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## SINOCOP RESOURCES (HOLDINGS) LIMITED

中銅資源(控股)有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 476)**

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED

**30 SEPTEMBER 2010**

The board of directors (the “Directors”) of Sinocop Resources (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2010.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2010</b>	2009
		<b>(unaudited)</b>	(unaudited)
	Note	<b>HK\$'000</b>	HK\$'000
<b>Turnover</b>	5	<b>24,719</b>	137,082
Cost of sales		<b>(24,299)</b>	(122,721)
Gross profit		<b>420</b>	14,361
Other income and gains	5	<b>63</b>	380
Selling and distribution costs		-	(3,070)
Administrative expenses		<b>(25,538)</b>	(19,062)
Finance costs	6	<b>(21)</b>	(6,208)
Share of profit of an associate		<b>556</b>	281
Loss before income tax	8	<b>(24,520)</b>	(13,318)
Income tax	9	-	-
<b>Loss for the period</b>		<b>(24,520)</b>	(13,318)
<b>Other comprehensive income for the period:</b>			
Exchange differences arising on translation of foreign operations		<b>18,008</b>	7,535
<b>Total comprehensive income for the period</b>		<b>(6,512)</b>	(5,783)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2010</b>	2009
		<b>(unaudited)</b>	(unaudited)
	Note	<b>HK\$'000</b>	HK\$'000
<b>Loss attributable to:</b>			
- Owners of the Company		<b>(19,401)</b>	(10,555)
- Minority interests		<b>(5,119)</b>	(2,763)
		<u><b>(24,520)</b></u>	<u>(13,318)</u>
<b>Total comprehensive income attributable to:</b>			
- Owners of the Company		<b>(6,762)</b>	(5,118)
- Minority interests		<b>250</b>	(665)
		<u><b>(6,512)</b></u>	<u>(5,783)</u>
<b>Loss per share</b>			
Basic and diluted (HK\$)	10	<u><b>(0.0154)</b></u>	<u>(0.0084)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2010**

		<b>30 September 2010 (unaudited) HK\$'000</b>	31 March 2010 (audited) HK\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>32,955</b>	34,952
Construction in progress	12	<b>82,473</b>	67,283
Interests in associates		<b>1,189</b>	1,194
Goodwill		<b>46,532</b>	42,017
Other intangible assets		<b>14,795</b>	13,360
<b>Total non-current assets</b>		<b>177,944</b>	158,806
<b>Current assets</b>			
Accounts receivable	13	<b>24,719</b>	5,223
Other receivables, deposits and prepayments		<b>16,334</b>	16,332
Value-added-tax recoverable		<b>14,055</b>	11,086
Cash and bank balances		<b>50,495</b>	77,647
<b>Total current assets</b>		<b>105,603</b>	110,288
<b>Current liabilities</b>			
Accounts payable	14	<b>24,299</b>	-
Other payables and accruals		<b>963</b>	4,338
Receipts in advance		<b>218</b>	198
Obligations under finance leases		<b>2,107</b>	2,675
Tax payable		<b>564</b>	564
<b>Total current liabilities</b>		<b>28,151</b>	7,775
<b>Net current assets</b>		<b>77,452</b>	102,513
<b>Total assets less current liabilities</b>		<b>255,396</b>	261,319
<b>Non-current liabilities</b>			
Obligations under finance leases		-	728
<b>TOTAL NET ASSETS</b>		<b>255,396</b>	260,591
<b>Equity</b>			
Share capital	15	<b>12,583</b>	12,583
Reserves		<b>129,962</b>	135,407
<b>Equity attributable to owners of the Company</b>		<b>142,545</b>	147,990
<b>Minority interests</b>		<b>112,851</b>	112,601
<b>TOTAL EQUITY</b>		<b>255,396</b>	260,591

