CHINA ELEGANCE (HOLDINGS) LIMITED

（瑞源國際有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors (the "Directors") of China Elegance (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2007	2006
		(unaudited)	(unaudited)
	Note	**HK$'000**	HK$'000
CONTINUING OPERATION			
TURNOVER	4	**233,813**	-
Cost of sales		**(214,366)**	-
Gross profit		**19,447**	-
Other revenue	5	**3,399**	887
Selling and distribution costs		**(1,180)**	-
Other operating expenses		**-**	(12)
Finance costs	6	**(3,436)**	-
Administrative expenses - others		**(9,172)**	(8,514)
Administrative expenses - share-based payment	15	**(35,494)**	-
Share of profits of associates		**1,363**	1,730
LOSS BEFORE TAX	7	**(25,073)**	(5,909)
Tax	8	**-**	-
LOSS FOR THE PERIOD FROM CONTINUING OPERATION		**(25,073)**	(5,909)
DISCONTINUED OPERATION			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION	9	**-**	61
NET LOSS FOR THE PERIOD		**(25,073)**	(5,848)
ATTRIBUTABLE TO			
Equity holders of the Company		**(25,073)**	(6,345)
Minority interests		**-**	497
		(25,073)	(5,848)

* *For identification purpose only.*

	Note		
LOSS PER SHARE	10		
FROM CONTINUING AND DISCONTINUED OPERATIONS			
Basic (HK$)		**(0.0237)**	(0.0068)
FROM CONTINUING OPERATION			
Basic (HK$)		**(0.0237)**	(0.0067)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 September 2007 (unaudited) HK$'000**	31 March 2007 (audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,755**	1,470
Interests in associates		**1,861**	3,781
Available-for-sale investments		**-**	5,700
		4,616	10,951
Current assets			
Accounts receivable	11	**111,287**	1,034
Prepayments, deposits and other receivables		**19,788**	16,835
Pledged bank deposits		**2,682**	676
Cash and bank balances		**183,162**	5,983
		316,919	24,528
Current liabilities			
Accounts payable	12	**10,444**	2,338
Accrued liabilities and other payables		**52,928**	893
Obligations under finance leases		**299**	-
Due to a director		**-**	10,140
Tax payable		**564**	564
		64,235	13,935
Net current assets		**252,684**	10,593
Total assets less current liabilities		**257,300**	21,544
Non-current liabilities			
Obligations under finance leases		**868**	-
Convertible notes	13	**117,512**	-
		118,380	-
NET ASSETS		**138,920**	21,544
EQUITY			
Share capital	14	**12,083**	10,333
Reserves		**126,837**	11,211
TOTAL EQUITY		**138,920**	21,544

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consisted of investment holding and metals and minerals trading.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost convention, as modified by the revaluation of certain available-for-sale investments.

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007. In addition, the Group has applied the following accounting policies for (a) equity-settled share-based payment transactions and (b) convertible notes during the current interim period:

(a) Equity-settled share-based payment transactions

The fair value of share options granted is recognised as an expense in the profit and loss account with a corresponding increase in share options reserve within equity. The fair value is measured at the grant date using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. Where the eligible participants have to meet vesting conditions before becoming unconditionally entitled to those share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited to the profit and loss account for the year of the review unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest, with a corresponding adjustment to the share options reserve, except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares.

At the time when the share options are exercised, the proceeds net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium and the amount previously recognised in share options reserve is transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve is transferred to accumulated profits/(losses).

(b) Convertible notes

Convertible note issued by the Group that contains both liability and conversion option components is classified separately into respective liability and equity components on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible note is carried at amortised cost using the effective interest method. The equity component, represented by the conversion option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the conversion option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share capital and share premium). Where the conversion option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the accumulated profits/(losses). No gain or loss is recognised in the consolidated income statement upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible note are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to convertible notes equity reserve. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible note using the effective interest method.

Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as "HKFRSs") issued by the HKICPA that are effective for current accounting period of the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HK(IFRIC) – Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007

The adoption of these new and revised HKFRSs had no material effect on the results and financial position of the Group for the current and prior periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective as the Directors anticipate that the application of these new and revised HKFRSs will have no material impact on the results and financial position of the Group:

		Effective for annual periods beginning on or after
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC) – Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

4. TURNOVER AND SEGMENT INFORMATION

Turnover represents the sales value of goods supplied to customers. An analysis of turnover and results by business and geographical segments is as follows:

Business segments

	Continuing operation		**Discontinued operation**			
	Metals and minerals		**Consumer products**		**Consolidated**	
	Six months ended 30 September		**Six months ended 30 September**		**Six months ended 30 September**	
	2007 (unaudited) HK$'000	2006 (unaudited) HK$'000	**2007 (unaudited) HK$'000**	2006 (unaudited) HK$'000	**2007 (unaudited) HK$'000**	2006 (unaudited) HK$'000
Revenue from external customers	**233,813**	-	**-**	7,636	**233,813**	7,636
Segment results	**16,205**	(1,817)	**-**	(13)	**16,205**	(1,830)
Unallocated operating income and expenses					**(39,205)**	(5,748)
Finance costs					**(3,436)**	-
Share of profits of associates					**1,363**	1,730
Tax					**-**	-
Net loss for the period					**(25,073)**	(5,848)

Geographical segments

As over 90% of the Group's turnover and assets was generated from and located in the People's Republic of China (including Hong Kong), no geographical segments analysis is presented.

5. OTHER REVENUE

	Continuing operation Six months ended 30 September		Discontinued operation Six months ended 30 September		Consolidated Six months ended 30 September	
	2007	2006	**2007**	2006	**2007**	2006
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Gain on disposal of subsidiaries	**-**	428	**-**	74	**-**	502
Gain on disposal of available-for-sale investments	**2,105**	-	**-**	-	**2,105**	-
Interest income	**835**	103	**-**	3	**835**	106
Others	**459**	356	**-**	549	**459**	905
	3,399	887	**-**	626	**3,399**	1,513

6. FINANCE COSTS

	Continuing operation Six months ended 30 September		Discontinued operation Six months ended 30 September		Consolidated Six months ended 30 September	
	2007	2006	**2007**	2006	**2007**	2006
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Finance lease interest	**19**	-	**-**	-	**19**	-
Interest expenses on convertible notes	**2,856**	-	**-**	-	**2,856**	-
Others	**561**	-	**-**	-	**561**	-
	3,436	-	**-**	-	**3,436**	-

7. LOSS BEFORE TAX

The Group's loss before tax has been arrived at after charging:

	Continuing operation Six months ended 30 September		Discontinued operation Six months ended 30 September		Consolidated Six months ended 30 September	
	2007	2006	**2007**	2006	**2007**	2006
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation	**367**	257	**-**	107	**367**	364
Share-based payment	**35,494**	-	**-**	-	**35,494**	-

8. TAX

No Hong Kong profits tax has been provided for the Company and its subsidiaries as they had no assessable profits for the current period (2006: HK$Nil).

The Group's share of tax of associates of HK$523,000 (2006: HK$699,000) is included under share of profits of associates in the unaudited condensed consolidated income statement.

Overseas taxes on profits assessable of the Company and its subsidiaries or associates, 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 deferred tax liabilities at the balance sheet date (31 March 2007: HK$Nil).

9. DISCONTINUED OPERATION

The Company, through its wholly-owned subsidiary, entered into a sale and purchase agreement on 17 August 2006 with a third party to dispose of its entire 60% interest in Unicon Spirit Development Ltd. ("Unicon Spirit") for a consideration of HK$3,400,000 ("Disposal"). Unicon Spirit and its subsidiaries ("Unicon Group") are engaged in the manufacture, trading and distribution of consumer products. The Disposal represented the discontinuance of the Group's consumer products operation in the prior period.

An analysis of the results of the discontinued operation is as follows:

	Six months ended 30 September	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Turnover	**-**	7,636
Cost of sales	**-**	(5,179)
Gross profit	**-**	2,457
Other revenue	**-**	552
Selling and distribution costs	**-**	(832)
Administrative expenses - others	**-**	(2,190)
Loss before tax	**-**	(13)
Tax	**-**	-
Loss after tax of discontinued operation	**-**	(13)
Gain on disposal of discontinued operation	**-**	74
Profit for the period from discontinued operation	**-**	61
Attributable to:		
Equity holders of the Company	**-**	(8)
Minority interests	**-**	69
	-	61

10. LOSS PER SHARE

The calculation of the basic loss per share from continuing and discontinued operations attributable to the equity holders of the Company is based on the following data:

