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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)

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND (II) RESUMPTION OF TRADING

THE ACQUISITION

On 1 November 2011, the Purchaser (a wholly-owned subsidiary of the Company), the Vendors and the Company entered into the Superseded Acquisition Agreement, pursuant to which, among other things, the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the Sale Shares at a total consideration of HK\$3 billion, which will be satisfied in full by the allotment and issue of Consideration Shares to the Vendors. However, the Superseded Acquisition Agreement was subsequently superseded by the Acquisition Agreement on 29 March 2012 in its entirety as a result of revising the manner for settlement of the consideration and the insertion of certain additional condition precedents as subsequently agreed by the parties thereto.

THE ACQUISITION AGREEMENT

On 29 March 2012, the Purchaser, the Vendors and the Company entered into the Acquisition Agreement, pursuant to which, among other things, the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the Sale Shares at a total consideration of HK\$3 billion of which (i) HK\$90 million will be satisfied by the allotment and issue of 120 million Consideration Shares at the Issue Price of HK\$0.75 per Consideration Shares to the Vendors or their nominees; and (ii) HK\$2.91 billion will be satisfied by the issue of Convertible Notes to the Vendors or their nominees at Completion.

POSSIBLE CONNECTED TRANSACTION

As at Completion, the Company, the Purchaser, Sino PowerHouse and the Target Company will enter into the Deed of Confirmation and Guarantee, pursuant to which, the Company and Purchaser agree to repay the Shareholder's Loan at zero interest rate within two years from the Completion. Sino PowerHouse has irrevocably and unconditionally undertaken not to demand the repayment of the Shareholder's Loan within one year from the Completion in the event that the Target Company has insufficient fund to repay the Shareholder's Loan.

THE PLACING AGREEMENT

On 29 March 2012, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has agreed to place through the Placing Agent, the Placing Shares to at least six independent investors at the price no less than HK\$0.60 per Share but not more than HK\$0.75 per Share. The Placing is fully underwritten by the Placing Agent and conditional to the Acquisition Agreement.

The number of Placing Shares shall not be less than 265 million but not more than 333.3 million Placing Shares are to be placed at different intervals during the Placing Period, which respectively represent approximately 19.14% to 24.08% of the existing issued share capital of the Company and approximately 16.07% to 19.40% of the Company's issued share capital as enlarged by the Placing. The issue of Placing Shares is fully underwritten by the Placing Agent.

The Placing is conditional upon, inter alia, the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares and all conditions precedent to the completion of the Acquisition Agreement have been fulfilled or waived, as the case may be.

IMPLICATION UNDER THE LISTING RULES

As the Relevant Ratios exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, Mr. Cheung Ngan, holding 51% shareholding interest of Sino PowerHouse, (which is one of the Vendors) is a Director and substantial shareholder of the Company holding approximately 22.57% shareholding interest of the Company. Mr. Chan Chung Chun, holding 49% shareholding interest of Sino PowerHouse, (which is one of the Vendors) is also a Director and holding approximately 0.87% underlying shares of the Company. Mr. Cheung Ngan and Mr. Chan Chung Chun are connected persons of the Company by virtue of their being Directors of the Company and Mr. Cheung Ngan is also a substantial shareholder of the Company and hence, the Acquisition also constitutes a connected transaction of the Company. The Acquisition, which includes the allotment and issue of the Consideration Shares and Conversion Shares and the issue of the Convertible Notes by the Company, is therefore subject to the approval by the Independent Shareholders at the EGM. The Vendors and their associates are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

The entering into the Deed of Confirmation and Guarantee constituted a connected transaction of financial assistance from its connected persons to the Company under Rule 14A.13(2)(b) of the Listing Rules. The Company will comply in full with the requirements of the Listing Rules in respect of the financial assistance as and when appropriate.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Placing. As the Placing and the Acquisition are inter-conditional to each other and Mr. Cheung Ngan and Mr. Chan Chung Chun are connected persons of the Company, Mr. Cheung Ngan and Mr. Chan Chung Chun will abstain from voting at the EGM to approve, amongst other things, the Acquisition, the issue of Convertible Notes, the issue and allotment of Consideration Shares and Conversion Shares and the specific mandate.

FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Donvex Capital Limited has been appointed as financial adviser to the Company in relation to the Acquisition.

An independent committee of the Board comprising Mr. Chan Francis Ping Kuen, Mr. Hu Guang, and Mr. Chan Chak Paul, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Acquisition. The Company will, with the approval of the independent committee of the Board, appoint an independent financial adviser in accordance with the requirements under the Listing Rules to advise the independent committee of the Board and the Independent Shareholders on such matters.

DELAY IN DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition; (ii) the recommendation of the independent board committee in relation to the Acquisition; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition; (iv) financial information of the Target Group and the Enlarged Group; (v) a competent person's report on the mineral reserves/resources prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (vi) a valuation report on the mining assets of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (vii) the details of the Placing if the Company does not issue a separate circular in relation to the Placing; and (viii) the notice of the EGM will be despatched to the Shareholders on or before 30 June 2012 in order to have more time to prepare the accounting information and compile the competent person's report for incorporating into the circular.

GENERAL

It should be noted that the Acquisition is subject to a number of conditions, which may or may not be fulfilled. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares of the Company.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 November 2011 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 30 March 2012.

THE ACQUISITION AGREEMENT

Date

29 March 2012

Parties

Vendors: Sino PowerHouse, Zhou Bo (周勃), and Luan Zhong Jie (樂中杰)

Purchaser: China Elegance Resources Limited, a wholly owned subsidiary of the Company

Issuer: The Company

Sino PowerHouse is the legal and beneficial owner of approximately 70% of the issued share capital of the Target Company as at the Latest Practicable Date. The principal business of Sino PowerHouse is investment holding. As at the date of this announcement, Sino PowerHouse is owned as to 51% by Mr. Cheung Ngan and 49% by Mr. Chan Chung Chun. Mr. Cheung Ngan, being a Director and a substantial shareholder of the Company, owns 22.57% shareholding interest in the Company. Mr. Chan Chung Chun is also the Director and holds approximately 0.87% shareholding interest in the Company.

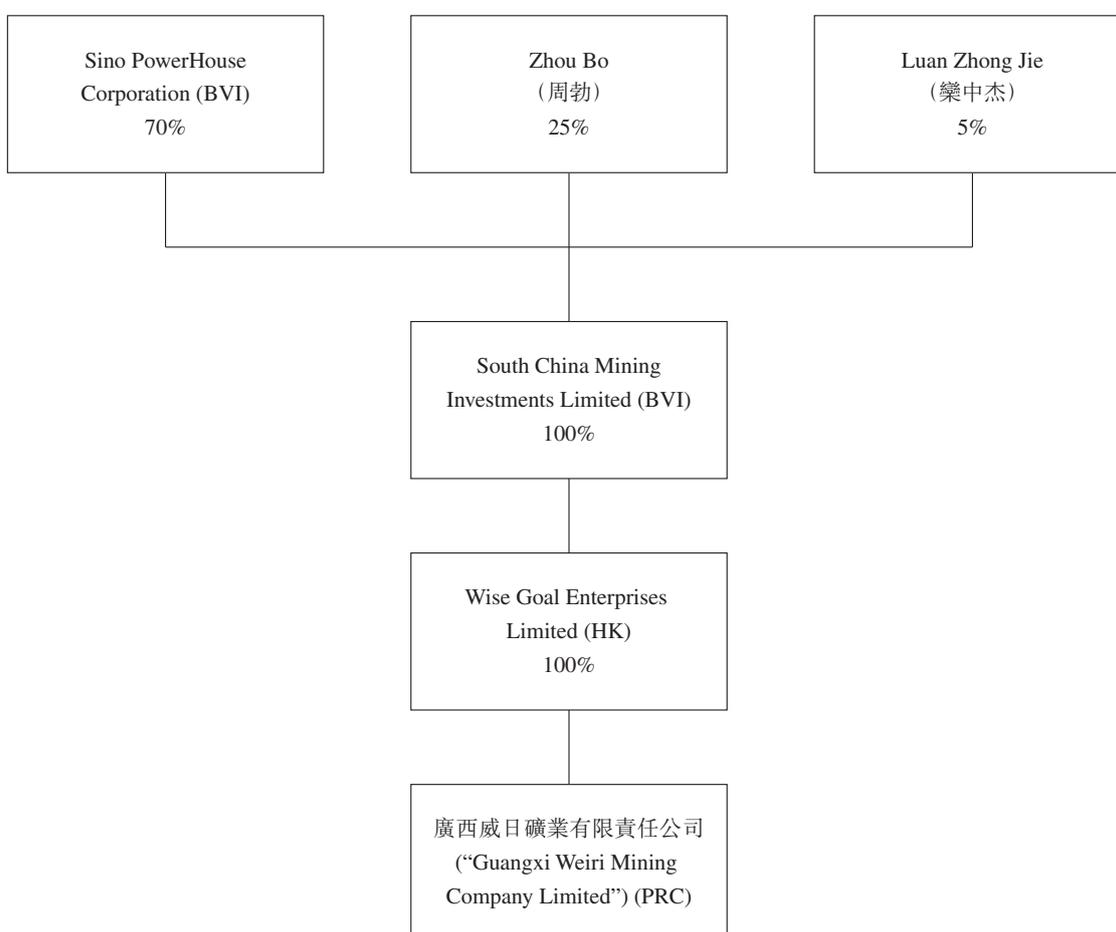
Each of Zhou Bo (周勃) and Luan Zhong Jie (樂中杰) respectively holds approximately 25% and 5% of the issued share capital of the Target Company as at the date of this announcement, and are third parties independent of the Company, the Purchaser and their respective connected persons.

