK$Nil) was the other receivables from the transfer of derivative financial assets, approximately HK$8,000,000 (2013: HK$Nil) was the consideration receivables from disposal of subsidiaries and approximately HK$10,000,000 (2013: HK$10,000,000) was the deposits previously paid into the High Court of Hong Kong (the "High Court") for an injunction order.

During the year ended 31 March 2014, the Group recognised the impairment loss of other receivables of approximately HK$5,679,000 (2013: HK$Nil) upon disposal of Wealthy Wing Limited and its subsidiaries (the "Wealthy Wing Group), in the light of the fact that the balances attributable to the current accounts of Wealthy Wing Group for over one year and the financial position of Wealthy Wing Group, the directors considered that the amount will not be recoverable.

13. TRADE PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**110**	–
31 to 60 days	**–**	11,102
61 to 90 days	**–**	312
91 to 180 days	**–**	–
Over 180 days	**–**	8,608
Total	**110**	20,022

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.

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Accrued liabilities	**172,433**	174,207
Other payables	**2,045**	31,984
	174,478	206,191

Included in accrued liabilities of HK$158,600,000 (2013: 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.

15. AMOUNT(S) DUE TO A SHAREHOLDER(S)

	2014	2013
	HK$'000	*HK$'000*
Amount due to Mr. Hung *(Note i)*	**17,118**	16,238
Amount due to ACE Channel Limited *(Note ii)*	**–**	6,977
	17,118	23,215

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 shareholder's loan was full repaid during the year ended 31 March 2014.

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 2014 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$54,251,000 during the year ended 31 March 2014 and, as of that date, the Group had net current liabilities of approximately HK$242,086,000 and net liabilities of approximately HK$139,088,000. 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 2013, 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.

2. Disposal of Wealthy Wing Group

The Company acquired the entire issued share capital of Wealthy Wing Limited and its subsidiaries including Western Spark Investments Limited and Heilongjiang Derong Coal Industrial Co., Ltd ("Derong") in November 2011 (the "Wealthy Wing Group").

Derong has been involved in two civil claims since March 2013 and Derong's bank account has been frozen due to PRC court orders. The three years profit guarantee was not able to achieve due to downturn of the coal trading business in China and the litigation affects the cashflow of Derong. Based on arm's length negotiation on normal commercial terms between the Company and Mr. Zheng Xue Feng ("Mr. Zheng"), director of Wealthy Wing Group, the Company completed the disposal of the Wealthy Wing Group to Mr. Zheng on 31 March 2014. The disposal will reduce the financial burden and the number of litigations concerning the Group and shall not impose any material impact on the Group's overall operational and financial performances whilst it shall benefit the Group with the above–mentioned merits. Despite the disposal, the Company will continue developing its coal trading business through its other subsidiaries.

3. 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 (the "Zhan Sheng Group") ("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 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 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 Hubei 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 Second Year profit was RMB124,000 which was far below the Second Year guaranteed by vendor. Accordingly, no consideration shares will be delivered to the vendor for the Second Year.

On 11 December 2013, the Company and the vendor entered into the fifth supplemental agreement (the "Fifth Supplemental Agreement"). Pursuant to the Fifth Supplemental Agreement, the vendor undertakes and guarantee to the Company that the net gross profit of the Zhang Sheng Group recorded in the management accounts in accordance with IFRS for the period 1 January 2014 to 31 December 2014 ("Year 2014") will not be less than HK$10,000,000 and for the period 1 January 2015 to 31 December 2015 ("Year 2015") will not be less than HK$10,000,000 respectively.

4. Unconventional Gas Business

During the year, Multi Century Energy Technology (Beijing) Limited ("MCT(BJ)") cooperate with Coalfield Geology Reconnaissance Design and Research Institute of Heilongjiang Province ("HCI") to set up a project for the "煤層氣特殊儲存增產改造示範項目" (the "Project") has been approved by The Heilongjiang Development and Reform Commission ("HDRC"). According to the Project, MCT (BJ) also received the approval from HDRC to enjoy the tax benefit on tax exemption on Customs duties and the import VAT can be used to set off the sales input VAT in future. MCT(BJ) also signed a memorandum with American professional company for the cooperation on the development of unconventional gas exploration in China. The American professional company can provide solution for MCT(BJ) on the CBM drilling and exploration. MCT(BJ) will deliver the equipment to Shanxi for testing the whole set of the equipment ("Equipment") on the stimulation work in July 2014. The Company believes that the Equipment could be in full operation in the second half of the 2014.

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

Detail of the litigation of the Group and the Company as at 31 March 2014, please refer to "Litigations and Contingent Liabilities" below.

RESULTS ANALYSIS

For the year ended 31 March 2014, the Group recorded turnover of approximately HK$42,540,000 from continuing operations (2013: approximately HK$37,084,000), representing a increase of 14.7% over last year. The turnover were contributed by the coal and metals trading and agency fee and trading of commodities segment. Increase of the turnover was mainly due to the coal trading sales from Zhan Sheng Group was contributed full year to the Group whereas it was only covered seven months for the year ended 31 March 2013.

