SINOCOP

SINOCOP RESOURCES (HOLDINGS) LIMITED
中 銅 資 源 (控 股) 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of Sinocop Resources (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	5	**312,408**	389,755
Cost of sales		**(306,698)**	(329,994)
Gross profit		**5,710**	59,761
Other income and gains	5	**929**	216
Selling and distribution costs		**(3)**	(5,533)
Administrative expenses		**(58,429)**	(79,818)
Finance costs	6	**(1,590)**	(7,133)
Share of profit of an associate		**493**	145
Loss before income tax	7	**(52,890)**	(32,362)
Income tax	8	**-**	-
Loss for the year		**(52,890)**	(32,362)
Other comprehensive income for the year			
Exchange differences arising on translation of foreign operations		**23,363**	10,504
Total comprehensive income for the year		**(29,527)**	(21,858)
Loss attributable to:			
- Owners of the Company		**(43,077)**	(25,187)
- Non-controlling interests		**(9,813)**	(7,175)
		(52,890)	(32,362)
Total comprehensive income attributable to:			
- Owners of the Company		**(26,753)**	(17,485)
- Non-controlling interests		**(2,774)**	(4,373)
		(29,527)	(21,858)
Loss per share			
- Basic and diluted (HK$)	10	**(0.0331)**	(0.0200)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Notes	2011	2010
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**28,020**	34,952
Construction in progress		**87,384**	67,283
Interests in associates		**818**	1,194
Goodwill		**47,688**	42,017
Other intangible assets		**15,163**	13,360
Total non-current assets		**179,073**	158,806
Current assets			
Accounts receivable	11	**3,529**	5,223
Other receivables, deposits and prepayments		**15,610**	16,332
Value-added-tax recoverable		**15,132**	11,086
Cash and bank balances		**75,996**	77,647
Total current assets		**110,267**	110,288
Total assets		**289,340**	269,094
Current liabilities			
Accounts payable	12	**3,470**	-
Other payables and accruals		**1,371**	4,338
Receipts in advance		**-**	198
Obligations under finance leases		**752**	2,675
Tax payable		**564**	564
Total current liabilities		**6,157**	7,775
Net current assets		**104,110**	102,513
Total assets less current liabilities		**283,183**	261,319
Non-current liabilities			
Obligations under finance leases		**-**	728
Total liabilities		**6,157**	8,503
NET ASSETS		**283,183**	260,591
Equity			
Share capital	13	**13,832**	12,583
Reserves		**159,524**	135,407
Equity attributable to owners of the Company		**173,356**	**147,990**
Non-controlling interests		**109,827**	**112,601**
TOTAL EQUITY		**283,183**	**260,591**

1. CORPORATION INFORMATION

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 located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business is located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new/ revised HKFRSs

In the current year, the Group has adopted the following new/ revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are effective for the current accounting period:

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Revised) – Business Combinations and HKAS 27(Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are described in the Group's financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

(b) New/ revised HKFRSs that have been issued but are not yet effective

The following new/ revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [1&2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [1]
HKAS 24 (Revised)	Related Party Disclosures [2]
Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets [3]
HKFRS 9	Financial Instruments [4]

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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

3. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs and the disclosure requirements of Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

4. SEGMENT REPORTING

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

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

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

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

(a) Reportable segments

	Metal and minerals trading		Ores processing and trading		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**312,408**	389,755	**-**	-	**312,408**	389,755
Reportable segment (loss)/profit	**(11,238)**	45,463	**(24,539)**	(17,942)	**(35,777)**	27,521
Share of profit of an associate	493	145	-	-	493	145
Interest income	2	-	-	4	2	4
Unallocated					1	1
Total interest income					3	5
Depreciation	-	-	10,519	9,351	10,519	9,351
Unallocated					681	691
Total depreciation					11,200	10,042
Impairment loss on prepayments	8,100	-	-	-	8,100	-
Reportable segment assets	**35,094**	17,328	**236,536**	249,124	**271,630**	266,452
Interests in associates	818	1,194	-	-	818	1,194
Additions to non-current assets	-	-	10,822	37,899	10,822	37,899
Unallocated					7	30
Total additions to non-current assets					10,829	37,929
Reportable segment liabilities	**3,478**	1,274	**1,490**	5,672	**4,968**	6,946

(b) Reconciliation of segment revenue, profit or loss, assets and liabilities

	2011 HK$'000	2010 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**312,408**	389,755
Loss before income tax		
Reportable segment (loss)/ profit	**(35,777)**	27,521
Unallocated other income and gains	**113**	114
Unallocated share-based payments	**(2,633)**	(38,791)
Unallocated other corporate expenses	**(13,003)**	(14,073)
Finance costs	**(1,590)**	(7,133)
Consolidated loss before income tax	**(52,890)**	(32,362)
Assets		
Reportable segment assets	**271,630**	266,452
Unallocated corporate assets	**17,710**	2,642
Consolidated total assets	**289,340**	269,094
Liabilities		
Reportable segment liabilities	**4,968**	6,946
Unallocated corporate liabilities	**1,189**	1,557
Consolidated total liabilities	**6,157**	8,503

(c) Geographic information

During the years ended 31 March 2011 and 2010, the Group's business revenue was all generated from the People's Republic of China (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	
	2011 HK$'000	2010 HK$'000
PRC, including Hong Kong	**1,000**	2,077
South America	**177,255**	155,535
Asia Pacific	**818**	1,194
	179,073	158,806

(d) Information about major customers

For the year ended 31 March 2011, revenues from sales to two customers in the metal and minerals trading segment amounting to HK$200,507,000 and HK$111,901,000 respectively had contributed to more than 10% of the Group's revenue.

