



SINOCOP RESOURCES (HOLDINGS) LIMITED

中銅資源(控股)有限公司

Stock Code: 00476

INTERIM REPORT
2013/2014



Content

CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	3
CONDENSED INTERIM FINANCIAL STATEMENTS	
Condensed Consolidated Statement of Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	20



Corporate Information

DIRECTORS

Executive Directors

Mr. Cheung Ngan (*Chairman*)
Mr. Chan Chung Chun, Arnold
(*Deputy Chairman*)
Mr. Zhou Chong Dei
Mr. Lee Ming Zang

Non-Executive Director

Mr. Li Shaofeng

Independent Non-Executive Directors

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

AUDIT COMMITTEE

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISORS IN HONG KONG

TC & Co.
Units 2201-3, 22/F,
Tai Tung Building, 8 Fleming Road
Wanchai, Hong Kong

BRANCH REGISTRARS IN HONG KONG

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26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

0476

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

PRINCIPAL REGISTRARS

HSBC Securities Services (Bermuda) Limited
6 Front Street Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

37th Floor, China Online Centre
333 Lockhart Road
Wanchai, Hong Kong

COMPANY SECRETARY

Mr. Chan Chung Chun, Arnold *CPA*

PRINCIPAL BANKER

Bank of China
Hang Seng Bank Limited

WEBSITE

www.sinocop.hk

Management Discussion and Analysis

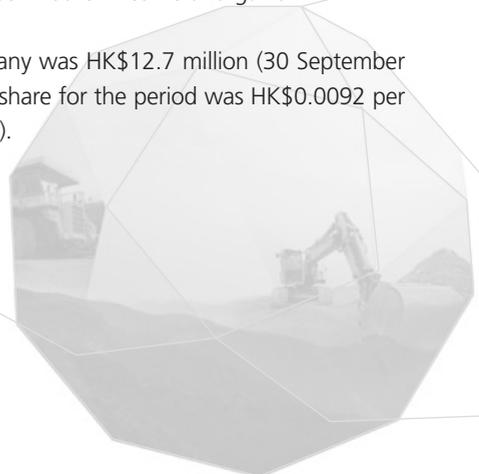
The board of directors (the “Directors”) of Sinocop Resources (Holdings) Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013.

RESULTS

During the six months ended 30 September 2013, the Group had recorded a turnover of approximately HK\$68.2 million (30 September 2012: HK\$211.1 million). The decrease in turnover was mainly due to the decrease in sales volume and selling price of nickel ores during the period. Gross profit margin decreased from 5.1% in 2012 interim period to 3.2% in 2013 interim period. The decrease in gross profit margin was mainly due to the decrease in selling price of nickel ores during the period. As a result, the gross profit had decreased to approximately HK\$2.2 million for the period under review (30 September 2012: HK\$10.8 million).

The Group recorded a loss of approximately HK\$14.8 million for the period as compared to a loss of HK\$3.1 million for the last period. Such an increase in loss was mainly due to the decrease in gross profit as discussed above and the decrease in other income and gains to approximately HK\$1.8 million (30 September 2012: HK\$10.0 million). Other income and gains in the last period mainly comprised of the income from rendering engineering services in Chile amounting HK\$8.7 million. No such service was performed in the current period and hence resulted the decrease in other income and gains.

The loss attributable to the owners of the Company was HK\$12.7 million (30 September 2012: HK\$3.3 million). Basic and diluted loss per share for the period was HK\$0.0092 per share (30 September 2012: HK\$0.0024 per share).



Management Discussion and Analysis

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 2013 (30 September 2012: Nil).

BUSINESS REVIEW

Metals and minerals trading

During the period under review, the global economic uncertainty continued to affect the Group's business. Metal and minerals trading industry still did not have enough momentum to drive significant rebound in demand. Notwithstanding the slack world economy, the Group continued its concentration on the trading of nickel ores, for which the gross profit margin is relatively less affected by the global economic fluctuation. However, the demand for nickel ores is inevitably following the world trend and has been slowing down during the period, and hence the Group's turnover was significantly decreased. With the picking up of China economy recently, the Group is confident that the demand for minerals will regain its momentum in the near future. The Group will continue to monitor and respond to the market demand, and will adjust its trading products mix from time to time.