For the year ended 31 March 2014, the Group recorded a loss attributable to shareholders of approximately HK$46,044,000 (2013: approximately HK$83,269,000); basic loss per share for continuing operations was approximately HK$1.9 cents (2013: HK$4.7 cents). This has included some non-cash items: (i) imputed interest expense of approximately HK$903,000 (2013: approximately HK$18,657,000) on convertible notes under finance costs; (ii) net fair value loss on derivative financial assets of approximately HK$6,968,000 (2013: net fair value gain of approximately HK$4,925,000) and fair value loss on derivate financial liabilities of approximately HK$1,806,000 (2013: net fair value gain of approximately HK$4,722,000); (iii) fair value on share-based payment of HK$Nil (2013: approximately HK$3,088,000); and (iv) impairment loss of goodwill of HK$Nil (2013: approximately HK$46,485,000); and (v) impairment loss of other receivables of approximately HK$5,679,000 (2013: HK$Nil). During the year ended 31 March 2014, the Group also recognised loss on disposal of subsidiaries of approximately HK$12,752,000 (2013: HK$Nil).

PROSPECT AND OUTLOOK

Despite the slowdown in the PRC economy in 2013 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 driven the demand for coal.

For the unconventional gas business, the testing and installation of the Equipment will be commenced in the third quarter of 2014. 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 21 June 2013, the Company placed of 412,470,000 shares at the placing price of HK$0.08 per share and the net proceeds of approximately HK$32,655,000 has been received. The proceeds were used for general working capital of the Group and to finance the possible acquisition.

On 27 November 2013, the Company has successfully placed 286,000,000 shares at the placing place of HK$0.115 each per share and raised net proceeds of approximately HK$32,880,000, The proceeds were used for general working capital purposes and/or financing any potential investment opportunity arises in the future.

Liquidity, Financial Resources and Capital Structure

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

As at 31 March 2014, deficit on shareholders' funds of the Group aggregately amounted to approximately HK$139,088,000 (2013: approximately HK$229,136,000). As at 31 March 2014, the Group's assets-liabilities ratio (total liabilities to total assets) was approximately 1.59 times (2013: approximately 1.99 times). Net current liabilities of the Group amounted to approximately HK$242,086,000 (2013: approximately HK$351,172,000). Current assets of the Group was approximately HK$123,120,000 (2013: approximately HK$101,329,000), of which fixed deposits, cash and bank balances amounted to approximately HK$26,075,000 (2013: approximately HK$21,914,000). The following items with an aggregate amount of approximately HK$349,218,000 (2013: approximately HK$348,338,000), which are included in current liabilities, are related to the legal proceedings with Mr. Hung in the High Court: (i) HK$158,600,000 (2013: HK$158,600,000) was consideration payable for the acquisition of Wealth Gain; (ii) approximately HK$17,118,000 (2013: approximately HK$16,238,000) was the shareholder's loan plus interest from Mr. Hung; and (iii) convertible notes of HK$173,500,000 (2013: HK$173,500,000). The Board considers that the liquidity of the Group is good enough for the year ended 31 March 2014 and the Group would be turned to net assets position to approximately HK$210,130,000 (2013: approximately HK$119,202,000) if removal of (i) to (iii).

As at 31 March 2014, the Group's gearing ratio (total debts to total equity) was 145.4% (2013: 99.5%).

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 2014 (2013: Nil).

OTHER EVENTS

Employees and Remuneration Policy

As at 31 March 2014, the Group had a total of 28 employees (2013: 30) 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. As at 31 March 2014, 127,796,000 share options are remained outstanding.

Material Acquisition and Disposal

The Group did not have material acquisition for the year ended 31 March 2014.

On 31 March 2014, the Company duly completed the disposal of the entire issued share capital of the Wealthy Wing Group at a consideration of HK$9,000,000.

Significant Investment

The Group did not hold any significant investment for the year ended 31 March 2014.

LITIGATIONS AND CONTINGENT LIABILITIES

The Group and the Company

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.

On 21 August 2013, the Company received a summons from Mr. Hung, seeking leave from the High Court to re-amend Mr. Hung's defence and to add a counter-claim against the Company in the Action. The counter-claim of Mr. Hung to be added is for (i) payment of the unpaid cash consideration under the Agreement in the amount of HK$158,600,000 plus interest and the outstanding balance of HK$173,500,000 of the convertible note issued pursuant to the Agreement plus interest, both being part of the consideration under the Agreement; and (ii) repayment of certain loans and advances in the amount of HK$12,600,000 made by Mr. Hung to the Company together with interest.

The Company maintains the view that Mr. Hung was in breach of the Agreement and is claiming Mr. Hung for, among other reliefs, rescission of the Agreement and/or damages for loss suffered. Accordingly, the Company is of the view that Mr. Hung's counter-claim for consideration under the Agreement is without ground. As to the loans and advances claimed, HK$3,000,000 originated from the cash consideration paid under the Agreement and for the same reason mentioned the Company is of the view that Mr. Hung's claim is without ground. As to the remaining HK$9,600,000 claimed, the Company is of the view that its claim in the Action shall extinguish Mr. Hung's counter-claim and has already provided sufficient security for such amount presented by Mr. Hung against the Company.

