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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 2016

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 2016 together with the comparative figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Turnover	4	**194,164**	193,330
Cost of sales		**(180,385)**	(187,566)
Gross profit		**13,779**	5,764
Other income	5	**4,189**	1,771
Other gains or losses	5	**2,181**	7,840
Gain on settlement of litigations		**352,936**	–
Other operating expenses		**(36,445)**	(44,209)
Share-based payment		**(20,950)**	–
Impairment loss on available-for-sale financial assets		**–**	(75,781)
Impairment loss on interests in associates		**(16,026)**	–
Fair value loss on financial assets		**(10,635)**	(7,305)
Loss on disposal of available-for-sale financial assets		**(3,625)**	–
Share of results of associates		**(11,606)**	(8,680)
Profit/(loss) from operating activities	6	**273,798**	(120,600)
Finance costs	7	**(6,943)**	(9,374)
Profit/(loss) before tax		**266,855**	(129,974)
Taxation	8	**(3)**	(3)
Profit/(loss) for the year		**266,852**	(129,977)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(2,027)**	(286)
Share of exchange differences of associates		**(113)**	5
Other comprehensive expense for the year		**(2,140)**	(281)
Total comprehensive income/(loss) for the year		**264,712**	(130,258)

	Note	2016 HK$'000	2015 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**267,469**	(120,090)
Non-controlling interests		**(617)**	(9,887)
		266,852	(129,977)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**265,432**	(120,380)
Non-controlling interests		**(720)**	(9,878)
		264,712	(130,258)
Earnings/(loss) per share			
– Basic	10	**6.9 cents**	(3.3) cents
– Diluted	10	**6.6 cents**	(3.3) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**26,252**	27,973
Interests in associates		**34,053**	61,797
Goodwill		**46,630**	46,630
Financial assets		**–**	10,635
Available-for-sale financial assets		**1**	151,684
		106,936	298,719
Current assets			
Trade receivables	11	**3,933**	221
Deposits, prepayments and other receivables	12	**161,348**	89,422
Deposits with banks		**–**	10,936
Cash and cash equivalents		**7,338**	1,366
Total current assets		**172,619**	101,945
Less: Current liabilities			
Trade payables	13	**1,387**	675
Accrued liabilities and other payables	14	**27,610**	191,840
Amounts due to shareholders	15	**–**	24,199
Convertible notes		**–**	173,500
Promissory notes		**9,042**	–
Total current liabilities		**38,039**	390,214
Net current assets/(liabilities)		**134,580**	(288,269)
Total assets less current liabilities		**241,516**	10,450

	2016 *HK$'000*	2015 *HK$'000*
Less: Non-current liabilities		
Promissory note	**–**	70,564
	–	70,564
Net assets/(liabilities)	**241,516**	(60,114)
Capital and reserves		
Share capital	**39,641**	38,651
Reserves	**211,190**	(90,170)
Equity attributable to owners of the Company	**250,831**	(51,519)
Non-controlling interests	**(9,315)**	(8,595)
Total equity	**241,516**	(60,114)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 trading of commodities business in Asia.

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

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

In the current year, the Group has applied for the first time, the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
HKAS 1 (Amendments)	Disclosure Initiative[2]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[2]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Opreation[2]

HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for first annual HKFRS financial statements beginning on or 1 January 2016, with early application permitted

2 Effective for annual periods beginning on or after 1st January 2016, with early application permitted

3 Effective for annual periods beginning on or after 1st January 2018, with early application permitted

4 Effective for annual periods beginning on or after 1st January 2019, with early application permitted

5 Effective for annual periods beginning on or after a date to be determined

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial statement.

The Directors do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a FVTOCI measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported and disclosures made in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

The Directors do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operation

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Accounting Principles ("GAAP") requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. The Directors do not anticipate that the application of HKFRS 14 will have a material impact on the Group's consolidation financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC) – Int 4 "Determining whether an Arrangement contain a Lease", HK(SIC) – Int 15 "Operating Lease – Incentives" and HK(SIC) – Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer). HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17.

Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Company is in the process of making an assessment of the potential impact of application of HKFRS 16.The Directors consider that it is not practicable to provide a reasonable estimate of the effect of the adoption of HKFRS 16 until the Company performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The Directors do not anticipate the application of these amendments have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

– At cost;

– In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9); or

– Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact 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 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.