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible notes equity reserve HK\$'000	Share options reserve HK\$'000	Foreign currency translation reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2010 (audited)	12,583	122,777	20,566	-	70,105	(5,740)	687	(72,988)	147,990	112,601	260,591
Share-based payments	-	-	-	-	1,317	-	-	-	1,317	-	1,317
Lapse of share options	-	-	-	-	(1,111)	-	-	1,111	-	-	-
Total comprehensive income for the period	-	-	-	-	-	12,639	-	(19,401)	(6,762)	250	(6,512)
At 30 September 2010 (unaudited)	<u>12,583</u>	<u>122,777</u>	<u>20,566</u>	<u>-</u>	<u>70,311</u>	<u>6,899</u>	<u>687</u>	<u>(91,278)</u>	<u>142,545</u>	<u>112,851</u>	<u>255,396</u>
At 1 April 2009 (audited)	12,583	122,777	20,566	19,654	31,638	(13,442)	687	(67,779)	126,684	116,974	243,658
Transfer to accumulated losses upon redemption of convertible notes	-	-	-	(19,654)	-	-	-	19,654	-	-	-
Share-based payments	-	-	-	-	1,317	-	-	-	1,317	-	1,317
Lapse of share options	-	-	-	-	(324)	-	-	324	-	-	-
Total comprehensive income for the period	-	-	-	-	-	5,437	-	(10,555)	(5,118)	(665)	(5,783)
At 30 September 2009 (unaudited)	<u>12,583</u>	<u>122,777</u>	<u>20,566</u>	<u>-</u>	<u>32,631</u>	<u>(8,005)</u>	<u>687</u>	<u>(58,356)</u>	<u>122,883</u>	<u>116,309</u>	<u>239,192</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

	<b>For the six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(24,620)</b>	(76,126)
Net cash (used in) /generated from investing activities	<b>(2,101)</b>	13,677
Net cash used in financing activities	<b>(1,663)</b>	(88,069)
Net decrease in cash and cash equivalents	<b>(28,384)</b>	(150,518)
Cash and cash equivalents at beginning of period	<b>77,647</b>	164,058
Effect of foreign exchange rate changes	<b>1,232</b>	543
Cash and cash equivalents at end of period	<b>50,495</b>	14,083

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. CORPORATE INFORMATION**

The Company was incorporated in Bermuda with limited liability. Its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business is located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group are principally engaged in investment holding, trading of metals and minerals and processing of raw ores.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The basis of preparation and the accounting policies adopted in these interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 March 2010, except as stated in note 3 below following the adoption of new and revised Hong Kong Financial Reporting Standards in the current period.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments) Amendments to HKFRS 2	Improvements to HKFRSs 2009 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners

The adoption of the new and revised HKFRSs had no material effect on the results and financial position for the current or prior accounting period. Accordingly, no prior adjustment is required.

The following new or revised HKFRSs, potentially relevant to the Group, have been issued but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKFRS 9	Financial Instruments <sup>4</sup>

*1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011 as appropriate*

*2 Effective for annual periods beginning on or after 1 July 2010*

*3 Effective for annual periods beginning on or after 1 January 2011*

*4 Effective for annual periods beginning on or after 1 January 2013*

The Group is in the process of making an assessment of the potential impact of other new or revised HKFRSs in the period of their initial application.

### 4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has the following two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

- Metal and minerals trading; and
- Ores processing and trading.

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments’ profit that is used by the chief operating decision-maker for assessment of segment performance.

(a) **Business segments**

	<b>Metal and minerals trading</b>		<b>Ores processing and trading</b>		<b>Total</b>	
	For the six months ended		For the six months ended		For the six months ended	
	30 September <b>2010</b>	2009	30 September <b>2010</b>	2009	30 September <b>2010</b>	2009
	(unaudited)		(unaudited)		(unaudited)	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from external customers</b>	<b>24,719</b>	137,082	-	-	<b>24,719</b>	137,082
<b>Reportable segment (loss)/ profit</b>	<b>(3,626)</b>	7,516	<b>(12,799)</b>	(6,910)	<b>(16,425)</b>	606
Share of profit of an associate	<b>556</b>	281	-	-	<b>556</b>	281
Interest income	-	-	-	3	-	3
Depreciation	-	-	<b>4,891</b>	4,486	<b>4,891</b>	4,486
Unallocated					<b>340</b>	345
Total depreciation					<b>5,231</b>	4,831