Ores processing and trading

As discussed in previous annual reports, the Group had slowed down the progress on the development of ores processing plant in Chile after the financial crisis in late 2008. After the financial crisis, the quantitative easing policy have largely increased the financial market volatility and hence the risk of a global economic downturn. Accordingly, the Group was very cautious and has considered operational design adjustments from time to time, and as such, the project development was in a rather slow pace in the past few years.

Management Discussion and Analysis

In addition to the global economic uncertainty, water resources are also an important issue to the mining industry within the region where the ores processing plant operates. Water is a scarce resource within the region and the people relies basically on underground water in the region. The Group had acquired underground water use right during the years ended 31 March 2007 and 31 March 2010 for this reason. However, the underground water resources in the region have been suffering a severe decrease due to drastic drought weather since the end of 2011 and seriously affected the normal water supply for human consumption and agricultural activity. As such, in March 2013, Chilean Government has declared this region a zone of water scarcity by a governmental decree in order to prioritize water usage for public health purpose. Under the decree, anyone can use the water resources to secure human health and cultivation even without water use rights, hence, it is expected that the water resources will be consumed faster and intensify the water scarcity issue.

The Group had obtained a legal opinion from the Chilean lawyer in May 2013 regarding the Chilean governmental decree which advised that the situation may affect the possibility of sourcing water within the region. The Company considered that the current water scarcity situation may not be a permanent situation although it is unable to predict the timing for its recovery. Having considered the above factors in the current period, and taking note of the current business objectives of the Group and resource allocation, the Group has decided to continue to delay further work on the construction of the ores processing facilities in Chile until 2016. The Company will review the situation annually, and should the situation becomes more clear and favourable, the Company will consider to resume project development in Chile accordingly.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations by internal resources. As at 30 September 2013, the net assets value of the Group amounted to approximately HK\$210.5 million (31 March 2013: HK\$237.5 million).

As at 30 September 2013, the gearing ratio of the Group was nil (31 March 2013: nil) and the equity attributable to the owners of the Company was HK\$114.3 million (31 March 2013: HK\$135.6 million).

Management Discussion and Analysis

As at 30 September 2013, the Group had cash and bank balances of approximately HK\$10.1 million (31 March 2013: HK\$40.6 million), no bank deposit (31 March 2013: HK\$Nil) was pledged.

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 15 November 2013, pursuant to the placing agreement between the Company and a placing agent, the Company issued 132,000,000 new shares, representing approximately 9.53% of the issued share capital of the Company as at 30 September 2013 and the net proceeds from the placing were approximately HK\$76.7 million.

PROSPECTS

It is generally accepted that the People's Republic of China (the "PRC") is in a stage of structural transformation with anticipated slowing economic growth. However, the Group still strive to achieve the business goals through further strengthening management, deepening market coordination, and exploring new business in all aspects. Also, with the steady progress of urbanization, the domestic demand in the PRC is expected to increase. Accordingly, the directors remain cautiously optimistic about the trend of the PRC economic growth in the foreseeable future and hence the future prospects of the Group's metals and minerals trading business in the long run.



Management Discussion and Analysis

In the meantime, the Group will continue to seek business opportunity and to take any appropriate action as necessary which will benefit to the Group. As mentioned in the previous annual reports, an agreement has been entered into between the Company and the vendors in respect of a very substantial acquisition and a connected transaction of the Company on 29 March 2012 (the "Acquisition"). The transaction is to acquire a target company which is the beneficiary of a glauberite mine located in Guangxi, the PRC. The product of the glauberite mine is thenardite which is an important raw material used in chemical and light industrial manufacturing industries. The Group expects that there will be an increasing thenardite demand in the PRC as a result of the continuing urbanisation 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 and to increase its reserve of non-ferrous metal resources. It was expected that the acquisition will present the Group with favourable long term prospects. The Acquisition has been approved by independent shareholders at the special general meeting of the Company held on 30 October 2013. Completion of the acquisition has not taken place as at the date of this report. Please refer to note 20 to the condensed consolidated interim financial statements for more details of the Acquisition.

The Group will take possible opportunities in the financial markets to raise funds to facilitate the current business operations of the Group and to improve the working capital.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

At 30 September 2013, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.



Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2013, the Group employed 35 (31 March 2013: 44) 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 which was adopted on 5 January 2004 (the "Old Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted by an ordinary resolution passed by the shareholders at the special general meeting of the Company on 30 August 2013 (the "Adoption Date"). The New Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will remain in force for 10 years from the Adoption Date.

Pursuant to the New Scheme, the Board is empowered, at its discretion, to invite any full-time employees of the Company or any of its subsidiaries or associates, including any executive directors and non-executive directors of the Company or any of its subsidiaries or 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 consolidated financial statements.

No option was granted during the period under review.

Management Discussion and Analysis

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 30 September 2013 were as follows:

Name of Director	Date of grant	Exercise Price (HK\$)	Number of share options		
			At 1 April 2013	Exercised	At 30 September 2013
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

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.

Management Discussion and Analysis

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2013, 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 of Hong Kong Limited (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 company
		Long position	Short position	
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	3,112,432,469 (Note 1)	–	224.82%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Chan Chung Chun, Arnold	Beneficial owner & interest of controlled corporation	2,812,000,000 (Note 3)	–	203.12%
	Interest of controlled corporation	1,000 (Note 4)	–	20%
Mr. Li Shaofeng	Beneficial owner	12,000,000 (Note 5)	–	0.87%
Mr. Chan Francis Ping Kuen	Beneficial owner	1,200,000 (Note 5)	–	0.087%
Mr. Hu Guang	Beneficial owner	1,200,000 (Note 5)	–	0.087%

Management Discussion and Analysis

Note:

- 1) The 3,112,432,469 shares include:
 - a. 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; and
 - b. the underlying shares of 2,800,000,000 from the consideration shares of 84,000,000 and convertible notes of 2,716,000,000 which were agreed to be issued to Sino PowerHouse Corporation, which was beneficially owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun, Arnold, upon completion of acquisition of 100 shares of a target company, South China Mining Investments Limited (the “South China Mining”), save as disclosed in note 20 to the condensed consolidated financial statements.
- 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) The 2,812,000,000 shares include the underlying shares of 12,000,000 from the share options granted, details of which are set out in the section headed “directors’ rights to acquire shares” above and the underlying shares of 2,800,000,000 as set out in note 1b of this section.
- 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.
- 5) 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.

Management Discussion and Analysis

Save as disclosed above, as at 30 September 2013, 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 notes 17 and 20 to the condensed consolidated 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 2013, 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:

Name of substantial shareholder	Capacity/ Nature of interest	Number of shares or underlying shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	3,112,432,469 (Note 1)	–	224.82%
Mr. Chan Chung Chun, Arnold	Beneficial owner & interest of controlled corporation	2,812,000,000 (Note 2)	–	203.12%

Management Discussion and Analysis

Name of substantial shareholder	Capacity/ Nature of interest	Number of shares or underlying shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Sino PowerHouse Corporation	Beneficial owner	2,800,000,000 (Note 3)	–	202.25%
Mr. Zhou Bo	Beneficial owner	1,000,000,000 (Note 4)	–	72.23%
Mr. Luan Zhong Jie	Beneficial owner	200,000,000 (Note 5)	–	14.44%

Note:

- 1) The 3,112,432,469 shares include:
 - a. 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; and
 - b. the underlying shares of 2,800,000,000 from the consideration shares of 84,000,000 and convertible notes of 2,716,000,000 which were agreed to be issued to Sino PowerHouse Corporation, which was beneficially owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun, Arnold, upon completion of acquisition of 100 shares of South China Mining, save as disclosed in note 20 to the condensed consolidated financial statements.
- 2) The 2,812,000,000 shares include the underlying shares of 12,000,000 from the share options granted, details of which are set out in the section headed “directors’ rights to acquire shares” above and the underlying shares of 2,800,000,000 as set out in note 1b of this section.
- 3) The underlying shares of 2,800,000,000 from the consideration shares of 84,000,000 and convertible notes of 2,716,000,000 which were agreed to be issued to Sino PowerHouse Corporation upon completion of acquisition of 100 shares of South China Mining, save as disclosed in note 20 to the condensed consolidated financial statements.
- 4) The underlying shares of 1,000,000,000 from the consideration shares of 30,000,000 and convertible notes of 970,000,000 which were agreed to be issued to Mr. Zhou Bo upon completion of acquisition of 100 shares of South China Mining, save as disclosed in note 20 to the condensed consolidated financial statements.