Assets to be acquired by the Company

The Sale Shares, representing the entire issued share capital of the Target Company. The Target Company is the beneficial owner of the Glauberite Mine. It owns the Glauberite Mine through its direct shareholding in Wise Goal, which in turn owns the entire shareholding interest in the WFOE, which is the registered owner of the Glauberite Mine. Further information on the Target Company and the Glauberite Mine are set out in the paragraph headed “Information of the Target Group” below.

The Acquisition Agreement has superseded the Superseded Agreement entirely.

Shareholding structure of the Target Company



The Consideration

The Consideration for the Acquisition is HK\$3 billion of which (i) HK\$90 million will be satisfied by the allotment and issue of 120 million Consideration Shares at the Issue Price of HK\$0.75 per Consideration Shares to the Vendors or their nominees; and (ii) HK\$2.91 billion will be satisfied by the issue of Convertible Notes to the Vendors or their nominees at Completion.

The Consideration was determined after arm's length negotiations between the Company and the Vendors and was based on the various factors, including:

1. The volume, quality and accessibility of the Glauberite estimated reserves and the relative size of that Glauberite deposits comparable in volume, quality and accessibility to the deposits at other PRC glauberite mines and the potential earnings that may be derived from the deposits at the Glauberite Mine. As at the date of this announcement, the estimated resources of sodium sulfate are approximately 238.1 million tons based on the preliminary Competent Person's Report issued by SRK Consulting (Australasia) Pty Ltd in relation to the estimate resource potential in the Glauberite Mine.
2. The Consideration will be satisfied by the allotment and issue of the Consideration Shares and the Convertible Notes which will not involve any immediate cash outlay by the Company.

Based on all the factors set out above, and taking into consideration that completion of the Acquisition is subject to, amongst other things, the Company having received (a) a valuation report prepared by the Independent Valuer to its satisfaction; and (b) a competent person's report prepared by the Independent Technical Adviser, of which the content and result is being satisfactory to the Company, the Directors (excluding the independent non-executive directors) consider that the Consideration is fair and reasonable.

The Consideration was determined after arm's length negotiation between the Vendors and the Company and taking into account the factors considered as set out under the paragraph headed "The Consideration" above.

Consideration Shares

The Consideration Shares to be allotted and issued by the Company to the Vendors or their nominees represent (i) approximately 8.67% of the total Shares in issue as the date of this announcement; and (ii) approximately 7.98% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued under a specific mandate proposed to be obtained at the EGM. The Consideration Shares will rank equally among themselves and *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Consideration Shares.

Issue Price of the Consideration Shares and the initial conversion price of the Conversion Shares set out below

The Issue Price for each Consideration Share and the initial conversion price of the Conversion Shares are the same at HK\$0.75 per Share and was determined after arm's length negotiations between the Company and the Vendors, which represents:

- (a) a discount of approximately 3.8% to the closing price of the Shares of HK\$0.78 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 2.6% to the average of the closing prices of the Shares of approximately HK\$0.77 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day; and
- (c) a premium of approximately 1.3% to the average of the closing prices of the Shares of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Last Trading Day.

The Directors consider that the proposed issue price and initial conversion price are fair and reasonable so far as the Company and the Shareholders are concerned.

Application for listing of the Consideration Shares and the Conversion Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Acquisition Agreement and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights under the Convertible Notes by the holder thereof.

Convertible Notes

Upon Completion, HK\$2.91 billion of the Consideration will be satisfied by the issuance of the Convertible Notes by the Company to the Vendors or their nominees. The principal terms of the Convertible Notes are as follows:

Issuer	The Company
Holder of the Convertible Notes	The Vendors or their nominees
Principal amount	HK\$2.91 billion
Interest	Interest free
Date of issue	The Completion Date
Conversion Rights	The Convertible Notes are convertible at any time, and from time to time, at the option of the holders of the Convertible Notes, subject to the Conversion Restrictions set out below and to the compliance with the Takeovers Code and Listing Rules and any other statutory and regulatory requirements.
Conversion Shares	3.88 billion Conversion Shares will be issued on full conversion of the Convertible Notes based on the principal amount of HK\$2.91 billion and the initial conversion price of HK\$0.75 per Conversion Share.

The Conversion Shares represent (i) approximately 280.27% of the existing issued share capital of the Company; (ii) approximately 72.06% of the issued share capital of the Company as enlarged by the Consideration Shares and the Conversion Shares; and (iii) approximately 67.86% of the issued share capital of the Company as enlarged by the Consideration Shares, Conversion Shares and Placing Shares.

Initial Conversion Price

HK\$0.75 per Share which represents:

- (i) a discount of approximately 3.8% to the closing price of the Shares of HK\$0.78 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.6% to the average of the closing prices of the Shares of approximately HK\$0.77 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day; and
- (iii) a premium of approximately 1.3% to the average of the closing prices of the Shares of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Last Trading Day.

Redemption and/or
Conversion at Maturity

Unless previously converted into Conversion Shares or redeemed in accordance with the terms of the Convertible Notes, the Company shall have the option to redeem the entire or part of the outstanding Convertible Notes on the redemption amount equals to the outstanding principal amount of the Convertible Notes or to convert the entire or part of the outstanding Convertible Notes into Conversion Shares at the Conversion Price on the Maturity Date.

Early Redemption	Only the Company shall have the right to redeem the entire or part of the Convertible Note(s) at the redemption amount equals to the principal amount of the Convertible Note(s) before the Maturity Date but not the holder of the Convertible Notes.
Redemption for Event of Default	The holder(s) of the Convertible Note(s) will have the right at their sole option, to require the Company to redeem all (but not some) of the Convertible Notes following the occurrence of any of the Events of Default (as defined in the Convertible Notes' terms and conditions).
Maturity Date	The tenth anniversary date of the Convertible Notes.
Transferability	The Convertible Notes are transferable, provided that none of the Convertible Notes may be transferred to any connected person of the Company.
Conversion Restrictions	No conversion rights will be exercised by any of the holders of the Convertible Notes if upon such conversion and immediately following the issue of the relevant Conversion Shares:(i) such holder and persons acting in concert (as defined in the Takeovers Code) with it would directly or indirectly control or be interested in an aggregate of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the Shares in issue, or if such holder and persons acting in concert (as defined in the Takeovers Code) with it would otherwise be obliged to make a general offer for the Shares in issue not being owned by them under Rule 26 of the Takeovers Code following such conversion, unless the holder thereof has applied for a waiver from the Executive (as defined in the Takeovers Code) to make the mandatory offer or has made the mandatory offer to acquires all the Shares not held by it and its concert parties; or (ii) the public float of the Shares would fall below 25% as required under the Listing Rules.

Ranking	The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all Shares in issue on the date of allotment and issue thereof.
Voting rights	Holders of the Convertible Notes will not be permitted to attend or vote at meetings of the Company.
Application for listing	No application will be made by the Company to the Listing Committee for the listing of the Convertible Notes.
Adjustment	The adjustment events will arise as a result of certain change in the share capital of the Company including consolidation or sub-division of shares, capitalization of profits or reserves or capital distribution in cash or specie or cash dividend by the Company.