**Reconciliation of reporting segment revenue and profit or loss**

	For the six months ended 30 September	
	<b>2010</b>	2009
	(unaudited)	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue	<b>24,719</b>	137,082
<b>Loss before income tax</b>		
Reportable segment (loss)/ profit	<b>(16,425)</b>	606
Unallocated other income and gains	<b>49</b>	46
Unallocated share-based payments	<b>(1,317)</b>	(1,317)
Unallocated other corporate expenses	<b>(6,806)</b>	(6,445)
Finance costs	<b>(21)</b>	(6,208)
Consolidated loss before income tax	<b>(24,520)</b>	(13,318)

(a) Business segments (continued)

	Metal and minerals trading		Ores processing and trading		Total	
	As at		As at		As at	
	30 September 2010 (unaudited) HK\$'000	31 March 2010 (audited) HK\$'000	30 September 2010 (unaudited) HK\$'000	31 March 2010 (audited) HK\$'000	30 September 2010 (unaudited) HK\$'000	31 March 2010 (audited) HK\$'000
<b>Reportable segment assets</b>	<b>35,942</b>	17,328	<b>244,864</b>	249,124	<b>280,806</b>	266,452
Interests in associates	<b>1,189</b>	1,194	-	-	<b>1,189</b>	1,194
Additions to non-current assets	-	-	<b>7,431</b>	37,899	<b>7,431</b>	37,899
Unallocated					<b>3</b>	30
Total additions to non-current assets					<b>7,434</b>	37,929
<b>Reportable segment liabilities</b>	<b>24,320</b>	1,274	<b>2,959</b>	5,672	<b>27,279</b>	6,946

**Reconciliation of reporting segment assets and liabilities**

	As at	
	30 September 2010 (unaudited) HK\$'000	31 March 2010 (audited) HK\$'000
<b>Assets</b>		
Reportable segment assets	<b>280,806</b>	266,452
Unallocated corporate assets	<b>2,741</b>	2,642
Consolidated total assets	<b>283,547</b>	269,094
<b>Liabilities</b>		
Reportable segment liabilities	<b>27,279</b>	6,946
Unallocated corporate liabilities	<b>872</b>	1,557
Consolidated total liabilities	<b>28,151</b>	8,503



**(b) Geographic information**

During the periods ended 30 September 2010 and 2009, the Group's business revenue was all generated from the People's Republic of China (the "PRC"). Accordingly, no geographical segments information regarding the Group's business revenue and results is presented.

The following is an analysis of the Group's non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets") by the geographical areas in which the assets are located:

	<b>Specified non-current assets</b>	
	<b>As at</b>	
	<b>30 September 2010 (unaudited) HK\$'000</b>	<b>31 March 2010 (audited) HK\$'000</b>
PRC, including Hong Kong	<b>1,536</b>	2,077
South America	<b>175,219</b>	155,535
Asia Pacific	<b>1,189</b>	1,194
	<b><u>177,944</u></b>	<b><u>158,806</u></b>

**5. TURNOVER, OTHER INCOME AND GAINS**

Turnover, which is also the revenue, represents the invoiced value of goods supplied to customers and is analysed as follows:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010 (unaudited) HK\$'000</b>	<b>2009 (unaudited) HK\$'000</b>
<b>Turnover</b>		
Sale of metals and minerals	<b><u>24,719</u></b>	<b><u>137,082</u></b>
<b>Other income and gains</b>		
Interest income	-	3
Sundry income	<b><u>63</u></b>	<b><u>377</u></b>
	<b><u>63</u></b>	<b><u>380</u></b>

## 6. FINANCE COSTS

	For the six months ended 30 September	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Interest on convertible notes	-	6,060
L/C charges and trust receipt loan interest	14	133
Finance charges on obligations under finance leases	141	464
	<hr/>	<hr/>
Total interest expenses	155	6,657
Less: amount capitalised in construction in progress	(134)	(449)
	<hr/>	<hr/>
	21	6,208
	<hr/> <hr/>	<hr/> <hr/>

The borrowing costs have been capitalised at a rate of 10.87% (30 September 2009: 11.20%) per annum.