Management Discussion and Analysis

- 5) The underlying shares of 200,000,000 from the consideration shares of 6,000,000 and convertible notes of 194,000,000 which were agreed to be issued to Mr. Luan Zhong Jie upon completion of acquisition of 100 shares of South China Mining, save as disclosed in note 20 to the condensed consolidated financial statements.

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 2013.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (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 2013 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.

Management Discussion and Analysis

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 had reviewed the unaudited interim financial statements for the six months ended 30 September 2013.

On behalf of the Board

Sinocop Resources (Holdings) Limited

Cheung Ngan

Chairman

Hong Kong, 25 November 2013



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2013

		For the six months ended	
		30 September	
		2013	2012
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	5	68,233	211,099
Cost of sales		(66,059)	(200,289)
Gross profit		2,174	10,810
Other income and gains	5	1,817	10,034
Administrative expenses		(18,468)	(22,977)
Finance costs	6	(317)	(903)
Share of loss of an associate		(35)	(41)
Loss before income tax	8	(14,829)	(3,077)
Income tax	9	–	–
Loss for the period		(14,829)	(3,077)
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(12,102)	4,485
Total comprehensive income for the period		(26,931)	1,408
Loss attributable to:			
– Owners of the Company		(12,728)	(3,304)
– Non-controlling interests		(2,101)	227
		(14,829)	(3,077)
Total comprehensive income attributable to:			
– Owners of the Company		(21,229)	(160)
– Non-controlling interests		(5,702)	1,568
		(26,931)	1,408
Loss per share			
– Basic and diluted (HK\$)	10	(0.0092)	(0.0024)

Condensed Consolidated Statement of Financial Position

As at 30 September 2013

	Notes	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	9,077	12,521
Construction in progress	12	90,445	96,485
Interests in associates		547	613
Goodwill		45,255	48,324
Other intangible assets		14,389	15,365
Value-added-tax recoverable		13,587	14,535
Total non-current assets		173,300	187,843
Current assets			
Accounts receivable	13	28,034	22,737
Other receivables, deposits and prepayments		24,065	42,298
Cash and bank balances		10,129	40,629
Total current assets		62,228	105,664
Total assets		235,528	293,507
Current liabilities			
Accounts payable	14	6,469	22,737
Customers' deposits		–	14,798
Other payables and accruals		17,289	15,810
Receipts in advance		1,248	2,709
Total current liabilities		25,006	56,054
Net current assets		37,222	49,610
NET ASSETS		210,522	237,453
Equity			
Share capital	15	13,844	13,844
Reserves		100,497	121,726
Equity attributable to owners of the Company		114,341	135,570
Non-controlling interests		96,181	101,883
TOTAL EQUITY		210,522	237,453

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Foreign currency translation reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	
At 1 April 2013 (audited)	13,844	178,418	69,492	11,478	687	(158,915)	135,570	101,883	237,453	
Loss for the period	-	-	-	-	-	(12,728)	(12,728)	(2,101)	(14,829)	
Other comprehensive income	-	-	-	(8,501)	-	-	(8,501)	(3,601)	(12,102)	
Total comprehensive income	-	-	-	(8,501)	-	(12,728)	(21,229)	(5,702)	(26,931)	
Lapse of share options	-	-	(7,026)	-	-	7,026	-	-	-	
At 30 September 2013 (unaudited)	13,844	178,418	62,466	2,977	687	(164,617)	114,341	96,181	210,522	
At 1 April 2012 (audited)	13,844	178,418	66,859	7,957	687	(135,706)	152,625	104,479	257,104	
(Loss)/profit for the period	-	-	-	-	-	(3,304)	(3,304)	227	(3,077)	
Other comprehensive income	-	-	-	3,144	-	-	3,144	1,341	4,485	
Total comprehensive income	-	-	-	3,144	-	(3,304)	(160)	1,568	1,408	
Share-based payments	-	-	1,317	-	-	-	1,317	-	1,317	
At 30 September 2012 (unaudited)	13,844	178,418	68,176	11,101	687	(139,010)	153,782	106,047	259,829	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	For the six months ended 30 September	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Net cash used in operating activities	(28,938)	(12,032)
Net cash used in investing activities	(9)	(581)
Net cash used in financing activities	(317)	(903)
Net decrease in cash and cash equivalents	(29,264)	(13,516)
Cash and cash equivalents at beginning of period	40,629	62,460
Effect of foreign exchange rate changes	(1,236)	362
Cash and cash equivalents at end of period	10,129	49,306



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. 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 are located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is 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 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 2013, except as stated in note 3 below following the adoption of the 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 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 2013.