Condition precedent

The Completion is conditional upon the satisfaction (or if applicable, the waiver by the Company) of the following conditions:

- (a) the approval of the Shareholders (other than the Vendors, his associates, persons acting in concert with any of them, any persons involved or interested in the Acquisition or any other persons who are required to abstain from voting under the Listing Rules) at the EGM convened for the purpose of approving the Acquisition Agreement and the transactions contemplated hereunder, including the Acquisition, the Consideration Shares, and the Convertible Notes;
- (b) The Company having completed the due diligence review of the legal and financial of the members of the Target Group and the results of such review being satisfactory to the Company;

- (c) The Independent Technical Adviser having completed the Competent Person's Report in respect of the mineral reserves/resources owned by the Target Group in accordance with the requirements of the Listing Rules and the content and results of such report being satisfactory to the Company. In the event that the estimated tons of resources of sodium sulfate is 5% below the expected resources from the Competent Person's Report issued by the Independent Technical Adviser, which is in compliance with the JORC Code, consideration will be adjusted in proportion to the shortfall of the estimated tons of resources of sodium sulfate;
- (d) The Independent Valuer having completed the valuation of the assets of the Target Group in accordance with the income approach and the content and results of such valuation being satisfaction to the Company;
- (e) All approvals which are required for the Acquisition by the relevant PRC government department, having been obtained and the content of such approvals being satisfactory to the Company;
- (f) Approval for the listing of, and permission to deal in the Consideration Shares and the Conversion Shares having been granted by the Stock Exchange and not having been revoked or withdrawn;
- (g) The Company having received an opinion issued by PRC legal adviser in respect of the PRC members of the Target Group and other PRC legal issues and the form and content of such opinion being satisfactory to the Company;
- (h) All the Warranties being true, accurate and not misleading in all material respects from the date of the Acquisition Agreement to the date of Completion, and the Vendors having complied with their obligations under the Warranties in all material respects;
- (i) Valid mining licenses relating to the Glauberite Mine having been issued to the Target Group by the relevant governmental authority and the form and content of such mining licenses being satisfactory to the Company;
- (j) Entering into the Deed of Confirmation and Guarantee by the Parties;

- (k) The Shares remain listed and traded on the Main Board of the Stock Exchange at all times from the date of the Acquisition Agreement up to (and including) the completion of the transactions contemplated therein;
- (l) The Independent Accountants having completed the audit of the consolidated financial statements relating to the Target Group in accordance with the Listing Rules and the contents and results of such audit being satisfactory to the Company; and
- (m) Entering into the Placing Agreement with any financial institution, and the conditions of which shall have been fulfilled.

The reference date to be adopted for the preparation of the valuation report referred to in condition (d) to Completion is currently intended to be 31 December 2011, subject to any change as may be required for the purposes of complying with any legal or regulatory requirement or required by any relevant regulatory authority.

The conditions precedent set out in (a), (c), (e), (f), (g), (i), (j), (l) and (m) above cannot be waived by the Company. The other conditions precedent set out above, being the conditions precedent itemized (b), (d), (h) and (k), may be waived by any party.

Save for the conditions precedent set out in (a), (c), (e), (f), (g), (i), (j), (l) and (m), any of the conditions precedent set out above has not been fulfilled (or, if applicable, waived by the Company) on or before 31 July 2012 (or such later date as may be agreed between the Vendors and the Company), the Acquisition Agreement will terminate with immediate effect.

Condition subsequent

- (i) The Vendors shall repurchase the Molybdenum Mine from the Purchaser at the consideration of HK\$1 within 12 months after Completion;
- (ii) The Vendors undertake to the Company that they will jointly and severally be responsible for all operation costs of the Molybdenum Mine and will indemnify the Company against all costs, loss and/or damages (if any) incurred or suffered by the Company and the Purchaser by reason of the Target Company's interest in the Molybdenum Mine before the Molybdenum Mine is transferred back to the Vendors; and

- (iii) Subject to the Vendors' fulfillment of all their obligations under (ii) above, the Purchaser agrees that the Vendors shall be entitled to all profits generated from the Molybdenum Mine (if any).

Completion

The Completion will take place on the 7th Business Days (or such other date as may be agreed in writing by the Company and the Vendors) after all the conditions precedent to which the Company is subject have been fulfilled (or, if applicable, waived by the Company).

Deed of Confirmation and Guarantee

As at Completion, the Company, the Purchaser, Sino PowerHouse and the Target Company will execute the Deed of Confirmation and Guarantee. The major terms of the Deed of Confirmation and Guarantee are as follows:

1. The Company and the Purchaser guarantee in favour of Sino PowerHouse that they will repay the Shareholder's Loan owned by the Target Company to Sino PowerHouse within two years from the Completion.
2. In the event that the Target Company does not have sufficient fund to repay the Shareholder's Loan within one year from the Completion, Sino PowerHouse has irrevocably and unconditionally undertaken not to demand the repayment of the Shareholder's Loan.
3. The Shareholder's Loan is interest free within two years from the Completion.

Under such circumstance, Sino PowerHouse cannot demand repayment of the Shareholder's Loan within the first year of the Completion if the Target Company does not have sufficient fund. The Directors consider that the Deed of Confirmation and Guarantee is entered into on commercial terms and the terms of the Deed of Confirmation and Guarantee are fair and reasonable, and in the interest of the Group and the Shareholders as a whole.

EFFECTS OF THE ACQUISITION ON THE SHAREHOLDING OF THE COMPANY

The following table set out, for illustrative purpose only, the effect of the Acquisition on the Shares in issue immediately after the Completion:

	As at the date of this announcement		Immediately after the issue of Placing Shares		Immediately after the issue of Placing Shares, and Consideration Shares		Immediately after the issue of Placing Shares, the exercise of Convertible Notes and the issue of Consideration Shares up to 30% for Mr. Cheung Ngan, Mr. Chan Chung Chun, Sino PowerHouse, Mr. Zhou Bo and Mr. Luan Zhong Jie		Immediately after the exercise of Convertible Notes, the issue of Consideration Shares and Placing Shares <i>(For illustration purpose only)</i>	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Mr. Cheung Ngan <i>(Note 1)</i>	312,432,469	22.57	312,432,469	18.19	312,432,469	17.00	312,432,469	15.56	312,432,469	5.46
Sino Powerhouse <i>(Note 1)</i>	-	-	-	-	84,000,000	4.57	202,746,228	10.10	2,800,000,000	48.97
Mr. Zhou Bo	-	-	-	-	30,000,000	1.63	72,409,367	3.61	1,000,000,000	17.49
Mr. Luan Zhong Jie	-	-	-	-	6,000,000	0.33	14,481,873	0.72	200,000,000	3.50
Placees	-	-	333,300,000	19.40	333,300,000	18.14	333,300,000	16.60	333,300,000	5.83
Public	1,071,964,331	77.43	1,071,964,331	62.41	1,071,964,331	58.33	1,071,964,331	53.41	1,071,964,331	18.75
Total	1,384,396,800	100.00	1,717,696,800	100.00	1,837,696,800	100.00	2,007,334,268	100.00	5,717,696,800	100.00

Note 1

The 2,800,000,000 shares represent beneficial interest of Sino PowerHouse, which is owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun. Mr. Chan Chung Chun owns the underlying shares of 12,000,000 from the share options granted but does not own any shares as at the date of this announcement.

INFORMATION OF THE TARGET GROUP

The Target Company

The Target Company is an investment holding company for the purpose of holding the equity interest in Wise Goal Enterprises Limited.

Wise Goal Enterprises Limited

Wise Goal Enterprises Limited, a wholly owned subsidiary of the Target Company, is an investment holding company which was established for the purpose of holding the equity interest in 廣西威日礦業有限責任公司 (“Guangxi Weiri Mining Company Limited”).

Background of 廣西威日礦業有限責任公司 (“Guangxi Weiri Mining Company Limited”)

廣西威日礦業有限責任公司 (“Guangxi Weiri Mining Company Limited”) was incorporated in the PRC in 2006 with limited liability and is principally engaged in the businesses of mining and sale of mineral resources in the PRC. The acquisition cost of the Glauberite Mine and Molybdenum Mine by the Vendors at 2006 was RMB37 million and RMB36 million respectively. The unaudited total acquisition cost and investment made by the Vendors for the Glauberite Mine and Molybdenum Mine as at 31 December 2010 was approximately RMB80 million and RMB68 million respectively. The investment cost of the Two Mines has been recognized as expenses in the respective financial years. As such, the Target Company has a net deficit of RMB158.5 million for the period ended 31 August 2011.