## 7. DIVIDEND

The directors do not recommend the payment or declaration of any interim dividend for the six months ended 30 September 2010 (30 September 2009: HK\$ Nil).

## 8. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

	For the six months ended 30 September	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Depreciation of property, plant and equipment	5,231	4,831
Less: amount capitalised in construction in progress	(4,569)	(4,204)
	<hr/>	<hr/>
	662	627
	<hr/> <hr/>	<hr/> <hr/>
Staff costs (including directors' remuneration)		
- Salaries and wages	6,060	4,166
- Other benefits	524	466
- Share-based payments	1,317	1,317
- Pension contributions	81	78
	<hr/>	<hr/>
	7,982	6,027
	<hr/> <hr/>	<hr/> <hr/>

## 9. INCOME TAX

No Hong Kong profits tax has been provided for the Company and its subsidiaries as the Group had no profit arising in Hong Kong (30 September 2009: HK\$ Nil).

Overseas taxes on assessable profits of the Company or its subsidiaries, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

There were no significant unprovided deferred tax liabilities as at 30 September 2010 (31 March 2010: HK\$Nil). No deferred tax asset in respect of the unused tax losses has been recognised due to the unpredictability of future profit streams.

## 10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period attributable to owners of the Company	<b><u>(19,401)</u></b>	<b><u>(10,555)</u></b>
	<b>Number</b>	<b>Number</b>
Number of ordinary shares in issue	<b><u>1,258,296,800</u></b>	<b><u>1,258,296,800</u></b>

Diluted loss per share was not presented for the six months ended 30 September 2010 and 2009 as the potential ordinary shares are anti-dilutive.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2010, the Group acquired property, plant and equipment in an aggregate amount of approximately HK\$86,000 (30 September 2009: HK\$6,716,000). Depreciation for items of property, plant and equipment was approximately HK\$5,231,000 (30 September 2009: HK\$4,831,000) during the period. Exchange realignment arising on translation of the carrying amount of the property, plant and equipment amounted to HK\$3,148,000 (30 September 2009: HK\$1,831,000) during the period.

No disposal on property, plant and equipment was made during the period.

## 12. CONSTRUCTION IN PROGRESS

During the six months ended 30 September 2010, expenditure recognized as construction in progress amounted to approximately HK\$7,348,000 (30 September 2009: HK\$13,476,000). Exchange realignment arising on translation of construction in progress amounted to HK\$7,842,000 (30 September 2009: HK\$2,484,000) during the period.

### 13. ACCOUNTS RECEIVABLE

The ageing analysis of accounts receivable at the end of reporting period, based on the invoice date, was as follows:

	As at	
	30 September 2010 (unaudited) HK\$'000	31 March 2010 (audited) HK\$'000
Within 1 month	24,719	-
1-3 months	-	5,223
	<u>24,719</u>	<u>5,223</u>

The credit period granted by the Group to customers ranges from 30 days to 90 days.

### 14. ACCOUNTS PAYABLE

The ageing analysis of accounts payable at the end of reporting period, based on the invoice date, was as follows:

	As at	
	30 September 2010 (unaudited) HK\$'000	31 March 2010 (audited) HK\$'000
Within 1 month	<u>24,299</u>	<u>-</u>

### 15. SHARE CAPITAL

	As at			
	30 September 2010		31 March 2010	
	(unaudited) Number of shares	(unaudited) HK\$'000	(audited) Number of shares	(audited) HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<u>50,000,000,000</u>	<u>500,000</u>	<u>50,000,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>				
At beginning/ end of period/ year	<u>1,258,296,800</u>	<u>12,583</u>	<u>1,258,296,800</u>	<u>12,583</u>

Subsequent to the reporting period, the Company issued 110,000,000 new shares pursuant to a placing agreement with a placing agent (see note 20 for details).