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 Against Hung

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) Withdrawal the 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.

On 18 February 2014, the Company has reached an agreement with Mr. Hung for the dismissal of the Winding-up Petition. Solicitors for both parties have signed a Consent Summons jointly applying to the Court for an Order that the Winding-up Petition be dismissed upon the Company undertaking to the Court that it shall not in any way dispose of or deal with the sum of HK$10,658,922.00 deposited (and interest accrued) in the designated interest-bearing account in accordance with a previous undertaking given by the Company to the Court until after determination of the proceedings of HCA2477/2009 or until such other time as may be agreed in writing between the Company and Hung, with no order as to the costs of the Winding-up Petition between the Company and Hung.

On 19 February 2014, Mr. Hung was declared bankrupt by the High Court upon the petition by Toeca National Resources B.V., a substantial shareholder of the Company, based on a judgement debt in the proceeding of HCA1683/2009 of which Mr. Hung was ordered to pay HK$116,820,000 with interest and costs.

On 24 February 2014, the Court approved the joint application of the Company and Hung to dismiss the Winding-up Petition. The Court further ordered that Hung shall pay the official receiver a sum of HK$5,300 as the official receiver's costs (exclusive of costs previously awarded).

On 28 March 2014, the Company received a sealed court order for the dismissal of the Winding-up Petition.

(d) Withdrawal the 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.

(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.

EVENTS AFTER THE REPORTING PERIOD

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

(i) On 21 March 2014, the Company, Mr. Zheng and the placing agent entered into the Tri-Party Agreement pursuant to which, among others, the parties agreed that the placing agent shall place 270,000,000 unreleased consideration shares to not less than six independent placees at the placing price of HK$0.188 per share on a best effort basis. On 30 May 2014, the parties to the Tri-Party Agreement entered into the second supplemental agreement to the Tri-party Agreement to extend the long-stop date from 31 May 2014 to 31 July 2014.

(ii) On 27 March 2014, a wholly-owned subsidiary of the Company (the "Purchaser"), Mr. Hu Pigang and Bao Sheng Ventures Limited (the "Vendors") entered into the sale and purchase agreement whereby the Purchaser conditionally agreed to acquire from the Vendors of 9% and 1.5% respectively of total issued shares of and total voting securities in Sino United Energy Investment Co., Ltd ("Sino United") at the consideration of HK$150,000,000, which will be satisfied as to (a) HK$89,500,000 by the issue of an aggregate of 500,000,000 consideration shares at the issue price of HK$0.179 each by the Company to the Vendors; and (b) HK$60,500,000 by the issue of the promissory notes by the Purchaser to the Vendors.

Sino United is an investment holding company incorporated in the BVI with limited liability and holds the entire issued share capital of Zhong Lian International Mining Industry Investment Co., Ltd ("Zhong Lian"), which in turns holds the entire issued share capital of LOVONKO Co. Ltd ("LOVONKO"). Zhong Lian and LOVONKO are companies incorporated in Mongolia. Sino United and its subsidiaries covers exploration, utilization and trading of mining resources.

Upon the completion of the sale and purchase agreement, Sino United will be held as to 10.5% by the Company via the Purchaser.

At the date of this report, the acquisition has not yet been completed. For further details, please refer to the Company's announcement dated 28 March, 11 & 30 April 2014.

(iii) On 10 April 2014, the Company and Fortune Map Investments Limited ("Fortune Map") entered into the memorandum of understanding (the "MOU") whereby the Company and the Vendor agreed to negotiate in good faith to enter into the formal agreement on the possible acquisition.

Under the MOU, the Company will acquire certain % of the issued share capital of Wisdom Orchid Limited (the "Wisdom Orchid") from Fortune Map ("the Possible Acquisition"). Wisdom Orchid is an investment holding company incorporated in the BVI. Fortune Map also holds a Hong Kong Company, Wisdom Mega Inc Limited ("Wisdom Mega"). It is proposed that Wisdom Orchid and Wisdom Mega will undergo reorganisation involving (a) the acquisition of the entire issued share capital Wisdom Mega by Wisdom Orchid; and (b) the acquisition of the entire registered capital of Qinglong Manchu Autonomous County Shuangxin Mining Co., Ltd ("SX Mining") by Wisdom Mega ("Target Group Reorganisation").

SX Mining is a company established in the PRC and is principally engaged in iron ore refining by way of magnetic separation process in Qinhuangdao City, Hebei Province, the PRC.

Upon completion of the Target Group Reorganisation, the Possible Acquisition will comprise Wisdom Orchid, Wisdom Mega and SX Mining.

For more details, please refer to the Company's announcement dated 10 April 2014.

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 2014.

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 2014 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, 27 June 2014

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, the non-executive director is 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.