Loss

	Six months ended 30 September	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss for the purpose of basic loss per share	**(25,073)**	(6,345)
Less:		
Loss for the period from discontinued operation attributable to equity holders of the Company	**-**	8
Loss for the purpose of basic loss per share from continuing operation	**(25,073)**	(6,337)

Number of shares

	Six months ended 30 September	
	2007	2006
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,058,441,800**	938,214,833

No diluted loss per share is shown for the current period as the exercise of the Company's potential ordinary shares granted under the Company's share option scheme and the conversion rights attached to the convertible notes would result in a reduction in loss per share, therefore anti-dilutive. No diluted loss per share is shown for the prior period as the Company had no potential ordinary shares at the balance sheet date.

11. ACCOUNTS RECEIVABLE

The aged analysis of the Group's accounts receivable is as follows:

	As at	
	30 September	31 March
	2007	2007
	(unaudited)	(audited)
	HKD'000	HK$'000
Current to three months	**111,287**	1,034

The normal credit period granted by the Group to customers ranges from 45 days to 90 days.

12. ACCOUNTS PAYABLE

The aged analysis of the Group's accounts payable is as follows:

	As at	
	30 September 2007	31 March 2007
	(unaudited)	(audited)
	HKD'000	HK$'000
Current to three months	**10,444**	2,338

13. CONVERTIBLE NOTES

First Convertible Notes

On 18 July 2007, the Company issued a series of zero coupon convertible notes due in year 2009 in an aggregate principal amount of HK$70,000,000 to Plus All Holdings Limited and six other subscribers ("First Convertible Notes").

The holders of the First Convertible Notes have the rights to convert the outstanding principal amount of each First Convertible Note of denomination of HK$1,000,000 each in whole into the ordinary shares of the Company at an initial conversion price of HK$0.40 per share (subject to adjustment) at any time from the date of issue until a date falling 14 business days prior to the maturity date. On the maturity date, all of the remaining outstanding First Convertible Notes will be redeemed by the Company at the outstanding principal amount of the First Convertible Notes together with the redemption premium equals to 4% on the outstanding principal amount. The maturity date of the First Convertible Notes is the second anniversary of the date of issue.

During the current period, the entire amount of the First Convertible Notes was converted into 175,000,000 new ordinary shares of the Company at the conversion price of HK$0.40 per share.

Second Convertible Notes

On 31 August 2007, the Company issued a series of zero coupon convertible notes due in year 2009 in an aggregate principal amount of HK$160,000,000 to Credit Suisse (Hong Kong) Limited and Deutsche Bank AG, Singapore Branch ("Second Convertible Notes").

The holders of the Second Convertible Notes have the rights to convert the outstanding principal amount of each Second Convertible Note of denomination of HK$1,000,000 each in whole into the ordinary shares of the Company at an initial conversion price of HK$1.00 per share (subject to adjustment) at any time from 1 November 2007 until a date falling 14 business days prior to the maturity date. On the maturity date, all of the remaining outstanding Second Convertible Notes will be redeemed by the Company at the outstanding principal amount of the Second Convertible Notes together with the redemption premium equals to 4% on the outstanding principal amount. The maturity date of the Second Convertible Notes is the second anniversary of the date of issue.

Subsequent to the balance sheet date, HK$50,000,000 of the Second Convertible Notes was converted into 50,000,000 new ordinary shares of the Company as detailed in note 20(b).

The followings are the First Convertible Notes and the Second Convertible Notes issued and recognised by the Group and the movements thereon during the current period:

	First Convertible Notes (unaudited) HK$'000	**Second Convertible Notes (unaudited) HK$'000**
Principal amount of convertible notes	70,000	160,000
Transaction costs	(2,171)	(4,944)
Net proceeds	67,829	155,056
Split into:		
Equity component	17,377	39,308
Liability component	50,452	115,748
	67,829	155,056
Movement of the liability component during the period:		
Liability component at the issuance date	50,452	115,748
Interest expenses charged	1,092	1,764
Converted into shares of the Company	(51,544)	-
Liability component at 30 September 2007	-	117,512

Interest expenses charged on the First Convertible Notes and the Second Convertible Notes is calculated using the effective interest method by applying the effective interest rate of approximately 20.12% per annum and approximately 19.90% per annum to the liability components respectively.