Upon acquiring Guangxi Weiri Mining Company Limited, Mr. Cheung Ngan brought in the management team (the “Expert Team”) to Guangxi Weiri Mining Company Limited who has been working with Mr. Cheung Ngan since 2006. The above Expert Team has led the Target Group in carry out evaluation and exploration program for the Glauberite Mine from 2006. Among which, it engaged several professional institutes including Guangxi Geologic Survey Institute of China Chemical Geology and Mine Bureau (中化地質礦山總局廣西地質勘察院) for exploration, Central South University – Chemical Analysis Center (中南大學化學成分分析中心) to perform assay testing, Changsha Design and Research Institute of Ministry of Chemical Industry (化工部長沙設計研究院) to complete a feasibility study, Chengdu University of Technology (成都理工大學) for a market analysis research. Such study is the basis for the assessment of SRK Consulting (Australasia) Pty Ltd, which is the Independent

Technical Adviser appointed by the Company. Based on the studies, the Expert Team could identify and commence the initial exploitation methodology, which was used as the basis for the successful application of various licenses including but not limited to the followings:

- (i) arrangement of Ministry of Land and Resources of Guangxi Zhuang Autonomous Region (廣西壯族自治區國土資源廳) to assess the reserve of the Glauberite Mine;
- (ii) obtained exploration license in 2007;
- (iii) arrangement of Industrial Building Design Academy of Guangxi to design the exploration methodology;
- (iv) obtained approval from Guangxi Zhuang Autonomous Region Administration of Work Safety (廣西壯族自治區安全生產監督管理局) in 2009;
- (v) arrangement of the mining land reclamation scheme in 2010;
- (vi) arrangement of the soil and water conservation scheme and obtained the approval from Guangxi Zhuang Autonomous Region Department of Water Resources (廣西壯族自治區水利廳) in 2010; and
- (vii) obtained the environmental and exploitation permit from Environmental Protection Bureau of Nanning (南寧市環境保護局) in 2011.

Mr. Cheung Ngan has invested approximately RMB42 million for the above program for the Glauberite Mine after acquiring Guangxi Weiri Mining Company Limited.

Save for the monetary investment by Mr. Cheung Ngan, the Expert Team has increased the (i) intangible assets of Guangxi Weiri Mining Company Limited as a result of going through all the above process; and (ii) the statistic of the Glauberite Mine, including but not limited to the estimated resources, the geological data and composition of raw ores, which is the critical development of the Glauberite Mine for the assessment of SRK Consulting (Australasia) Pty Ltd.

The Two Mines

1. Glauberite Mine

The Glauberite Mine is situated in Guangxi Province, covering an aggregate area of approximately 8.573 km². Based on the Exploration Report on the Mineral Resources of Glauberite Mine prepared by the Target Group in accordance with the Grading and Classification Standards of Solid Mineral Exploration of the PRC issued by the Ministry of Land and Resources of the PRC, the Glauberite Mine was estimated to be 98.62 million tons of sodium sulfate (Na²SO⁴). The Glauberite Mine, which has completed the exploration process, is currently pending for the capital injection for the commencement of exploitation process.

2. Molybdenum Mine

The Molybdenum Mine is situated in Guangxi Province, covering an aggregate area of approximately 2.1791 km². Based on the Exploration Report on the Mineral Resources of Molybdenum Mine prepared by the Target Group in accordance with the Grading and Classification Standards of Solid Mineral Exploration of the PRC issued by the Ministry of Land and Resources of the PRC, the Molybdenum Mine was estimated to be 20,424 tons of molybdenum resources. Such report was provided by the Target Group to the Company.

As mentioned in the paragraph of “Condition Subsequent”, the Company would not acquire the Molybdenum Mine in this Proposed Acquisition because a substantial amount of capital investment into the Molybdenum Mine is required before revenue contribution could be derived from the Molybdenum Mine. The disposal of Molybdenum Mine is the Condition Subsequent of the Acquisition Agreement as the Board considers that it would take approximately 12 months to complete the disposal of the Molybdenum Mine after consulting with the relevant government department in PRC. In order to ensure the Completion could be made within a reasonable time, the disposal of Molybdenum Mine is the Condition Subsequent of the Acquisition Agreement instead of a Condition Precedent. Such arrangement is a commercial decision after the negotiation between the Company and the Vendors. The disposal of the Molybdenum Mine is subject to the approval of the government department in PRC. The Company confirmed that they have commenced for the disposal of Molybdenum Mine, which is expected to be completed on or before 31 March 2013.

In the event that the relevant PRC government department does not approve the disposal of the Molybdenum Mine, the Company is not allowed to dispose the Molybdenum Mine. However, the PRC legal adviser confirmed that there is no legal obstacle to dispose the Molybdenum Mine. As stated in the Acquisition Agreement, the Vendors will indemnify all costs, loss and/or damages incurred or suffered by the Company and the Purchaser. No security has been provided by the Purchaser for any loss and/or damages. The PRC legal adviser confirmed that (i) the Company is not subject to any penalty for keeping the Molybdenum Mine idle; and (ii) the Company or Guangxi Weiri Mining Company Limited has not made any commitment to inject any capital to maintain the Molybdenum Mine.

There is no relationship between the Molybdenum Mine and the Glauberite Mine save for the fact that they are both held by Guangxi Weiri Mining Company Limited. The location of the Two Mines is entirely different. The Board is of the view that the Company would acquire the Glauberite Mine and concentrate on operation of the Glauberite Mine.

According to the preliminary Competent Person's Report issued by SRK Consulting (Australasia) Pty Ltd, which is in compliance with the JORC Code and is expected the quantity and type of resources in the final Competent Person's Report should not significantly deviate from the preliminary Competent Person's Report, the result of the estimated tons of resources of sodium sulfate across inferred, indicated and measured categories:

	Sodium Sulfate Tons
Measured	20,616,999
Indicated	187,159,539
Inferred	<u>30,324,694</u>
Total	<u><u>238,101,232</u></u>

As confirmed by SRK Consulting (Australasia) Pty Ltd, comparison with similar mines has been performed and the result of such comparison would not affect the results and quantity of the resources of the Glauberite Mine. As at the date of this announcement, the outstanding work of SRK Consulting (Australasia) Pty Ltd is to provide a final Competent Person's Report.

According to the SRK Consulting (Australasia) Pty Ltd, which is in compliance with the JORC Code, the estimated resources of sodium sulfate was 238.1 million tons, which is significantly different with the estimation of 98.62 million tons from the Grading and Classification Standards of Solid Mineral Exploration of the PRC. Estimation on 98.62 million tons was based on previous work performed on 1994 from the drilling holes of 4,768.29 meters, together with detailed exploration work from 2004 to 2005 to collect the geological data. On 2009, SRK Consulting (Australasia) Pty Ltd confirmed previous works performed by the PRC expert and provided recommendations to convert the Chinese-classified Resources to the JORC Code. SRK Consulting (Australasia) Pty Ltd conducted a site visit, drilling additional holes with a total length of 4,987 meters and assaying additional samples in 2011. Accordingly, they re-calculate the mining resources and advised that the estimated sodium sulfate based on JORC Code was 238.1 million tons.

The Mining Licenses

Details of the Mining Licenses relating to the Two Mines are summarized below:

Name	Location	License No	Description	Terms of License	Issuing Authority
Glauberite Mine	Heng Xian in Guangxi	C4500002011076210115236	Glauberite	8 July 2011 to 8 July 2041	Ministry of Land and Resources of the PRC
Molybdenum Mine	Luchuan County in Guangxi	4500000810030	Molybdenum	7 May 2008 to 7 May 2028	Ministry of Land and Resources of the PRC

As the Mining Licenses of the Two Mines have been granted, Condition Precedent (i) stated above has been fulfilled.

Product of Glauberite Mine

The product of Glauberite Mine is thenardite which is a water soluble, white, crystalline, hygroscopic mineral powder. Thenardite is an important raw material used in chemical and light industries and is used extensively in the manufacture of powder detergents, textiles, glass and pharmaceutical products.