The provisions of the new Hong Kong Companies Ordinance ("CO") (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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 2016.

4. SEGMENT INFORMATION

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

The Group organised into two operating divisions: unconventional gas business and trading of commodities business. These divisions are the basis on which the Group reports its segment information.

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

Unconventional gas business	Provision of services in connection with unconventional gas and import of technical equipment for the unconventional gas industry

Trading of commodities business	Provision of agency services and trading of commodities in the PRC, Hong Kong and overseas

Turnover

Turnover represents the aggregate of agency fee and commodities sales.

	2016	2015
	HK$'000	*HK$'000*
Turnover		
Agency fee and commodities sales	**194,164**	193,330

Segment revenues and results

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

2016

	Unconventional gas business	**Trading of commodities business**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Turnover			
Turnover from external customers	**–**	**194,164**	**194,164**
Result			
Segment (loss)/profit	**(6,578)**	**407**	**(6,171)**
Unallocated income			**7,114**
Unallocated corporate expenses			**(17,239)**
Gain on settlement of litigations			**352,936**
Share-based payment			**(20,950)**
Impairment loss on interests in associates			**(16,026)**
Fair value loss on financial assets	**–**	**(10,635)**	**(10,635)**
Loss on disposal of available-for-sale financial assets			**(3,625)**
Share of results of associates			**(11,606)**
Finance costs			**(6,943)**
Profit before tax			**266,855**
Taxation			**(3)**
Profit for the year			**266,852**

2015

	Unconventional gas business *HK$'000*	Trading of commodities business *HK$'000*	Consolidated *HK$'000*
Turnover			
Turnover from external customers	–	193,330	193,330
Result			
Segment (loss)/profit	(3,876)	523	(3,353)
Unallocated income			13,693
Unallocated corporate expenses			(39,174)
Fair value loss on financial assets	–	(7,305)	(7,305)
Impairment loss on available-for-sale financial assets			(75,781)
Share of results of associates			(8,680)
Finance costs			(9,374)
Loss before tax			(129,974)
Taxation			(3)
Loss for the year			(129,977)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2015: 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, gain on settlement of litigations, share-based payment, impairment loss on interests in associates, impairment loss on available-for-sale financial assets, fair value loss on financial assets, loss on disposal of available-for-sale financial assets, share of results of associates, 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

2016

	Unconventional gas business *HK$'000*	Trading of commodities business *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	**43,920**	**61,773**	**105,693**
Interests in associates			**34,053**
Unallocated corporate assets			**139,809**
			279,555
Liabilities			
Segment liabilities	**2,600**	**14,915**	**17,515**
Unallocated corporate liabilities			**20,524**
			38,039

2015

	Unconventional gas business *HK$'000*	Trading of commodities business *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	41,785	70,556	112,341
Interests in associates			61,797
Unallocated corporate assets			226,526
			400,664
Liabilities			
Segment liabilities	2,459	14,409	16,868
Unallocated corporate liabilities			443,910
			460,778

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

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

- all liabilities are allocated to reportable segments other than corporate liabilities, amounts due to shareholders, convertible notes and promissory notes.

Other segment information

	Depreciation and amortisation		**Additions to non-current assets***	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unconventional gas business	**1,513**	89	**1,258**	1,979
Trading of commodities business	**7**	7	**–**	–
Unallocated	**182**	215	**66**	41
	1,702	311	**1,324**	2,020

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

In addition to the depreciation and amortisation reported above, fair value loss on financial assets of approximately HK$10,635,000 (2015: approximately HK$7,305,000) was attributable to trading of commodities business segment during the year ended 31 March 2016.

Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in the PRC and Hong Kong. The following analysis of the Group's turnover by geographical area is disclosed for the years ended 31 March 2016 and 2015.

	2016	2015
	HK$'000	*HK$'000*
The PRC	**–**	2,383
Hong Kong	**39,408**	1,012
Overseas	**154,756**	189,935
	194,164	193,330

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

	Carrying amount of non-current assets	
	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**764**	895
The PRC	**72,118**	73,708
	72,882	74,603

Information about major customers

For the year ended 31 March 2016, the Group's largest two customers contributed revenue from trading of commodities business of approximately HK$175,979,000, which represent 90.6% of total turnover.

For the year ended 31 March 2015, the Group's largest three customers contributed revenue from trading of commodities business of approximately HK$189,936,000, which represent 98.2% of total turnover.