14. SHARE CAPITAL

	As at			
	30 September 2007		31 March 2007	
	(unaudited) Number of shares	**(unaudited) HK$'000**	(audited) Number of shares	(audited) HK$'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 beginning of period/year	**1,033,296,800**	**10,333**	883,296,800	8,833
Issue of shares in placing arrangement	**-**	**-**	150,000,000	1,500
Issue of shares upon conversion of First Convertible Notes (Note 13)	**175,000,000**	**1,750**	-	-
At end of period/year	**1,208,296,800**	**12,083**	1,033,296,800	10,333

15. SHARE-BASED PAYMENT

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operation.

The Scheme, which was adopted by an ordinary resolution of the shareholders at the special general meeting of the Company on 5 January 2004 (the “Adoption Date”), 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.

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 associates, including any executive directors and non-executive directors of the Company or of any of its subsidiaries or associates, to take up options to subscribe for shares in the Company. The period during which an option may be exercised will be determined by the directors at their discretion, save that no option may be exercised later than 10 years after it has been granted. Acceptance of the offer shall be within 21 days after the date of offer of the grant of options, upon payment of a nominal consideration of HK$1. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 10% of the aggregate of the shares of the Company in issue as at 27 December 2007, the date upon which the limit was refreshed by an ordinary resolution of the shareholders. Pursuant to the Scheme, the above limit can be further refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the shares in issue from time to time. The subscription price of the share options shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of offer; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

During the period, a total of 59,700,000 share options were granted to the eligible employees of the Group with a weighted average exercise price of approximately HK$1.04 per share. The movements in the number of share options under the Scheme during the period were as follows:

Date of offer of grant	Balance as at 1 April 2007	Granted during the period	Balance as at 30 September 2007	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
11/07/2007	Nil	54,700,000	54,700,000	HK$0.86	HK$0.86	11/07/2007 to 10/07/2017	N/A
18/09/2007	Nil	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
	Nil	59,700,000	59,700,000				

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

Fair value of share options and assumptions:

	Offer of grant at 11 July 2007	18 September 2007
Fair value at measurement date	HK$0.65	HK$2.63
Share price at the date of offer of grant	HK$0.86	HK$2.90
Exercise price	HK$0.86	HK$2.95
Expected volatility	160.11%	163.08%
Expected life	2 years	2.53 - 6.53 years
Expected dividends	0%	0%
Risk-free interest rate	4.757%	4.272%

The fair value of the share options granted during the period was approximately HK$48,660,000, of which the Group recognised an equity-settled share-based payment expense of approximately HK$35,494,000 during the period.

16. RELATED PARTY TRANSACTIONS

On 7 August 2007, China Elegance Resources Limited ("CE Resources"), a wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement with Ceasers Development Limited ("Ceasers Development") as vendor and Bellavista Holding Group Limited ("Bellavista") in relation to the acquisition of 60% (subject to adjustment) of the issued share capital of Bellavista at a consideration of HK$4,680,000,000 to be satisfied by the issue of 1,300,000,000 shares of the Company. The chairman and the substantial shareholder of the Company, Mr. Cheung Ngan, and the deputy chairman of the Company, Mr. Chan Chung Chun, Arnold, beneficially owns 51% and 49% interests in Ceasers Development respectively.

As at 30 September 2007, the acquisition had not yet been completed.

17. CONTINGENT LIABILITIES

As at 30 September 2007, the Group had provided corporate guarantee of approximately HK$93,600,000 (31 March 2007: approximately HK$93,600,000) to a bank in respect of banking facilities granted to the Group. The banking facilities were not utilised by the Group at the balance sheet date.

18. PLEDGE OF ASSETS

As at 30 September 2007, the Group had pledged its bank deposit of approximately HK$2,682,000 (31 March 2007: HK$676,000) to secure banking facilities granted to the Group. The banking facilities were not utilised by the Group at the balance sheet date.