Glauberite is one of the abundant non-marine evaporates in China. Glauberite appears in solid form in arid regions as a salty precipitate. Glauberite is highly soluble and when mixed with water transforms into mirabilite. Mirabilite is an aqueous mixture that is then dehydrated and processed into thenardite. The specific demand of thenardite is as follows:

(a) Detergents

Thenardite is used in powder laundry and dishwasher detergents as a processing aid and can constitute substantial portion of the powder. Powder detergents account for approximately 25% to 30% of the overall demand for thenardite and have traditionally been, and remain, the largest market for thenardite throughout the world.

(b) Textiles

In the textile industry, thenardite is used in the dyeing process for textile fibres. Thenardite is added to textile dye baths to drive the dye from the solution onto the textile fibres. The dyeing process continues until the desired shade is obtained and the rate of dye absorption is governed by the rate of thenardite addition.

(c) Glass

Thenardite helps remove small air bubbles in molten glass and prevents scum formation on the surface of the molten glass in the refining stage. The glass industry and consequent consumption of thenardite depends on the demand in the construction and automobile industries.

Business Overview

Since thenardite is an important base material across a wide variety of industries, it is expected that the demand will be closely in line with economic growth of the PRC, and thus being optimistic. The strategic location of Glauberite Mine in Guangxi also enables a favorable logistic route to the target customers for domestic and export trade in Guangdong province and Asean countries respectively. Asean countries are one of the major export markets for thenardite from the PRC and Guangxi is the only tariff free window for Asean countries import and export trading. The Company believes the Glauberite Mine has a distinct advantage in Asean countries export trade and close access to Guangdong province industrial hub.

Business Plan of the Target Group

(i) Exploitation of Glauberite Mine

Upon completion, the Company will carry out exploitation program by engaging “room solution mining” method to produce 500,000 tons of thenardite annually. This mining method is a proven mining method and is applicable for the Glauberite Mine.

The Target has obtained relevant 30 years mining license on 8 July 2011 as described above. The mining license offers a right to mine 4.3 million tons of ores for the production of 500,000 tons of thenardite products annually. For the exploitation preparation, including the detail design of the exploitation and geo-mechanical studies and the preparation of the ventilation, the expected time required is around one and a half year.

(ii) Production Plant of thenardite

For the construction of processing plant with a capacity of 500,000 tons thenardite annually, including the plant’s design and construction time, installation time for the equipment, preparation of the electricity etc, the expected time required is around two years.

(iii) Sale strategy

As the Company expects the commercial production of thenardite in 2014, the Company targets to sell the majority of thenardite in Guangdong province where there are a lot of chemical products manufacturer, including but not limited to powder detergent. The Company has confidence in the sale of thenardite to the manufacturers of chemical products in Guangdong province as the transportation cost of delivering thenardite from the Glauberite Mine to the manufacturers of chemical products in Guangdong province is low as the location of the Glauberite Mine is at Guangxi province. Most of the supply of thenardite to the manufacturers of chemical products in Guangdong province is from Sichuan province. As such, the transportation cost of delivering thenardite to the manufacturers of chemical products in Guangdong province should be much higher than the transportation cost of delivering thenardite from the Glauberite Mine which is located at Guangxi province.

Capital Expenditure

The exploitation preparation and processing plant construction will be carried out simultaneously and total time required is around two years. The capital expenditure to be required by the Target Group is approximately RMB416.6 million.

With reference to the preliminary Competent Person's Report issued by SRK Consulting (Australasia) Pty Ltd, the estimate capital cost is as follows:

Item	Cost estimate (RMB million)
Machine and equipment	181.6
Construction	104.9
Installation fee	49.8
Other preparation fee	80.3
	<hr/>
Total	<u><u>416.6</u></u>

The total capital expenditure is around RMB416.6 million, whereas the capital required for the first year upon Completion is around RMB122 million, which is based on the following:

Item	Cost estimate <i>(RMB million)</i>	Required no of month <i>(Note 1)</i>
Infrastructure on Mine Development (main shaft, auxiliary shaft, ventilation shaft and tunnel)	66.0	12
Infrastructure on mines and ground (including water, electricity, roads)	15.0	7
Ground earthworks and infrastructure	10.0	8
Preliminary design and review on processing and operation	8.0	4
Procurement on construction equipment	6.0	3
Completion on construction design	2.0	2
Administrative expenses	2.0	12
Others (include report on mining and group mapping, completion on construction design and collection of relevant license)	10.0	12
Purchase on construction materials	<u>3.0</u>	6
Total	<u><u>122.0</u></u>	

Note 1

All the above construction work will be commenced and completed within 12 months upon Completion.

Save for the above, no other significant expenditures will be incurred for the Glauberite Mine in the first 12 months upon Completion. The Board is of the view that RMB122 million is sufficient for the capital required in the first year.

The capital expenditure stated above will be raised by the Company by way of financing, including but not limited to placement. The capital expenditure of RMB122 million of the exploitation preparation and processing plant for the first 12 months after the Completion will be satisfied by the Company by way of Placement and the internal funding of the Group. Further details relating to the Placing Agreement will be stated below.

Financial information of the Target Group

The following consolidated unaudited financial information of the Target Group is based on the PRC General Accepted Accounting Principles:

	31 August	31 December	31 December	31 December
	2011	2010	2009	2008
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Turnover	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net loss	<u>(1,102)</u>	<u>(9,815)</u>	<u>(21,716)</u>	<u>(66,259)</u>
Shareholder's loan	<u>168,329</u>	<u>158,438</u>	<u>149,229</u>	<u>127,261</u>
Net deficit	<u>(158,489)</u>	<u>(157,469)</u>	<u>(147,783)</u>	<u>(126,059)</u>

REASONS FOR THE ACQUISITION

The Group is principally engaged in investment holding, trading of metals and minerals and processing of raw ores.

The Board expects that there will be an increasing demand for mineral resources as the global thenardite demand in the PRC had increased in the few years as a result of the urbanization in the PRC. The Board considers that this is the right opportunity for the Group to further invest in the development and expansion of its mining business. One of the development objectives of the Group is to increase its reserve of non-ferrous metal resources save for the copper ores processing project in Chile which has been commenced in 2008. In this connection, the Company has identified the Target Group as an appropriate acquisition target and considers that the Acquisition would allow the Group to significantly increase its ores reserve and expand to other mining business. The demand of relatively consumerable products, including washing powder and detergent, in the second or third tier cities in the PRC will increase as a result of the improvement of the living standard of the people in the PRC. As such, the demand for thenardite will increase as a result of the increased demand in consumerable products with relatively higher quality. Therefore, demand for thenardite is closely in line with the economic growth in the PRC, the Directors are optimistic about the future prospects and demand for thenardite.

The Directors consider that the Acquisition is an opportune investment for the Group and expect that the Acquisition will present the Group with favourable long term prospects.

The Directors (excluding the independent non-executive directors who will express their views after having considered the advice of the independent financial adviser) are of the opinion that the terms of the Acquisition Agreement, including the Consideration and the Issue Price and the Acquisition is in the interest of the Company and the Shareholders as a whole.

EXPERIENCE OF THE MANAGEMENT OF THE COMPANY

Mr. Cheung Ngan, aged 54, Chairman and Executive Director of the Company, has extensive experience in mining business in the PRC. Mr. Cheung has over 15 years' substantial experience in iron and steel manufacturing and trading in Hong Kong and the PRC, including his several years with a listed company in Hong Kong, specializing in the trading and manufacturing of iron and steel, management of iron and steel refineries, and management in exploration and exploitation of a silicon mine in Fujian, the PRC. Mr. Cheung has also engaged his own exploration and exploitation mining business in the PRC including exploration of coal mine in XinJiang as well as in exploration and exploitation of copper mine in Chile since 2006. Mr. Cheung was in charge of the mining Expert Team and has set exploration and mining objectives such as making decision on how and where to make further drill holes. Mr. Cheung makes this strategic decision step by step after considering ongoing situation outcome changes and new geology information as advised by the Expert Team. This kind of decision is part of an overall project plan and it has led to the objectives of increasing confirmed resources and approximate resources allocation into different resources category under JORC Code. Mr. Cheung also directs the Expert Team, in co-operation with other contracted professional technical institutes, to carry out initial design of mining and processing alternatives. These designs are in accordance with Mr. Cheung's pre-determined criteria and objectives, and the Expert Team will report to him from time to time for approval or for further elaboration. As such, the Expert Team had completed a feasibility study based on Mr. Cheung directives and objectives.