	2016	2015
	HK$'000	*HK$'000*
Customer A	**154,757**	–
Customer B (Note)	**–**	88,323
Customer C (Note)	**–**	52,405
Customer D (Note)	**–**	49,208
Customer E	**21,222**	–
Others	**18,185**	3,394
	194,164	193,330

Note: No information on turnover for the current year was disclosed for these customers since they contributed less than 10% to the Group's turnover for the year ended 31 March 2016.

5. OTHER INCOME AND OTHER GAINS OR LOSSES

	2016	2015
	HK$'000	*HK$'000*
Other income		
Interest income on:		
Bank deposit	**431**	39
Other receivables	**2,416**	1,581
	2,847	1,620
Sundry income	**1,342**	151
	4,189	1,771
Other gains or losses		
Net exchange gains	**58**	7
Loss on early redemption on promissory notes	**(828)**	(2,405)
Gain on derecognition of promissory notes	**2,951**	–
Fair value gain on financial assets	**–**	10,238
	2,181	7,840

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	2016	2015
	HK$'000	*HK$'000*
The Group's profit/(loss) from operating activities from continuing operations is arrived at after charging:		
Cost of inventory sold	**180,385**	187,566
Depreciation of property, plant and equipment	**1,702**	311
Loss on written off of property, plant and equipment	**3**	20
Staff costs (including directors' remuneration)		
– wages and salaries	**16,791**	13,060
– share-based payment	**20,950**	–
– retirement benefits scheme contributions	**502**	470
	38,243	13,530
Auditors' remuneration	**630**	630
Minimum lease payments under operating lease rentals of office premises	**2,844**	3,031

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interests on amounts due to shareholders wholly repayable within five years	**823**	925
Imputed interest expense on promissory note	**6,119**	8,448
Other finance costs	**1**	1
	6,943	9,374

8. TAXATION

	2016	2015
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprises Income Tax	**3**	3
	3	3
Deferred tax	**–**	–
	3	3

Hong Kong profits tax is calculated at 16.5% (2015: 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 2016 (2015: Nil).

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

(a) Basic

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

	2016	2015
Profit/(loss) for the year attributable to owners of the Company *(HK$'000)*	**267,469**	(120,090)
Weighted average number of ordinary shares in issue *('000)*	**3,900,462**	3,617,724
Basic earnings/(loss) per share (HK cents per share)	**6.9**	(3.3)

(b) Diluted

During the year ended 31 March 2016, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares being ordinary shares to be issued under the share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options under the share option scheme. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options scheme.

During the year ended 31 March 2015, 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.

	2016	2015
Profit/(loss) for the year attributable to owners of the Company *(HK$'000)*	**267,469**	(120,090)
Weighted average number of ordinary shares in issue *('000)*	**3,900,462**	3,617,724
Adjustments for share options	**143,039**	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share *('000)*	**4,043,501**	3,617,724
Diluted earnings/(loss) per share *(HK cents per share)*	**6.6**	(3.3)

11. TRADE RECEIVABLES

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

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**2,313**	221
31 to 60 days	**–**	–
61 to 90 days	**1,620**	–
91 to 180 days	**–**	–
Over 180 days	**–**	–
	3,933	221

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 denominated in HK$ and RMB.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Deposits	**1,306**	1,254
Prepayments	**10,937**	10,345
Other receivables	**149,105**	77,823
	161,348	89,422

As at 31 March 2016, included in the other receivables of approximately HK$99,500,000 was the consideration receivables from the disposal of available-for-sale financial assets (2015: HK$Nil).

As at 31 March 2015, included in the other receivables of approximately HK$23,970,000 was the financial assets, approximately HK$7,434,000 was the consideration receivables from disposal of subsidiaries and interest receivables at 12% per annum, which was fully settled and of approximately HK$10,000,000 was the deposits previously paid into High Court of Hong Kong (the "High Court") for an injection order. The designated deposit was released upon settlement of the litigations during the year ended 31 March 2016.