## 16. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to an ordinary resolution passed on 5 January 2004 (the “Adoption Date”), the Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operation. The Scheme will remain in force for 10 years from the Adoption Date. The board of directors is empowered, at its discretion, to invite any full time employees of the Group or its associates, including any executive directors and non-executive directors of the Group or its associates, to take up options to subscribe for shares in the Company.

No option was granted under the Scheme during the period under review. And no share options were exercised during the period.

The movements in the number of share options under the Scheme during the period were as follows:

Date of offer of grant	Balance as at 1 April 2010	Lapsed during the period	Balance as at 30 September 2010	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
						11/07/2007 to	
11/07/2007	44,200,000	(200,000)	44,000,000	HK\$0.86	HK\$0.86	10/07/2017	N/A
						01/04/2008 to	01/04/2008 to
18/09/2007	5,000,000	-	5,000,000	HK\$2.95	HK\$2.90	17/09/2017	31/03/2013
						16/12/2009 to	
16/12/2009	<u>84,800,000</u>	<u>(2,300,000)</u>	<u>82,500,000</u>	HK\$0.46	HK\$0.45	15/12/2019	N/A
	<u>134,000,000</u>	<u>(2,500,000)</u>	<u>131,500,000</u>				

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on Black-Scholes model. The contractual life of the share options and expectation of early exercise of the share options are incorporated into the model.

The Group recognised an equity-settled share-based payment expense of approximately HK\$1,317,000 (30 September 2009: HK\$1,317,000) during the period.

## 17. RELATED PARTY TRANSACTIONS

- (a) On 16 October 2007, Minera Catania Verde S.A. (“Verde”), a subsidiary of the Company, entered into a master agreement (the “Master Agreement”) with CAH Reserve S. A. (“CAH”), a related company in which Mr. Cheung Ngan and Mr. Chan Chung Chun, Arnold jointly and indirectly own 44% effective interest. Pursuant to the Master Agreement, Verde agrees to purchase and CAH agrees to exclusively supply and sell the copper ores extracted from CAH’s mining concessions in Chile to Verde, free from all liens, charges and encumbrances.

The Master Agreement will subsist until terminated by Verde (at the discretion of Verde) by giving CAH not less than 6 months’ written notice of termination any time after the 3rd anniversary of the Master Agreement.

There were no purchases from CAH during the periods ended 30 September 2010 and 2009.

This related party transaction also constitutes continuing connected transactions in respect of which the company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

- (b) The remuneration of key management included directors' remuneration only during the period was as follows:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Short-term benefits	<b>870</b>	870
Pension contributions	<b>12</b>	12
	<b>882</b>	882

## 18. CONTINGENT LIABILITIES

As at 30 September 2010, the Company had provided a corporate guarantee of US\$12,000,000 (31 March 2010: US\$12,000,000), equivalent to approximately HK\$93,600,000 (31 March 2010: approximately HK\$93,600,000) to a bank as a security for banking facilities granted to the Group. The banking facilities were not utilised by the Group at the end of reporting period.

## 19. CAPITAL COMMITMENTS

At the end of reporting period, the Group had the following capital commitments contracted but not provided for in the financial statements:

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2010</b>	2010
	<b>(unaudited)</b>	(audited)
	<b>HKD'000</b>	HK\$'000
Acquisition of property, plant and equipment	<b>12,956</b>	12,956
Capital expenditure in respect of the construction of ores processing plant	<b>3,789</b>	3,805
	<b>16,745</b>	16,761

## 20. EVENTS AFTER THE REPORTING PERIOD

On 21 October 2010, the Company entered into a placing agreement with a placing agent to place, on a best effort basis, 110,000,000 shares to no fewer than six independent placees at a price of HK\$0.40 per share. The placing was completed on 9 November 2010 in accordance with the terms and conditions of the placing agreement. An aggregate of 110,000,000 shares, representing approximately 8.74% of the issued share capital of the Company, were allotted and issued on 9 November 2010. The net proceeds from the placing were approximately HK\$42.5 million.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

During the six months ended 30 September 2010, the Group had recorded a turnover of approximately HK\$24.7 million from its operation (30 September 2009: HK\$137.1 million). The decrease in turnover was mainly due to the decrease in sales volume of metals and minerals during the period.