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

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:

Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities ¹
HKFRS 9	Financial Instruments ²
HK(IFRIC) – Interpretation 21	Levies ¹

¹ *Effective for annual periods beginning on or after 1 January 2014*

² *Effective for annual periods beginning on or after 1 January 2015*

The Group is in the process of making an assessment of the potential impact of these 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 or loss that is used by the chief operating decision-maker for assessment of segment performance.



4. SEGMENT REPORTING (CONTINUED)

(a) Reportable segments

	Metal and minerals trading		Ores processing and trading		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2013	2012	2013	2012	2013	2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	68,233	211,099	-	-	68,233	211,099
Reportable segment (loss)/profit	(4,986)	(917)	(5,255)	564	(10,241)	(353)
Share of loss of an associate	(35)	(41)	-	-	(35)	(41)
Interest income	-	-	-	1	-	1
Unallocated	-	-	-	-	-	-
Total interest income	-	-	-	1	-	1
Depreciation	-	-	2,687	3,636	2,687	3,636
Unallocated	-	-	-	-	16	12
Total depreciation	-	-	2,687	3,636	2,703	3,648

Reconciliation of segment revenue and profit or loss

	For the six months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue and consolidated revenue	68,233	211,099
Loss before income tax		
Reportable segment loss	(10,241)	(353)
Unallocated other income and gains	86	22
Unallocated share-based payments	-	(1,317)
Unallocated other corporate expenses	(4,357)	(526)
Finance costs	(317)	(903)
Consolidated loss before income tax	(14,829)	(3,077)

4. SEGMENT REPORTING (CONTINUED)

(a) Reportable segments (Continued)

	Metal and minerals trading		Ores processing and trading		Total	
	As at		As at		As at	
	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Reportable segment assets	50,090	67,934	182,248	222,138	232,338	290,072
Interests in associates	547	613	-	-	547	613
Additions to non-current assets Unallocated	-	-	1	1,058	18	1,058
Total additions to non-current assets					9	1,087
Reportable segment liabilities	(22,804)	(51,561)	(2,044)	(3,514)	(24,848)	(55,075)

Reconciliation of segment assets and liabilities

	As at	
	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Assets		
Reportable segment assets	232,338	290,072
Unallocated corporate assets	3,190	3,435
Consolidated total assets	235,528	293,507
Liabilities		
Reportable segment liabilities	24,848	55,075
Unallocated corporate liabilities	158	979
Consolidated total liabilities	25,006	56,054

4. SEGMENT REPORTING (CONTINUED)

(b) Geographic information

During the periods ended 30 September 2013 and 2012, the Group's business revenue was all generated from the PRC.

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:

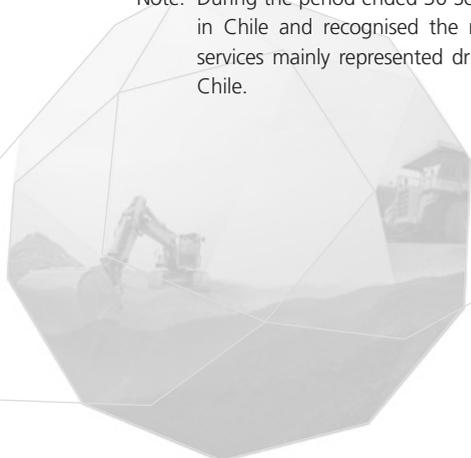
	Specified non-current assets	
	As at	
	30 September 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
PRC, including Hong Kong	72	79
Chile	172,681	187,151
Asia Pacific	547	613
	173,300	187,843

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:

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Turnover		
Sale of metals and minerals	68,233	211,099
Other income and gains		
Exchange gain	74	–
Interest income	–	1
Rendering of service (Note)	–	8,717
Rental income	1,328	1,294
Sundry income	415	22
	1,817	10,034

Note: During the period ended 30 September 2012, the Group rendered engineering services in Chile and recognised the related service fees as other revenue. The engineering services mainly represented drilling services provided to a nearby mineral company in Chile.