13. TRADE PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**4**	103
31 to 60 days	**–**	–
61 to 90 days	**813**	443
91 to 180 days	**465**	19
Over 180 days	**105**	110
Total	**1,387**	675

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

	2016	2015
	HK$'000	*HK$'000*
Accrued liabilities	**15,289**	173,990
Deposit received in advances	**4,389**	8,238
Other payables	**7,932**	9,612
	27,610	191,840

15. AMOUNTS DUE TO SHAREHOLDERS

	2016	2015
	HK$'000	*HK$'000*
Amount due to Mr. Hung *(Note (i))*	**–**	17,998
Amount due to ACE Channel Limited *(Note (ii))*	**–**	6,201
	–	24,199

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.

According to Settlement Deed entered with the Company and the Trustees, Mega Wealth and Webright Limited, on 24 April 2015 and the court order granted on 24 February 2016, the shareholder's loan of (1) was reversed and the shareholder's loan of (2) and (3) was fully repaid during the year ended 31 March 2016.

(ii) On 24 December 2014, 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 23 December 2015. The shareholder's loan was fully repaid during the year ended 31 March 2016.

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. TRADING OF COMMODITIES BUSINESS

During the year, the management has successfully developed the business in commodities trading such as optical fibre cable and computer equipment & software, daily consumer products such as wine and provision of agency services. The Company intends to allocate resources for developing into the benefit of people related commodities goods market, in particular daily consumer products, by expanding its existing trading business to this area and broaden its income sources.

2. PROFIT GUARANTEE UNDER ZHAN SHENG ACQUISITION

After the acquisition of Zhan Sheng Investments Limited and its subsidiaries (the "Zhan Sheng Group"), the Company and the vendor entered into the Fifth Supplemental Agreement entered on 11 December 2013. Pursuant to the agreement, the vendor undertakes and guarantee to the Company that the net gross profit of the Zhan Sheng Group recorded in the management accounts in accordance with IFRS for the period from 1 January 2014 to 31 December 2014 (the "Year 2014") will not be less than HK$10,000,000 and for the period from 1 January 2015 to 31 December 2015 (the "Year 2015") will not be less than HK$10,000,000 respectively. If the Zhan Sheng Group can meet the respective targets, the vendor will be entitled to 180,000,000 shares for Year 2014 and 180,000,000 shares for Year 2015. Based on the audited accounts of Zhan Sheng Group, the net gross profit of Year 2014 and Year 2015 was approximately HK$4,877,000 and approximately HK$15,452,000 respectively, therefore 83,376,000 and 137,678,000 consideration shares had been proportionally released to the vendor during the year ended 31 March 2015 and 2016. Up to the report date, the aggregate of 221,054,000 consideration shares had been issued to the vendor. Since the Zhan Sheng Group met the profit guarantee for the Year 2014 and Year 2015, the vendor is entitled 360,000,000 consideration shares eventually, the remaining balances of 138,946,000 consideration shares will be released to the vendor after the Company's annual result announcement for the year ended 31 March 2016.

3. UNCONVENTIONAL GAS BUSINESS

A subsidiary of the Company signed a cooperation agreement with HCGD to test the imported equipment for the CMB stimulation work in the HE-08 Project. At the beginning of September 2015, the fracturing of wells progress of the HE-08 Project was completed and the testing result of CMB stimulation was satisfactory. The CMB pumping machinery has been installed and the ongoing project in the next 3-4 months is to drain the underground water to reduce the pressure of the wells. The initial result indicates that the selected area is an abundant of CMB, however, the CMB emission is less than expected and further stimulation work is required. In the meantime, the subsidiary is doing the geological study and preparation of the stimulation work and is also carrying some drilling activities in other areas. In October 2015, the Company signed a strategic cooperation agreement with HCGD in order to expand the exploration and development of the coalbed methane in Heilongjiang Province. The Company will fully provide the technical and management support for the CBM development in Heilongjiang Province.

4. LATEST BUSINESS DEVELOPMENT OF THE ASSOCIATED COMPANIES

The Company indirectly owns 40% equity interests of Qinglong Manchu Autonomous County Shuangxin Mining Co., Ltd. ("Shuangxin"), an associated company which is engaged in the iron ore refinery business through magnetic separation in Hebei Province, the PRC. During the year ended 31 March 2016, turnover of Shuangxin significantly decreased approximately 94.7%. Due to the market tumble in the price of iron concentrates in the PRC, Shuangxin was being forced to close the iron ore processing plant temporarily. The senior management of Shuangxin renegotiates with iron ore supplier who agreed to supply high quality iron ore to Shuangxin at a lower price. The management expects the processing plant can be resumed in the fourth quarter of 2016. The management also expects that the preliminarily of iron concentrates market will be steadily improved in the foreseeable future.