The gross profit margin decreased from 10.5% in 2009 interim period to 1.7% in 2010 interim period. It was resulted from different composition of the products traded. In 2009 interim period, around 90% of the turnover was arisen from the trading of iron ores, whereas in 2010 interim period, the turnover is contributed from the trading of nickel ores only, which have a relatively lower gross profit margin. As a result, the gross profit had decreased to approximately HK\$0.4 million for the period under review (30 September 2009: approximately HK\$14.4 million).

The Group recorded a loss of approximately HK\$24.5 million for the period as compared to a loss of HK\$13.3 million for the last period. Such an increase in loss was mainly due to the decrease in gross profit as discussed above.

The loss attributable to the owners of the Company was HK\$19.4 million (30 September 2009: HK\$10.6 million). Basic and diluted loss per share for the period was HK\$0.0154 per share (30 September 2009: HK\$0.0084 per share).

### **INTERIM DIVIDEND**

The Directors of the Company do not recommend the payment or declaration of any interim dividend for the six months ended 30 September 2010 (30 September 2009: HK\$Nil).

### **BUSINESS REVIEW**

#### **Metals and minerals trading**

Driven by worldwide relaxed monetary policy, the price of commodity soars up substantially. This leads to a significant price fluctuation especially for iron ores and hence the decrease in the demand from the Group's customers in the PRC. As a result, the Group's turnover and gross profit decreased significantly during the period under review. As such, the Group had concentrated its trading in nickel ores during the period which price is relatively less fluctuated as compared to the iron ores traded in the last period. The Group will monitor and respond to the market demand, and will adjust its trading product mix from time to time.

#### **Ores processing and trading**

The Company continued with the copper ores processing and trading operation in Chile through its joint venture company, Tong Guan La Plata Company Limited ("TGLP"). TGLP was 60% held by the Company through its wholly-owned subsidiary, Sinocop Resources (Chile) Limited (previously known as "Zhong Xing Heng He Holdings Limited"). The other joint venture partners are Tong Guan Resources Holdings Ltd. and Catania Copper (Chile) Limited. TGLP's wholly-owned subsidiary in Chile, Minera Catania Verde S.A. ("Verde"), had engaged several local and international consultants in respect of the design and construction of the copper ores processing plant and had obtained environmental licenses from the Chilean Government in early 2009.

As a result of the global financial crisis happened at the end of 2008, the Group had slowed down the progress on the development of the ores processing plant in Chile. Looking back to 2009 and 2010, the world economy has shown positive signs of recovery, but the full effect is not clearly shown yet. However, the recent announced second round of quantitative easing policy from the United States has ever increased the market volatility and expected inflation. Hence the Group will continue to monitor the development progress closely and cautiously and to adjust the development progress and review the situation including allowing for operational design adjustments from time to time.

Notwithstanding the aforementioned, Verde has continued the expenditure program in the Chilean projects such as engaging various experts locally for the construction in progress.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations from internally generated cash flows and finance leases during the period under review. However, the Group sometimes finances its trading business by short term bank loans.

The Group's gearing ratio as at 30 September 2010 was 1.5% (31 March 2010: 2.3%), based on the total borrowings under finance leases amounted to HK\$2.1 million (31 March 2010: HK\$3.4 million) and equity attributable to the owners of the Company of HK\$142.6 million (31 March 2010: HK\$148.0 million).

Of the Group's borrowings under finance leases, HK\$2.1 million (31 March 2010: HK\$2.7 million) is due within one year, HK\$Nil (31 March 2010: HK\$0.7 million) is due in more than one year but not exceeding two years.