19. COMMITTMENTS

	As at 30 September 2007 (unaudited) HKD'000	31 March 2007 (audited) HK$'000
Contracted but not provided for:		
- Capital expenditure in respect of acquisition of subsidiaries (Note 16)	**4,680,000**	-

20. EVENTS AFTER BALANCE SHEET DATE

(a) On 16 October 2007, Zhong Xing Heng He Holdings Limited ("Heng He"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement ("JV Agreement") with Tong Guan Resources Holdings Ltd. ("Tong Guan") and Catania Copper (Chile) Limited ("CCCL") with respect to the establishment of a joint venture which will carry on business of processing copper ores in Chile. Pursuant to the JV Agreement, the total registered capital of the joint venture will be US$50,000,000 (equivalent to approximately HK$390,000,000). Heng He will contribute US$30,000,000 (equivalent to approximately HK$234,000,000) as the registered capital of the joint venture, representing 60% of equity interests of the joint venture. The chairman and the substantial shareholder of the Company, Mr. Cheung Ngan, and the deputy chairman of the Company, Mr. Chan Chung Chun, Arnold, jointly control 90% interests in CCCL. The JV Agreement and all transactions contemplated thereunder were approved by an ordinary resolution of independent shareholders at the special general meeting of the Company held on 27 December 2007.

(b) Subsequent to the balance sheet date, Deutsche Bank AG, Singapore Branch, one of the holders of the Second Convertible Notes, has exercised the conversion rights attached to the convertible notes in an aggregate principal amount of HK$50,000,000 at the conversion price of HK$1.00 per share. Upon the aforesaid conversion, the Company has allotted and issued a total of 50,000,000 new ordinary shares.

(c) At the special general meeting of the Company held on 27 December 2007, a special resolution was passed to change the name of the Company from "China Elegance (Holdings) Limited" to "Sinocop Resources (Holdings) Limited 中銅資源(控股)有限公司" and the existing Chinese name of the Company being "瑞源國際有限公司" (which was adopted for identification purpose) will no longer be adopted. The change of name of the Company is subject to the approval granted by the Registrar of Companies in Bermuda and will take effect from the date on which the Registrar of Companies in Bermuda enters the new name on the register in place of the existing name.

RESULTS

During the six months ended 30 September 2007, the Group had recorded a turnover of approximately HK$233.8 million from its continuing operation (2006: Nil). The increase in turnover was mainly due to the increase in metals and minerals prices during the period. The increase in metals and minerals prices enables a favorable gross profit margin by partially setting off the rising transportation and freight costs. As a result, the turnover had increased significantly and gross profit had increased to approximately HK$19.4 million for the period under review (2006: Nil).

Notwithstanding the increase in gross profit as discussed above, the Group had recorded a loss of approximately HK$25.1 million for the period (2006: approximately HK$5.8 million). The loss was mainly resulted from the recognition of share-based payment of approximately HK$35.5 million (2006: Nil) in respect of 59,700,000 share options granted during the period (please refer note 15 to the condensed financial statements for details). By eliminating this share-based payment factor, the Group should have recorded a net profit of approximately HK$10.4 million for the period (2006: loss of approximately HK$5.8 million).

The net loss attributable to the equity holders of the Company was HK$25.1 million (2006: HK$6.3 million). Basic loss per share for the period was HK$0.0237 (2006: HK$0.0068).

INTERIM DIVIDEND

The Directors do not recommend to pay any interim dividend for the six months ended 30 September 2007 (2006: Nil).

BUSINESS REVIEW AND PROSPECTS

As mentioned in the 2007 annual report of the Company, the Group had reformulated its business strategy and focus on metals and minerals trading, as such, the Group had discontinued its consumer products business by disposal of its entire 60% interests in Unicon Spirit Development Ltd. and its subsidiaries in August 2006. Furthermore, in July 2007, the Group had disposed of its entire interests in QMASTOR Limited, a company principally engaged in providing specialist software and services to the global mining, port, power generation and bulk commodity industries.

In order to expand the Group's business within the metals and minerals sector, the Company had, through its wholly-owned subsidiary China Elegance Resources Limited, entered into a sale and purchase agreement on 7 August 2007 (please refer to note 16 to the condensed financial statements for details), pursuant to which the Group proposed to acquire 60% interest in Bellavista Holding Group Limited which indirectly owns certain mining concessions in Chile. The completion of this acquisition is subject to fulfillment of certain conditions but in any case the fulfillment of such shall not be later than 31 August 2009. The Directors considered that this proposed acquisition represents an opportunity for the Group to diversify into the mining business.

Having considered the above proposed acquisition and with a view to further expand into the mining business, the Company had, through its wholly-owned subsidiary Zhong Xing Heng He Holdings Limited, entered into a joint venture agreement on 16 October 2007, pursuant to which the Group will contribute and hold 60% interests in a new joint venture which will be principally engaged in the operation of processing copper ores in Chile (please refer to note 20(a) to the condensed financial statements for details). This joint venture agreement and the transactions contemplated thereunder were approved by an ordinary resolution of independent shareholders at the special general meeting of the Company held on 27 December 2007.