The Company indirectly owns 30% issue share capital of Global Mining Engineer Inc. ("Global Mining") which is principally engaged in provision of Radio Frequency Identification Mining Management System and Solutions (RFID@MMS) services and natural resources-related global sources direct services. Global Mining is relatively mature in the field of Asset Management System (AMS), therefore they will focus on developing and selling the homemade AMS @ GLOBAL MINING system. Global Mining will also continue applying RFID technology in the field of engineering projects, developing and selling homemade MMS @Global Mining system. At present, Global Mining is conducting a number of AMS engineering projects, including use AMS to assist The Highway Department in constructing HZMB's artificial island. The project has been focusing on securing and managing the expensive equipment as well as other valuable assets used during the construction.

On 29 May 2015, the Company's subsidiary and GME Holdings Inc. ("GME Holdings") entered into a MOU for proposing to acquire 51% or more of the issued share capital of GlobalTec Development Limited ("GlobalTec") from GME Holdings. GME Holdings owns 70% of the Global Mining. GlobalTec is still in the process of reorganization. For further details, please refer to the Company's announcement made on 29 May 2015.

During the year ended 31 March 2016, turnover of Global Mining dropped approximately 42.1%. It was mainly due to down turn of the economy and insufficiency of large engineering projects. Nevertheless, Global Mining has concentrated on its AMS software design and sales and expects stability sales growth in the foreseeable future.

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 2016, please refer to "Litigations and Contingent Liabilities" below.

RESULTS ANALYSIS

Revenue

For the year ended 31 March 2016, the Group recorded turnover of approximately HK$194,164,000 (2015: approximately HK$193,330,000), representing an increase of 0.4%. The growth was contributed by the agency fee and trading of commodities segment. Slightly increase of the turnover was mainly due to the Group diversified into new services for other commodities trading such as sales of computer equipment and software.

More details of the Company's performance by business segments are set out in Note 4.

Cost of sales

For each of the year ended 31 March 2016, the cost of sales of the Group amounted to approximately HK$180,385,000 (2015: approximately HK$187,566,000), representing approximately 92.9% (2015: approximately 97.0%) of the Group's revenue. Decrease for current year was mainly attributable to the Group put more efforts on trading computer equipment and software which have higher gross profit margin and reduced trading commodities which have lower gross profit margin.

Gross profit

The Group's gross profit for the year ended 31 March 2016 was approximately HK$13,779,000 (2015: approximately HK$5,764,000), representing an increase of approximately 139.1%. The increase was mainly due to decrease in cost of sales and new sources of income which have higher gross profit margin from trading of computer equipment and software.

Gross profit margin

The gross profit margins of the Group for the year ended 31 March 2016 was approximately 7.1% (2015: approximately 3.0%). The increase was mainly due to the Group explored new services in trading of computer equipment and software which have higher margin.

Other operating expenses

Other operating expenses incurred by the Group for the year ended 31 March 2016 was approximately HK$87,681,000 (2015: approximately HK$127,295,000), representing a decrease of 31.1%, and approximately 45.2% (2015: approximately 65.8%) of the year's total revenue. With settlement of the litigations, the legal fee incurred for the year was significantly dropped.

There are some non-cash items for the year ended 31 March 2016 such as (i) share-based payment of approximately HK$20,950,000 (2015: HK$Nil); (ii) loss on disposal of financial assets of approximately HK$3,625,000 (2015: HK$Nil); (iii) fair value loss on derivative financial assets of approximately HK$10,635,000 (2015: approximately HK$7,305,000); (iv) impairment loss on interests in associates of approximately HK$16,026,000 (2015:HK$Nil); and (v) impairment loss on available-for sales financial assets of HK$Nil (2015: approximately HK$75,781,000).

Share of results of associates

The Group recorded loss from associates of approximately HK$11,606,000 (2015: approximately HK$8,680,000) for the year ended 31 March 2016, representing approximately decrease of 33.7% and 6.0% (2015: approximately 4.5%) of the Group's turnover.

Finance costs

The finance costs incurred by the Group for the year ended 31 March 2016 was approximately HK$6,943,000 (2015: approximately HK$9,374,000), representing approximately 3.6% (2015: approximately 4.9%) of the Group's revenue in the year. The reduction was mainly due to decrease of imputed interest expenses on promissory notes from HK$8,448,000 to HK$6,119,000 for the respective years.