Mr. Chan Chung Chun, aged 51, has been the Executive Director of the Company since its establishment in 1995. He was in charge of financial matters including the fund raising activities. He also supervised and managed the mining business especially in logistic and sales since 2006. Mr. Chan has contributed to the Group's competitive advantages over the mineral products in the PRC and provided for focused marketing efforts. Mr. Chan has joined Mr. Cheung in managing the exploration of coal mine in XinJiang as well as in exploration and exploitation of copper mine in Chile since 2006. Mr. Chan has formulated the marketing directive with reference to the strategic location of the Glauberite Mine, and has determined the product specification in responding to prevailing and future market needs. As such the Expert Team has followed this directive in carrying out marketing in PRC and in exploring Asean countries export.

EXPERIENCE OF THE EXPERT TEAM OF THE GROUP

Mr. Zhou Chong Dei

Mr. Zhou Chong Dei, aged 45, graduated in 1988 from Lianyungang Chemical Mining College major in exploration geology. Mr. Zhou was a registered senior engineer and has been working for various exploration project since his graduation to the present. In his over 20 years experiences, Mr. Zhou was specialized and in charge in the complete cycle of glauberite exploration from designing exploration program to on-site program execution and management, raw data testing and performing relevant analysis, and then finally preparation of resources report for governmental approval.

Mr. Zhou's exploration experiences from 1992 to 2011 includes

i) 1992 to 1993

In charge for the whole complete exploration cycle of a glauberite mine in Chunliu County of Sichuan with 3.2 square kilometers 1:5000 mapping, of which 5 drill holes and its logging, together with raw data testing and analysis were done, and then finally a resources report of 38 million tons of glauberite ores at category B (the then PRC resources classification category) was approved by Mineral Reserves Committee of Sichuan Province in 1993;

ii) 1993 to 1995

In charge for the whole complete exploration cycle of a glauberite mine in Pengshan county of Sichuan with 5 square kilometers 1:5000 mapping, of which 3 drill holes and its logging, 7,530 meters of 1:5000 exploration line cross section survey, together with raw data testing and analysis were done, and then finally a resources report of 315 million tons of glauberite ores at category B and C (the then PRC resources classification category) was approved by Mineral Reserves Committee of Sichuan Province in 1995;

iii) 1995 to 1997

In charge for the whole complete exploration cycle of a glauberite mine in Pengshan county of Sichuan with 12 square kilometers 1:5000 mapping, of which 3 drill holes and its logging, 3,005 meters of 1:5000 exploration line cross section survey, together with raw data testing and analysis were done, and then finally a resources report of 696 million tons of glauberite ores at category B and C (the then PRC resources classification category) was approved by Mineral Reserves Committee of Sichuan Province in 1997;

iv) 1999 to 2004

In charge for the whole complete exploration cycle of two detail exploration report in Sichuan for a salt chemical mine and were approved by Mineral Resources and Reserves Evaluation Center in Sichuan province in 2002 and 2005 respectively;

v) 2004 to 2008

In charge for the whole complete exploration cycle of two detail exploration report in Yunnan for a salt chemical mine and were approved by Yunnan Information Reserves Evaluation Center in 2007 and 2008 respectively; and

vi) 2009 to 2011

In charge for the whole complete exploration cycle of a glauberite mine in Pengshan county of Sichuan with 1.5 square kilometers 1:5000 mapping, of which 7 drill holes and its logging, 11,579 meters of 1:5000 exploration line cross section survey, together with raw data testing and analysis were done, and then finally a resources report was completed and is now in the process of approval by the government.

Mr. Zhau has been appointed as the director of the Group on 29 March 2012.

Mr. Lee Ming Zang

Mr. Lee Ming Zang, aged 56, graduated from Chongqing University major in exploitation engineering in 1981. Mr. Lee was a registered senior engineer and since his graduation, he has been working for various companies as exploitation engineer or mine-chief. In his 30 years experiences, Mr. Lee was specialized and in charge in the complete cycle of exploitation for glauberite from designing of mining program to construction of mining tunnel and shaft tunnel, exploitation of mine-room for solution leaching, building of ventilation shaft, and installation of solution piping circuit inside the underground mine.

Mr. Lee's exploitation experiences from 1990 to 2009 includes:

i) 1990 to 1993

In charge for the whole complete exploitation cycle of a chemical plant in Wutongqiao of Sichuan, with an annual exploitation of 2.4 million tons of chemical salts ores;

ii) 1994 to 1997

In charge for the whole complete exploitation cycle of a chemical company in Meishan of Sichuan with annual construction of a cross sectional underground mine area of approximately 6,400 square meters, and 16,000 meters annual tunneling progress to facilitate an annual exploitation of 3.8 million tons of glauberite ores;

iii) 1998 to 2001

In charge for the whole complete exploitation cycle of a chemical products group in Sichuan with annual construction of a cross sectional underground mine area of approximately 4,800 square meters, and 12,000 meters annual tunneling progress, and three mine solution leaching pools to facilitate an annual exploitation of 3.5 million tons of glauberite ores;

iv) 2002 to 2005

In charge for the whole complete exploitation cycle of a chemical company in Sichuan with annual construction of a cross sectional underground mine area of approximately 3,200 square meters, and 8,000 meters annual tunneling progress, and two mine solution leaching pools to facilitate an annual exploitation of 2.5 million tons of glauberite ores; and

v) 2006 to 2009

In charge for the whole complete exploitation cycle of a chemical company in Sichuan with annual construction of a cross sectional underground mine area of approximately 4,000 square meters, and 10,000 meters annual tunneling progress, and three mine solution leaching pools to facilitate an annual exploitation of 2.8 million tons of glauberite ores.

Mr. Lee has been appointed as the director of the Group on 29 March 2012.

Mr. Tsang Kin Wah

Mr. Tsang Kin Wah, aged 52, graduated from The Kunming Geological School (昆明地質學校) major in geophysics. Mr. Tsang was a registered senior engineer specializing in physical geology and is currently our geophysic engineer. Mr. Tsang was used to work for Sichuan Bureau of Geology – Panxi Geological Brigade Geophysical team as a physical geology engineer from 1981 to 1993, and then with Sichuan Bureau of Geology (四川地礦局) as chief engineer in charge. Mr. Tsang has extensive experience in exploration by employing physical geology and he is currently the senior management position of Project Manager of the Group. For every mine, the very first step is to assess the mineral prospect in order to determine if there is any possibility of its existence and more understanding of its relevant possible location. One of the most common methods is to go through physical geological technology, including but not limited to gravity, magnetic and electricity method. The glauberite mine is no exception and had gone through the above three same procedures. During the decades with Sichuan Bureau of Geology, Mr. Tsang had been exposed to a wide

range of exploitation and exploration tasks of glauberite projects. During which Mr. Tsang handled several prospecting medium size glauberite projects in Meishan county and Pengshan county of Sichuan, by using mostly magnetic method, as supplemented by electricity and gravity method to locate glauberite. Mr. Tsang successfully separate metal and non-metal minerals, as well as its likely minerals layers by accurately interpret the reaction data, and his works was proved by subsequent drillings that his findings of glauberite are correct. Since the drilling grid requirement for glauberite is relatively diverse as compared to metal mines, therefore Mr. Tsang had been involved in those glauberite mines in Meishan and Pengshan county during its exploitation phase by employing the same technics regarding its possible outbound distribution, as such, the exploitation plan will take into account these information and may be adjusted accordingly. The Group believed that with Mr. Tsang's extensive experience in geophysics, we can be able to interpret physical geological data accurately and thus able to form an ongoing adjustment in employing exploitation strategy.

Mr. Hu Yuen Ming

Mr. Hu Yuen Ming, aged 46, is a registered engineer and has worked for Sichuan Bureau of Geology – Panxi Geological team from 1983 to 1992 in the mining section. During such period with Sichuan Bureau of Geology, Mr. Hu had been involved in the exploration and processing flow sheet design for a few chemical salt projects including potassium and glauberite projects. Since most of the glauberite mine of the PRC is in Sichuan Province and many of the exploration, as well as processing design of glauberite mine were being done by the Bureau. From 1993 to 2004, Mr. Hu swift from mining section to the processing plant section, Sichuan Bureau of Geology – Panxi Chemical Plant, and gradually become the processing plant manager specialize in copper products production. Mr. Hu is currently the production engineer of the Group responsible for organizing mining and production coordination. Upon Completion, Mr. Hu will be assigned as the senior management position of Senior Project Manager of the Group.