In view of the increase in demand for natural resources in the world and the increase in the prices of metals over the past years, the Directors are optimistic about the future prospects and demand for natural resources. The Directors believe that the proposed acquisition of Bellavista Holding Group Limited and the formation of the new joint venture will contribute to the Group's success in the mining business and will enhance the Group's investment return in the future.

CHANGE OF COMPANY'S NAME

In order to reflect the Group's business focus on mining business, the Company proposed to change its name from "China Elegance (Holdings) Limited" to "Sinocop Resources (Holdings) Limited 中銅資源(控股)有限公司". The proposed change of the Company's name was approved by a special resolution of the shareholders at the special general meeting of the Company held on 27 December 2007 (please refer to note 20(c) to the condensed financial statements for details).

LIQUIDITY AND FINANCIAL RESOURCES

On 4 July 2007, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to procure subscribers to subscribe in cash for convertible notes to be issued by the Company for up to a principal amount of HK$70.0 million. Through the procurement of the placing agent, the Company had subsequently entered into seven subscription agreements with various subscribers to subscribe for the Company's convertible notes of a total amount of HK$70.0 million with conversion price of HK$0.40 per conversion share on 5 July 2007 and 6 July 2007 respectively ("First Convertible Notes"). The issuance of the First Convertible Notes was completed on 18 July 2007 with net proceeds amounted to approximately HK$67.8 million (please refer to note 13 to the condensed financial statements for details).

On 23 July 2007, the Company entered into another placing arrangement pursuant to which the placing agent agreed to procure subscribers to subscribe in cash for convertible notes to be issued by the Company for up to a principal amount of HK$160.0 million. The Company had subsequently entered into two subscription agreements with two subscribers to subscribe for the Company's convertible notes of a total amount of HK$160.0 million with conversion price of HK$1.00 per conversion share on 26 July 2007 ("Second Convertible Notes"). The Second Convertible Notes was approved by an ordinary resolution of the shareholders at the special general meeting of the Company held on 29 August 2007. The issuance of the Second Convertible Notes was completed on 31 August 2007 with net proceeds amounted to approximately HK$155.1 million (please refer to note 13 to the condensed financial statements for details).

During the period, the First Convertible Notes had been fully converted into shares of the Company (please refer to notes 13 and 14 to the condensed financial statements for details). Subsequent to 30 September 2007, HK$50.0 million of the Second Convertible Notes had also been converted into shares of the Company (please refer to note 20(b) to the condensed financial statements for details).

Besides the convertible notes issued and conversion as mentioned above, the Group generally finances its operations with internally generated cash flows and finance leases during the period under review.

The Group's gearing ratio as at 30 September 2007 was 85.4% (31 March 2007: 47.1%), based on the total borrowings under finance leases and convertible notes and advance from a director totaling HK$118.68 million (31 March 2007: HK$10.14 million) and the equity attributable to the equity holders of the Company of HK$138.92 million (31 March 2007: HK$21.54 million).

As at 30 September 2007, the Group had bank balances and cash of approximately HK$185.8 million (31 March 2007: HK$6.7 million). The Group had also obtained banking facilities with total amount of US$12 million (equivalent to approximately HK$93.6 million) which has not been utilised as at 30 September 2007. Bank deposit of HK$2.7 million as at 30 September 2007 (31 March 2007: HK$0.7 million) was pledged to obtain these banking facilities.

The operating cash flows of the Group are mainly denominated in HK dollars and US dollars. Certain receivables and payables are denominated in US dollars. Foreign exchange exposure in respect of US dollars is considered to be minimal as HK dollars have been pledged with 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.

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 2007.

CORPORATE GOVERNANCE

During the six months ended 30 September 2007, the Company was in compliance with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") except the following:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate 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 considered that the non-segregation would 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 chief executive officer when it thinks appropriate.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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 six months ended 30 September 2007.

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 including the review of the unaudited interim financial statements for the six months ended 30 September 2007.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's 2007 interim report which set out all the information required to be disclosed under Appendix 16 of the Listing Rules, will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Cheung Ngan
Chairman

Hong Kong, 27 December 2007

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.