Profit/loss for the year attributable to owners of the Company

For the year ended 31 March 2016, the Group recorded a profit attributable to shareholders of approximately HK$267,469,000 (2015: loss of approximately HK$120,090,000), representing a significant increase of 322.7%. Basic earnings per share was approximately HK$6.9 cents (2015: basic loss per share HK$3.3 cents) for the year ended 31 March 2016. The increase primarily attributable to the gain on settlement of litigations of approximately HK$352,936,000 and the favorable operating results in increasing gross profit as well as decreasing finance costs during the year.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group derived its working capital mainly from internal cash flow from operating activities. For the year ended 31 March 2016, the Group had net cash inflow from operating activities of approximately HK$10,323,000 (2015: net cash outflow of approximately HK$39,967,000). The Group had available fixed deposits, cash and cash balances amounting to approximately HK$7,338,000 (2015: approximately HK$12,302,000), representing a decrease of approximately 40.4% from 31 March 2015. It was mainly because the settlement of litigation instructed by the court order released the fixed deposits during the year.

As at 31 March 2016, surplus on shareholders' funds of the Group aggregately amounted to approximately HK$241,516,000 (2015: deficit approximately HK$60,114,000). Net current assets of the Group amounted to approximately HK$134,580,000 (2015: net current liabilities approximately HK$288,269,000). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 0.14 times (2015: approximately 1.15 times). The Group's total current assets and current liabilities were approximately HK$172,619,000 (2015: approximately HK$101,945,000) and HK$38,039,000 (2015: approximately HK$390,214,000) respectively, while the current ratio was approximately 4.54 times (2015: approximately 0.26 times).

As at 31 March 2016, the Group's gearing ratio (total debts to total equity) was approximately 3.7% (2015: approximately 446.3%).

Capital Structure

On 2 November 2015, the Company successfully subscribed 30,000,000 shares of HK$0.01 each at a subscription price of HK$0.169 per share for a total consideration, before expenses, of approximately HK$5,070,000. The net proceeds of approximately HK$5,054,000 was being used for general working capital purpose such as payment of staff costs and operating lease expenditure and/or financing any potential investment shall such opportunity arise in the future.

On 25 January 2016, the Company successfully subscribed 33,000,000 shares of HK$0.01 each at a subscription price of HK$0.153 per share for a total consideration, before expenses, of approximately HK$5,049,000. The net proceeds of approximately HK$5,033,000 was being used for general working capital purpose such as payment of staff costs and operating lease expenditure.

Capital Expenditures and Capital Commitment

During the year ended 31 March 2016, the capital expenditures mainly for additions in property, plant and equipment amount to approximately HK$1,324,000 (2015: approximately HK$2,020,000). These capital expenditures were funded by internal cash flow from operating activities.

As at 31 March 2016, the Group had capital commitment of approximately HK$226,378,000 (2015: approximately HK$8,691,000) in respect of the authorised and contracted for capital contributions payable to a subsidiary.

Exposure to Fluctuations in Exchange Rates and any Related Hedges

The Group's sales and purchase are mainly transacted in Hong Kong dollar, United States 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.

KEY RISK FACTORS AND UNCERTAINTIES

The Group monitors the development of the industry on a regular basis and timely assesses different types of risks in order to formulate proper strategies to minimize the adverse impact on the Group.

For details, please refer to Note 5 "Financial Risk Management" to the Company's annual report for the year ended 31 March 2016.

Dividend

The Board of the Company does not recommend any payment of final dividend to shareholders for the year ended 31 March 2016 (2015: Nil).

OTHER EVENTS

Employees and Remuneration Policy

As at 31 March 2016, the Group had a total of 34 employees (2015: 33) 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 2016, 249,400,000 share options have been granted to the directors, employees and other members of the Group. 36,000,000 share options have been exercised and 58,700,000 share options have been lapsed respectively. As at 31 March 2016, 280,434,000 share options are remained outstanding.

Material Acquisition and Disposal

The Group did not have material acquisition for the year ended 31 March 2016.