Mr. Hu Lik Yi

Mr. Hu Lik Yi, aged 53, graduated from Chengdu University of Technology (成都理工大學) in 1987. Mr. Hu is a registered senior engineer and a geologist. He had extensive working experience in geology and had worked for Sichuan Bureau of Geology in many different projects from 1987 to 2004, including but not limited to ferrous and non-ferrous metals, silicon and kaolinite, potassium and other salts including glauberite. Mr. Hu is currently the geologist responsible for exploration and exploitation geological design.

EXPERIENCE OF THE EXPERT TEAM OF THE TARGET GROUP

The Expert Team has 6 members in the PRC, in which 4 members, specializing in the operating and management of various Glauberite Mines and 2 members specializing in marketing chemical products in the PRC. The Expert Team reports directly to Mr. Cheung and Mr. Chan since 2006.

Mr. Deng Min Li

Mr. Deng Min Li, aged 61, graduated from Chengdu University of Science and Technology (formerly named 成都工學院) in 1977 and is currently head of operation of the Glauberite Mine. Mr. Deng was a registered chemical engineer and a senior engineer specializing on salt chemical. From 1994 to 2003, Mr. Deng was a senior engineer with Zigong City of Light Industry Research and Design Institute (自貢市輕工業設計研究院) and act as a professional project manager for the Institute specialized in development and start-up operation management of glauberite mine, as well as bringing the project up to a stable thenardite production. During that period, Mr. Deng led as group of engineers from the Institute to formulate engineering, procurement and construction management (EPCM) proposal of glauberite mine for the client and then carry out and supervise the program after mutually agreed on it. Zigong City of Light Industry Research and Design Institute is one of the most popular technical institute in the PRC to deliver EPCM for glauberite industry. Mr. Deng has extensive experience in salt chemical industry and during the period with Zigong City of Light Industry Research and Design Institute, he has completed many projects; including but not limited to a reengineering of 150,000 tons per annum thenardite production line for Pengshan

Sodium Sulphate Plant in Sichuan (四川彭山元明粉廠), a 100,000 tons per annum mine and thenardite production line project development for Shanghai Pacific Chemical Group Co., Ltd.- Sodium Sulfate Huaiyang (上海太平洋化工集團淮陽元明粉有限公司) and a 200,000 tons per annum mine and thenardite production line project development for Jiangsu Yinzhong Chemical Group (江蘇銀珠化工集團), a 100,000 tons per annum thenardite production line project development for Hunan Xinli Chemical (湖南新禮化工) and a 200,000 tons per annum thenardite production line project development for Jiangsu Southerly (江蘇南風). Upon Completion, Mr. Deng will be appointed as the senior management position of Chief Production Engineer for the Enlarged Group.

Mr. Ho Man Shing

Mr. Ho Man Shing, aged 57, graduated from China University of Mining and Technology in 1981. He is currently the senior operation engineer of the Glauberite Mine and is responsible for planning and coordination of mining and production development. Mr. Ho is a registered senior engineer and used to be a mine shaft technical officer and deputy chief mine engineer of Neijiang Phoenix Mountains Coal Mine (內江市鳳凰山煤礦) up and until 1995. After that Mr. Ho joined Sichuan Hongya Build Qingyijiang Sodium Sulphate Plant (四川洪雅籌建青衣江元明粉廠) and left in 2004. During which Mr. Ho was the chief engineer and deputy plant manager who is responsible to carry out glauberite exploitation by employing room solution mining method, he led a group of engineers to ensure the continuous smooth supply of mineral solution to the plant. He is responsible for the overall technical management for the circuit between the mine and the plant. As such, Mr. Ho is therefore partially responsible for the smooth production of the plant.

Mr. Ching Cheung Chi

Mr. Ching Cheung Chi, aged 55, graduated from Sichuan Radio and TV University (四川廣播電視大學) in 1983 and is a registered mechanical engineer. Mr. Ching was a technical manager of Zigong Light Industry Machinery Factory (自貢輕工機械廠) and has extensive experience in mechanical facilities especially in salt chemical industry. He has also work for Special Salt Factory in Sichuan (四川特種鹽廠), Sichuan Sangdi Electric Co., Ltd. (四川桑迪電器有限公司) and Sichuan Elegance Trading Co. Ltd. (四川風采貿易有限公司) for more than 10 years. Mr. Ching is currently the chief plant facilities manager of the Glauberite Mine.

Ms. Tam Kin Ying

Ms. Tam Kin Ying, aged 58, graduated from Sichuan Province Salt School (四川省鹽業學校) in 1976 and is a registered economic engineer. Ms. Tam worked for Sichuan Province Light Industry Design Institute (四川省自貢市輕工業設計院) as an economic engineer for over two decades, during which she performed a lot of economic project evaluation and investment budgeting including but not limited to Jiangsu Yinzhu Chemical Plant (江蘇銀珠化工廠集團) and Hunan Lixian New Li Industrial Co., Ltd. (湖南澧縣新澧實業有限公司). Ms. Tam is currently an engineer of the Glauberite Mine responsible for technical analysis and facilities investment analysis.

Mr. Wang On Ping

Mr. Wang On Ping, aged 43, graduated from Southwest Institute of Technology (西南工學院) and is currently head of marketing department of the Glauberite Mine. Mr. Wang has been working in washing detergent and sodium products industry since 1998. During which Mr. Wang spend most of his time in Guangdong especially Dongguan, and he has extensive sales network and marketing experience for chemical products in Guangdong province. Mr. Wang is responsible for assisting the formulation and implementation of Company's marketing and products strategy.

Mr. Wang Hoi Man

Mr. Wang Hoi Man, aged 38, graduated from Sichuan Institute of Light Industry and Chemical (四川輕化工學院) in 1998. Before turning his career into sales and marketing, Mr. Wang was a production foreman in washing detergent industry. From 2001 onwards, Mr. Wang was responsible for sales and marketing liaison and has been devoted to explore chemical products markets in both Guangdong province and other province surrounding Sichuan province. Mr. Wang is currently responsible for customer relationship and liaison.

THE PLACING

The Placing Agreement contains the terms summarized below:

Parties	(a) the Company; and (b) the Placing Agent
Date	29 March 2012
The Placing Agreement	The Company has agreed to appoint the Placing Agent and the Placing Agent has agreed to act as the sole placing agent of the Company to place not less than 265 million Placing Shares but not more than 333.3 million Placing Shares in the share capital of the Company on a fully underwritten basis to independent investors at the price no less than HK\$0.60 but not more than HK\$0.75 per Placing Share.
Placing Agent	Changjiang Securities Brokerage (HK) Limited is the placing agent for the Placing. The Placing Agent will receive a placement commission of 3% on the gross proceeds of the Placing. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner are third parties independent of the Company, its Connected Person and the Vendors.
Placees	The Placing Shares are to be placed to not less than six placees (which may be independent individuals, corporate and/or institutional investors) and their ultimate beneficial owners are third parties independent of the Company, its Connected Person and the Vendors. No placees nor the Placing Agent will become a substantial shareholder as a result of the Placing, pursuant to the clause contained in the Placing Agreement.

Placing Price

The maximum Placing Price is not more than HK\$0.75 per Placing Share. This price represents (i) a discount of approximately 3.8% to the closing price of the Shares of HK\$0.78 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 2.6% to the average of the closing prices of the Shares of approximately HK\$0.77 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day; and (iii) a premium of approximately 1.3% to the average of the closing prices of the Shares of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Last Trading Day.

The minimum Placing Price is not less than HK\$0.6 per Placing Share. This price represents (i) a discount of approximately 23.1% to the closing price of the Shares of HK\$0.78 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 22.1% to the average of the closing prices of the Shares of approximately HK\$0.77 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day; and (iii) a discount of approximately 18.9% to the average of the closing prices of the Shares of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Last Trading Day.

The Placing Price and the discount to market price were agreed after arm's length negotiations, in view of the fact that the Placing is fully underwritten by the Placing Agent.

It is agreed that if on the day on which the resumption of trading in the Shares on the Stock Exchange takes place, the closing price of the Shares fall outside the aforesaid range of the Placing Price, i.e. less than HK\$0.60 per Share or higher than HK\$0.75 per Share, the Company and the Placing Agent will use their best effort to re-negotiate the Placing Price but the gross proceeds of the Placing shall not be more than HK\$200 million.

The gross proceeds from the Placing will be from HK\$159 million to HK\$194 million. The minimum gross proceeds to be raised from the Placing is HK\$159 million if the closing price of the Shares fall outside the range of Placing Price, which is less than HK\$0.6 per Share or higher than HK\$0.75 per Share.