As at 30 September 2010, the Group had cash and bank balances of approximately HK\$50.5 million (31 March 2010: HK\$77.6 million). The Group had also obtained banking facilities of US\$12.0 million (31 March 2010: US\$12.0 million), equivalent to approximately HK\$93.6 million (31 March 2010: approximately HK\$93.6 million), none of which had been utilised as at 30 September 2010 (31 March 2010: HK\$Nil). As at 30 September 2010, no bank deposit (31 March 2010: HK\$Nil) was pledged in respect of these banking facilities.

The operating cash flows of the Group are mainly denominated in HK dollars, US dollars and Chilean pesos. Certain bank deposits, receivables and payables of the Group are denominated in US dollars and Chilean pesos. Foreign exchange exposure in respect of US dollars is considered to be minimal as HK dollars is pegged to US dollars. For other currencies, the Group will closely monitor the currency exposure and, when considers appropriate, will take the necessary actions to ensure that such exposure is properly hedged.

On 9 November 2010, the Company issued 110,000,000 new shares, representing approximately 8.74% of the issued share capital of the Company and the net proceeds from the placing were approximately HK\$42.5 million.

## **PROSPECTS**

Despite the global price of the commodity remain at relatively high level, the PRC has continuously shown its efforts on preventing inflation by implementing various fiscal policy. It is still believed that the global economy will still continue to fluctuate in the near future and the prices of metals and minerals will remain volatile. However, the trend of PRC's economic growth in the foreseeable future will continue to be strong. Hence, the directors remain cautiously optimistic about the future prospects of the Group's metals and minerals trading business as well as the development of the ores processing and trading business.



The directors also believe that the investment in the joint venture company, TGLP, represents a long term investment and will contribute to the Group's success and investment return in the long run.

In the meantime, the Group will continue to monitor the current market situation and may take any appropriate action as necessary which will benefit to the Group.

### **CONTINGENT LIABILITIES**

At 30 September 2010, the Company had provided a corporate guarantee of US\$12 million (31 March 2010: US\$12 million) to a bank in respect of the banking facilities granted to the Group. The banking facilities were not utilised by the Group as at 30 September 2010 (31 March 2010: HK\$ Nil).

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2010, the Group employed 63 (31 March 2010: 71) full time managerial and skilled staff principally in Hong Kong and Chile.

The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonus and other individual performance bonus are awarded to staff based on the financial performance of the Group and performance of individual staff. In Chile, the Group provides staff welfare for its employees in accordance with prevailing labour legislation. In Hong Kong, the Group provides staff benefits including mandatory provident fund scheme and medical scheme. In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme.

### **SHARE OPTION SCHEME**

The Company's share option scheme (the "Scheme"), which was adopted by an ordinary resolution of the shareholders at the special general meeting of the Company on 5 January 2004, constitutes a share option scheme governed by Chapter 17 of the Listing Rules.

Pursuant to the Scheme, the Board is empowered, at its discretion, to invite any full-time employees of the Group or its associates, including any executive directors and non-executive directors of the Group or its associates, to take up options to subscribe for shares in the Company. Details of the Scheme are set out in note 16 to the condensed financial statements.

No option was granted during the period under review.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 30 September 2010 were as follows:

Name of Director	Date of grant	Exercise Price (HK\$)	Number of share options		
			At 1 April 2010	Granted/ Exercised/ Lapsed	At 30 September 2010
Mr. Cheung Ngan	16 December 2009	0.46	1,200,000	-	1,200,000
Mr. Chan Chung Chun, Arnold	16 December 2009	0.46	12,000,000	-	12,000,000
Mr. Li Shaofeng	16 December 2009	0.46	12,000,000	-	12,000,000
Mr. Chan Francis Ping Kuen	16 December 2009	0.46	1,200,000	-	1,200,000
Mr. Hu Guang	16 December 2009	0.46	1,200,000	-	1,200,000
Mr. Chan Chak Paul	16 December 2009	0.46	1,200,000	-	1,200,000