During the year ended 31 March 2016, Sino Rich Energy Holdings Limited ("Sino Rich"), a wholly-owned subsidiary of the Company, entered into the disposal agreement with Jetgo Group Limited (the "Purchaser") whereby Sino Rich conditionally agreed to sell and the Purchaser conditionally agreed to purchase from Sino Rich 10.5% of the issued share capital of Sino United Energy Investment Co., Ltd. ("Sino United") at the sale consideration of HK$150,000,000. Sino United was previously held as to 10.5% by the Company via Sino Rich. The disposal was completed on 17 June 2015 and the promissory notes issued for the previous acquisition in the aggregate outstanding principal amount of HK$50,500,000 have been cancelled as part payment of the consideration of same amount. Upon completion, the Company ceased to have any interest in Sino United.

Loss on disposal of Sino United was approximately HK$3,625,000 recognised during the year ended 31 March 2016.

Significant Investment

The Group did not hold any significant investment for the year ended 31 March 2016.

LITIGATIONS AND CONTINGENT LIABILITIES

(a) Settlement on the 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 24 September 2013, Mr. Hung made a counter-claim against the Company 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.

On 19 February 2014, Mr. Hung was declared bankrupt by the High Court upon the petition by Toeca National Resources B.V. ("Toeca") based on a judgment debt in the proceedings of HCA 1683/2009 under which Mr. Hung was ordered to pay HK$116,820,000 with interest and cost. The property of Mr. Hung now vests with his joint and several trustees in bankruptcy ("Trustees"), Cosmo Borrelli and Michael Chan of Borrelli Walsh Limited, appointed on 30 April 2014.

On 24 April 2015, the Company entered into a settlement deed (the "Settlement Deed") with the Trustees, Mega Wealth and Webright Limited for the settlement of the Action. Details of the Settlement Deed were disclosed in the Company's announcement dated 27 April 2015 and Circular dated 15 May 2015.

On 2 June 2015 an ordinary resolution for the approval of the Settlement Deed was passed in the extraordinary general meeting held by the Company.

On 24 February 2016, an order made by consent was granted by the Court that the Action be dismissed pursuant to the Settlement Deed.

(b) Discharged on the Injunction Order Against Hung

On 22 January 2010, the High Court granted an ex parte injunction order against Mr. Hung, Mega Wealth and Webright (the "Injunction Order"). 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; and

(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 24 April 2015, the Company entered into the Settlement Deed with the Trustees Mr. Hung, Mega Wealth and Webright. Details of the Settlement Deed were disclosed in the Company's announcement dated 27 April 2015 and Circular dated 15 May 2015.

Subsequently, the Injunction Order dated 22 January 2010 and re-granted on 30 March 2010 was discharged by way of an order made by consent on 24 February 2016 pursuant to the Settlement Deed.

(c) Dismissed on the 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 in the amount of HK$1,668,000 and (ii) reimbursement of expenses in the amount of HK$1,739,962.74, allegedly incurred by Mr. Hung whilst he was in the employment of the Company.

On 24 April 2015, the Company entered into the Settlement Deed with the Trustees, Mega Wealth and Webright Limited for settlement of the Labour Action.

On 3 February 2016, the Labour Action was dismissed by an order made by consent pursuant to the Settlement Deed.

(d) Labour action be stayed Sine Die 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 in 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. 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 advice, 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.

No action has been taken by any party to activate the proceedings since 28 June 2011.

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 6 May 2016, the Company and Mr. Liang Yin Jin (the "Subscriber") entered into the subscription agreement pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for, an aggregate of 60,000,000 subscription shares at the subscription price of HK$0.164 per share. The net proceeds from the subscription of approximately HK$9,825,000 for general working capital purposes such as payment of staffs costs and operating lease expenditure. The subscription has already been completed on 16 May 2016.

(ii) On 17 June 2016, the Company, Jetgo Group Limited and the placing agent entered into the second supplemental agreement to the Tri-Party Agreement of placing 138,568,000 consideration shares in relation to the disposal of Sino United Energy Investment Co., Ltd to extend the long-stop date from 30 June 2016 to 31 December 2016.

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 2016.

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 2016 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 2016

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Xiaobin, Mr. Gao Feng and Mr. Chiu Sui Keung, the non-executive directors are Ms. Geng Ying, Mr. Zhao Zili and Mr. Li Du, and the independent non-executive directors of the Company are Mr. Cheng Wing Keung Raymond, Mr. Lam Williamson, Mr. Wong Hoi Kuen and Dr. Lam Lee G.