The net proceeds of the Placing is approximately from HK\$154 million to HK\$188 million. The net price raised per Share upon completion of the Placing will be approximately HK\$0.58 to HK\$0.73 per Share.

Rights

The Placing Shares will on issue rank equally with the other Shares then in issue.

Number of Placing Shares

Minimum of 265 million Placing Shares but not more than 333.3 million Placing Shares are to be placed at different intervals during the Placing Period, representing approximately 19.14% to 24.08% of the existing issued share capital of the Company and approximately 16.07% to 19.40% of the issued share capital of the Company as enlarged by the Placing Shares. The issue of Placing Shares is fully underwritten by the Placing Agent.

Conditions Precedent	The Placing is conditional (i) upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares; and (ii) upon satisfaction of condition precedent under the Acquisition Agreement and Convertible Notes Subscription Agreement.
Placing Period	The period commencing from the date of the Placing Agreement and ending on the Long Stop Date for Placing.
Long Stop Date for Placing	31 July 2012 or such other date as may be agreed between the Company and the Placing Agent.
Authority to issue the Placing Shares	The Placing Shares are to be issued by the Company under the specific mandate. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

FUND RAISING OF THE GROUP IN THE PAST 12 MONTHS

Save for the above, the Group did not have any fund raising in the past 12 months from the date of this Announcement.

IMPLICATION UNDER THE LISTING RULES

As the Relevant Ratios exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, Mr. Cheung Ngan, holding 51% shareholding interest of Sino PowerHouse, (which is one of the Vendors) is a Director and a substantial shareholder of the Company holding approximately 22.57% shareholding interest of the Company. Mr. Chan Chung Chun, holding 49% shareholding interest of Sino PowerHouse (which is one of the Vendors) is also a Director and holding approximately 0.87% underlying shares of the Company. Mr. Cheung Ngan and Mr. Chan Chung Chun are connected persons of the Company by virtue of their being Directors of the Company and Mr. Cheung Ngan is also a substantial shareholder of the Company and hence, the Acquisition also constitutes a connected transaction of the Company.

The Acquisition, which includes the allotment and issue of the Consideration Shares and Convertible Notes, is therefore subject to the approval by the Independent Shareholders at the EGM. The Vendors and their associates are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

The entering into the Deed of Confirmation and Guarantee constituted a connected transaction of financial assistance for the Company under Rule 14A.13(2)(b) of the Listing Rules. The Company will comply in full with the requirements of the Listing Rules in respect of the financial assistance as and when appropriate.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Placing. As the Placing and the Acquisition are inter-conditional to each other and Mr. Cheung Ngan and Mr. Chan Chung Chun are connected persons of the Acquisition, Mr. Cheung Ngan and Mr. Chan Chung Chun will abstain from voting at the EGM to approve the specific mandate.

FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Donvex Capital Limited has been appointed as the financial adviser to the Company in relation to the Acquisition.

An independent committee of the Board comprising Mr. Chan Francis Ping Kuen, Mr. Hu Guang, and Mr. Chan Chak Paul, being the independent non-executive directors, has been formed to advise the Independent Shareholders in relation to the Acquisition. The Company will, with the approval of the independent committee of the Board, appoint an independent financial adviser in accordance with the requirements under the Listing Rules to advise the independent committee of the Board and the Independent Shareholders on such matters.

DELAY IN DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition; (ii) the recommendation of the independent board committee in relation to the Acquisition; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition; (iv) financial information of the Target Group and the Enlarged Group; (v) a competent person's report on the mineral reserves/resources prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (vi) a valuation report on the mining assets of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (vii) the details of the Placing if the Company does not issue a separate circular in relation to the Placing and (viii) the notice of the EGM will be despatched to the Shareholders on or before 30 June 2012 in order to have more time to prepare the accounting information and compile the competent person's report for incorporating into the circular.

GENERAL

It should be noted that the Acquisition is subject to a number of conditions, which may or may not be fulfilled. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares of the Company.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 November 2011 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 30 March 2012.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 29 March 2012 and entered into between the Company and the Vendors in relation to the Acquisition
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for banking business in Hong Kong and the PRC
“BVI”	the British Virgin Islands
“Company”	means Sinocop Resources (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 476)
“Completion”	the completion of the conditions precedent of the Acquisition Agreement. Or such other dates as the Vendors and the Purchaser may agree
“Connected Person(s)”	has the meaning given to that term in the Listing Rules
“Consideration”	the consideration for the acquisition of the Sale Shares pursuant to the Acquisition Agreement

“Consideration Shares”	the new Shares, credited as fully paid, to be allotted and issued by the Company to the Vendors (or their respective nominees) as at Completion to satisfy part of the Consideration pursuant to the Acquisition Agreement
“Convertible Note(s)”	the convertible note(s) in the principal amount of HK\$2.91 billion to be issued by the Company to the Vendors or their respective nominees for settlement of a part of the Consideration
“Conversion Shares”	the new Shares to be allotted and issued by the Company upon conversion of the Convertible Notes
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of consideration, and if thought fit approving, inter alia, (i) the Acquisition Agreement and the transactions contemplated thereunder, including the Acquisition; (ii) the allotment and issue of the Consideration Shares and Convertible Notes and (iii) the Placing Agreement and the allotment and issue of the Placing Shares
“Enlarged Group”	the Group and the Target Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his/her delegate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	(a) party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Independent Shareholders”	the Shareholders other than Sino PowerHouse, its associates, persons acting in concert with any of them and those who are involved in or interested in the Acquisition
“Independent Technical Adviser”	a firm of mining consultants who are able to meet the requirements for competent persons under Chapter 18 of the Listing Rules determined and engaged by the Company
“Independent Valuer”	a firm of professional valuers who are able to meet the requirements for (a) valuers under Chapter 5 of the Listing Rules and (b) competent evaluators under Chapter 18 of the Listing Rules to be determined and engaged by the Company
“Issue Price”	the issue price of HK\$0.75 of each Consideration Share
“JORC Code”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2004
“Last Trading Day”	1 November 2011, being the last trading day for the Shares before the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	on or before 31 July 2012 or such other dates to be agreed by the relevant parties
“Percentage Ratios”	the “percentage ratios” as defined in rule 14.04(9) of the Listing Rules
“Placing Agent”	Changjiang Securities Brokerage (HK) Limited, a corporation licensed to carry out business type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Placing Agreement”	the Placing Agreement dated 29 March 2012 between the Company and the Placing Agent to place, on an underwritten basis, the Placing Shares
“Placing Price”	not less than HK\$0.60, but not more than HK\$0.75 per Placing Share
“Placing Shares”	not less than 265 million, but not more than 333.3 million new Shares to be placed under the Placing Agreement
“PRC”	the People’s Republic of China
“Sale Shares”	means 100 issued and fully paid shares of US\$1.00 each in the capital of the Target Company representing 100% of the share capital of the Target Company immediately before Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	the unsecured debt in the amount of approximately HK\$168 million owed by the Target Company to Sino PowerHouse
“Sino PowerHouse”	Sino PowerHouse Corporation, a company incorporated in BVI with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Superseded Acquisition Agreement”	the acquisition agreement dated 1 November 2011 and entered into between the Company and the Vendors, which is subsequently superseded by the Acquisition Agreement in its entirety
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Company”	South China Mining Investments Limited, a company incorporated in BVI with limited liability, which, as at the date of this announcement, is owned as to 75% by Sino PowerHouse, 25% by Mr. Zhou Bo (周勃) and 5% by Mr. Luan Zhong Jie (栾中杰)
“Target Group”	means the group of the companies consisting of the Target Company, its subsidiaries and associated companies
“Two Mines”	the Glauberite Mine and the Molybdenum Mine
“Vendors”	means Sino PowerHouse, Mr. Zhou Bo (周勃) and Mr. Luan Zhong Jie (栾中杰)

“Wise Goal”	Wise Goal Enterprises Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by the Target Company
“WOFE”	Guangxi Weiri Mining Company Limited, a wholly foreign owned enterprises established by Wise Goal in the PRC
“%”	per cent

By the Order of the Board
Sinocop Resources (Holdings) Limited
Cheung Ngan
Director

29 March 2012

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.

The directors of Sino PowerHouse, Mr. Zhou Bo and Mr. Luan Zhong Jie jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those expressed by the Group), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than the information relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Vendors and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Vendors and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.