6. FINANCE COSTS

	For the six months ended 30 September	
	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Bank charges and trust receipt loan interest	317	1,484
Less: amount capitalised in construction in progress	–	(581)
	317	903

The Group has not capitalised any interest expenses on general borrowings during the period as it has delayed further development work on the ores processing and trading business in Chile to a later time. Interest expenses capitalised in last period mainly arose from the general borrowing pool which was calculated by applying a capitalisation rate of 0.63% to expenditure on construction in progress.

7. DIVIDEND

The directors do not recommend the payment or declaration of any interim dividend for the six months ended 30 September 2013 (30 September 2012: Nil).



8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	2,703	3,648
Less: amount capitalised in construction in progress	–	(1,575)
	2,703	2,073
Staff costs (including directors' remuneration)		
– Salaries and wages	4,750	6,264
– Other benefits	602	527
– Share-based payments	–	1,317
– Pension contributions	89	77
	5,441	8,185



Notes to Condensed Consolidated Interim Financial Statements

9. INCOME TAX

No Hong Kong profits tax has been provided as the Group incurred losses during the current and prior periods.

Overseas taxes on assessable profits of the group companies, 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 2013 (31 March 2013: 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:

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	(12,728)	(3,304)
	Number	Number
Weighted average number of ordinary shares in issue	1,384,396,800	1,384,396,800

Diluted loss per share is same as basic loss per share as presented for the six months ended 30 September 2013 and 2012 as the potential ordinary shares in issue are anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired property, plant and equipment in an aggregate amount of approximately HK\$9,000 (30 September 2012: HK\$1,000). Depreciation for items of property, plant and equipment was approximately HK\$2,703,000 (30 September 2012: HK\$3,648,000) during the period. Exchange realignment arising on translation of the carrying amount of the property, plant and equipment amounted to HK\$750,000 (30 September 2012: HK\$347,000) during the period.

No disposal of property, plant and equipment occurred during the current and prior periods.

12. CONSTRUCTION IN PROGRESS

During the six months ended 30 September 2013, no expenditure was recognised as construction in progress (30 September 2012: HK\$2,156,000). Exchange realignment arising on translation of construction in progress amounted to HK\$6,040,000 (30 September 2012: HK\$2,282,000) 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	31 March
	2013	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Within 1 month	28,034	22,737

The credit period granted by the Group to customers is 30 days.

Accounts receivable was neither past due nor impaired.

Notes to Condensed Consolidated Interim Financial Statements

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 2013 (unaudited) HK\$'000	31 March 2013 (audited) HK\$'000
Within 1 month	6,469	22,737

The credit period from the Group's trade creditors is 30 days.

15. SHARE CAPITAL

	As at			
	30 September 2013		31 March 2013	
	(unaudited)	(unaudited)	(audited)	(audited)
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	50,000,000,000	500,000	50,000,000,000	500,000
Issued and fully paid:				
At end of the period/ year	1,384,396,800	13,844	1,384,396,800	13,844

16. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme which was adopted on 5 January 2004 was terminated and a new share option scheme was adopted by an ordinary resolution passed by the shareholders at the special general meeting of the Company on 30 August 2013. The New Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the Adoption Date.

Upon the termination of the Old Scheme, no further option can be offered thereunder but any options granted prior to such termination but not yet exercised shall continue to be valid and exercisable.

The Company operates both the Old Scheme and the New Scheme (hereinafter collectively referred to as the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Pursuant to the Scheme, the board of directors is empowered, at its discretion, to invite any full time employees of the Company or any of its subsidiaries or its associates, including any executive directors and non-executive directors of the Company or any of its subsidiaries or its associates, to take up options to subscribe for shares in the Company.



16. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The details of movements in the number of share options under the Old Scheme during the six months ended 30 September 2013 were as follows:

Date of offer of grant	At 1 April 2013	Lapsed during the period	At 30 September 2013	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
11/07/2007	43,500,000	(10,500,000)	33,000,000	HK\$0.86	HK\$0.86	11/07/2007 to 10/07/2017	N/A
18/09/2007	5,000,000	-	5,000,000	HK\$2.95	HK\$2.90	01/04/2008 to 17/09/2017	01/04/2008 to 31/03/2013
16/12/2009	65,900,000	(500,000)	65,400,000	HK\$0.46	HK\$0.45	16/12/2009 to 15/12/2019	N/A
	<u>114,400,000</u>	<u>(11,000,000)</u>	<u>103,400,000</u>				

There was no movement in the number of share options under the Old Scheme during the six months ended 30 September 2012.

The weighted average remaining contractual life of options outstanding under the Old Scheme at the end of the period was 5.3 years (30 September 2012: 6.2 years).

Of the total number of options outstanding under the Old Scheme at the end of the period, 103,400,000 (30 September 2012: 113,900,000) were exercisable at the end of the period.

The fair value of services received in return for share options granted under the Old Scheme 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 expectations of early exercise of the share options are incorporated into the model.

16. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The Group recognised an equity-settled share-based payment expense of HK\$Nil (30 September 2012: HK\$1,317,000) during the period.

No share options under the New Scheme were granted by the Company since the Adoption Date to 30 September 2013.

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 2013 and 2012.

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 during the period and comprised directors’ remuneration only was as follows:

17. RELATED PARTY TRANSACTIONS (CONTINUED)

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short-term benefits	1,189	1,178
Pension contributions	14	12
	1,203	1,190

18. BANKING FACILITIES

The Company's directors, Mr. Cheung Ngan and Mr. Chan Chung Chun, Arnold, have provided an unlimited personal guarantee to a bank as a security for bank borrowings provided to the Group for its trading activities from time to time. The Group did not have any outstanding borrowings as at 30 September 2013 and 31 March 2013.

19. CAPITAL COMMITMENTS

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

	As at	
	30 September	31 March
	2013	2013
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Acquisition of property, plant and equipment	3,552	3,464
Capital expenditure in respect of the construction of ores processing plant	3,757	3,771
	7,309	7,235

20. VERY SUBSTANTIAL ACQUISITION, CONNECTED TRANSACTION AND PLACING OF NEW SHARES

- (i) On 29 March 2012, the Group entered into an acquisition agreement with the vendors, one of whom is a connected person within the terms of the Listing Rules, to acquire from the vendors the entire issued share capital of a BVI company which is the beneficiary of a glauberite mine located in Guangxi, the PRC. The total consideration for this acquisition is HK\$3 billion to be satisfied as to HK\$90 million by the allotment of 120 million new ordinary shares of the Company at HK\$0.75 per share and HK\$2.91 billion by the issue of convertible notes to the vendors on completion of the acquisition.
- (ii) On the same date, the Company entered into a placing agreement to place, through the placing agent, not less than 265 million and not more than 333.3 million new ordinary shares of the Company at prices of not less than HK\$0.6 per share and not more than HK\$0.75 per share to at least six independent investors.

Details of the above acquisition and placing of shares are set out in the announcement and circular of the Company dated 29 March 2012 (the "Announcement") and 11 October 2013 (the "Circular") respectively. Completion of the acquisition will take place on completion of the conditions precedent of the acquisition agreement, including the placing of shares, as set out in the Announcement and the Circular, or such other dates as the vendors and the Group may agree. The Acquisition has been approved by independent shareholders at the special general meeting of the Company held on 30 October 2013. Completion of the acquisition has not taken place as at the date of this report as certain of the aforesaid conditions precedent have not been fulfilled.

21. EVENTS AFTER THE REPORTING PERIOD

On 5 November 2013, the Company entered into a placing agreement with a placing agent to place, on a fully underwritten basis, 132,000,000 shares to no fewer than six independent placees at a price of HK\$0.60 per share. The placing was completed on 15 November 2013 in accordance with the terms and conditions of the placing agreement. An aggregate of 132,000,000 shares, representing approximately 9.53% of the issued share capital of the Company as at 30 September 2013, were allotted and issued on 15 November 2013. The net proceeds from the placing were approximately HK\$76.7 million.