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2010, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/ Nature of interest	Number of shares or underlying shares		Approximate percentage of shareholding in the Company/ associated corporation
		Long position	Short position	
Mr. Cheung Ngan	Beneficial owner	312,432,469 (Note 1)	-	24.83%
	Interest of controlled corporation	1,000 (Note 2)	-	20%
Mr. Chan Chung Chun, Arnold	Beneficial owner	12,000,000 (Note 3)	-	0.95%
	Interest of controlled corporation	1,000 (Note 4)	-	20%
Mr. Li Shaofeng	Beneficial owner	12,000,000 (Note 3)	-	0.95%

Mr. Chan Francis Ping Kuen	Beneficial owner	1,200,000 (Note 3)	-	0.095%
Mr. Hu Guang	Beneficial owner	1,200,000 (Note 3)	-	0.095%
Mr. Chan Chak Paul	Beneficial owner	1,200,000 (Note 3)	-	0.095%

Note:

- 1) The 312,432,469 shares include the underlying shares of 1,200,000 from the share options granted, details of which are set out in the section headed “directors’ rights to acquire shares” above.
- 2) The 1,000 shares represent the indirect interest in Tong Guan La Plata Company Limited (“TGLP”), which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Mr. Cheung Ngan held 50% interest in Great Base Holdings Limited and 51% interest in CM Universal Corporation.
- 3) Being options to acquire ordinary shares of the Company, and further details of which are set out in the section headed “directors’ rights to acquire shares” above.
- 4) The 1,000 shares represent the indirect interest in TGLP, which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Mr. Chan Chung Chun, Arnold held 50% interest in Great Base Holdings Limited and 49% interest in CM Universal Corporation.

Save as disclosed above, as at 30 September 2010, none of the directors of the Company have interest or short positions in the shares and underlying shares or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

#### **DIRECTORS’ INTERESTS IN CONTRACTS**

Save as disclosed in note 17 to the condensed financial statements, no director, whether directly or indirectly, had a material beneficial interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period under review.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2010, the following shareholders had registered an interest or short position in the shares or underlying shares of 5% or more of the issued share capital of the Company in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of substantial shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares or underlying shares</b>		<b>Approximate percentage of shareholding in the Company</b>
		<b>Long position</b>	<b>Short position</b>	
Mr. Cheung Ngan	Beneficial owner	312,432,469 (Note 1)	-	24.83%
Plus All Holdings Limited	Beneficial owner	125,000,000 (Note 2)	-	9.93%
Shougang Holding (Hong Kong) Limited	Interest of controlled corporation	125,000,000 (Note 2)	-	9.93%

Note:

- 1) The 312,432,469 shares include the underlying shares of 1,200,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above.
- 2) The 125,000,000 shares represent beneficial interest of Plus All Holdings Limited. Plus All Holdings Limited is owned by Shougang Holding (Hong Kong) Limited. Accordingly, Shougang Holding (Hong Kong) Limited is deemed to be interested in the shares in which Plus All Holdings Limited is interested by virtue of the SFO.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2010.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions during the six months ended 30 September 2010 except the following:

**Code Provision A.2.1** stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

The roles of chairman and chief executive officer of the Company have been performed by Mr. Cheung Ngan. The Board considers that the non-segregation does not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as the chief executive officer when it thinks appropriate.

**Code Provision A.4.1** stipulates that non-executive directors should be appointed for specific terms, subject to re-election.

The current non-executive directors of the Company are not appointed for a specific term as required by code provision A.4.1. The relevant bye-law of the Company provides that all directors, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years at the Company's annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions.

Specific enquiry has been made of all the directors of the Company who have confirmed in writing their compliance with the required standards set out in the Model Code during the period under review.

## **AUDIT COMMITTEE**

The audit committee, which comprises three independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters of the Group. The Committee and the external auditor had reviewed the unaudited interim financial statements for the six months ended 30 September 2010.

On behalf of the Board  
**Cheung Ngan**  
*Chairman*

Hong Kong, 29 November 2010

*As at the date of this announcement, the Board comprises two executive directors, namely Messrs. Cheung Ngan and Chan Chung Chun, Arnold, one non-executive director, namely Mr. Li Shaofeng and three independent non-executive directors, namely Messrs. Chan Francis Ping Kuen, Hu Guang and Chan Chak Paul.*