For the year ended 31 March 2010, revenues from sales to two customers in the metal and minerals trading segment amounting to HK$252,673,000 and HK$122,113,000 respectively had contributed to more than 10% of the Group's revenue.

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:

	2011 HK$'000	2010 HK$'000
Turnover		
Sale of metals and minerals	**312,408**	389,755
Other income and gains		
Interest income	**3**	5
Rental income	**465**	-
Sundry income	**461**	205
Gain on disposal of subsidiaries	**-**	6
	929	216

6. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on convertible notes	**-**	6,060
L/C charges and trust receipt loans interest	**1,579**	1,047
Finance charges on obligations under finance leases	**227**	737
Total interest expenses	**1,806**	7,844
Less: amount capitalised in construction in progress	**(216)**	(711)
	1,590	7,133

The borrowing costs have been capitalised at a rate of 10.93% (2010: 11.10%) per annum.

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2011 HK$'000	2010 HK$'000
Auditors' remuneration	**566**	595
Impairment loss on prepayments (Note)	**8,100**	-
Exchange losses, net	**32**	573
Operating lease rentals on leasehold land and buildings	**4,418**	4,456
Depreciation of property, plant and equipment	**11,200**	10,042
Less: amount capitalised in construction in progress	**(5,541)**	(8,759)
	5,659	1,283

Staff costs (including directors' remuneration)		
- Salaries and wages	**12,183**	10,779
- Other benefits	**956**	872
- Share-based payments	**2,633**	38,791
- Pension contributions	**157**	166
	15,929	50,608

Note: In order to secure the supplies of certain mineral ores, the Group prepaid a supplier based in Africa in 2007 for future purchases of mineral ores. However, the recent unfavourable political conditions in Africa has affected the supplier's ability to supply and hence the recoverability of the prepayment becomes doubtful. The Group will continue to negotiate with the supplier for the return of the deposit. In the meantime, the Group has fully provided for the balance of the prepayment at 31 March 2011 on prudence ground.

8. INCOME TAX

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

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.

As at 31 March 2011, subject to the agreement by the Hong Kong Inland Revenue Department, the Group has unused tax losses of HK$100,319,000 (2010: HK$84,931,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses and temporary differences due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

9. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the year ended 31 March 2011 (2010: HK$Nil).

10. LOSS PER SHARE

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

	2011	2010
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(43,077)**	(25,187)

	2011	2010
	Number	Number
Weighted average number of ordinary shares in issue	**1,302,715,500**	1,258,296,800

Diluted loss per share is same as basic loss per share as presented for the years ended 31 March 2011 and 2010 as the potential ordinary shares in issue are anti-dilutive.

11. ACCOUNTS RECEIVABLE

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 3 months	**656**	5,223
4 to 6 months	**2,873**	-
	3,529	5,223

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

Accounts receivable aged within 3 months were neither past due nor impaired. For the accounts receivable aged between 4 to 6 months, they were past due but not impaired. Accounts receivable relate to independent customers that have a good trade record with the Group and were fully settled up to the date of this report.

12. ACCOUNTS PAYABLE

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 3 months	**645**	-
4 to 6 months	**2,825**	-
	3,470	-

The credit period from the Group's trade creditors is 30 days to 90 days.

13. SHARE CAPITAL

	2011 Number of shares	**HK$'000**	2010 Number of shares	HK$'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 beginning of year	**1,258,296,800**	**12,583**	1,258,296,800	12,583
Placing of shares (Note (i))	**110,000,000**	**1,100**	-	-
Exercise of share options (Note (ii))	**14,900,000**	**149**	-	-
At end of year	**1,383,196,800**	**13,832**	1,258,296,800	12,583

Notes:

(i) Placing of shares

On 9 November 2010, pursuant to a conditional placing agreement between the Company and a placing agent, the Company issued on aggregate 110,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.40 per share to independent third parties for a total cash consideration of HK$44,000,000 before issue expenses of HK$1,368,000, of which HK$1,100,000 and HK$42,900,000 were credited to share capital and share premium account respectively.

(ii) Exercise of share options

During the year, options were exercised to subscribe for 14,900,000 ordinary shares in the Company at a total consideration of HK$6,854,000 of which HK$149,000 was credited to share capital and HK$6,705,000 was credited to the share premium account. An amount of HK$6,353,000 was transferred from the share options reserve to the share premium account following the exercise of the options.

14. SHARE-BASED PAYMENT TRANSACTIONS

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.

On 16 December 2009, the Company granted 84,800,000 options to the directors and eligible employees of the Group at the exercise price of HK$0.46 each for a period of ten years from the date of grant.

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

Date of offer of grant	At beginning of year	Exercised during the year	Lapsed during the year	At end of year	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
11/07/2007	44,200,000	-	(200,000)	44,000,000	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	84,800,000	(14,900,000)	(2,300,000)	67,600,000	HK$0.46	HK$0.45	16/12/2009 to 15/12/2019	N/A
	134,000,000	(14,900,000)	(2,500,000)	116,600,000				

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 of the share options are incorporated into the model.

Fair value of share options and assumptions:

		Offer of grant at	
	11 July 2007	**18 September 2007**	**16 December 2009**
Fair value at measurement date	HK$0.65	HK$2.63	HK$0.43
Share price at the date of offer of grant	HK$0.86	HK$2.90	HK$0.45
Exercise price	HK$0.86	HK$2.95	HK$0.46
Expected volatility	160.11%	163.08%	125.98%
Expected life	2 years	2.53 to 6.53 years	10 years
Expected dividends	0%	0%	0%
Risk-free interest rate	4.757%	4.272%	2.387%

The Group recognised an equity-settled share-based payment expense of approximately HK$2,633,000 (2010: HK$38,791,000) during the year.

15. CAPITAL COMMITMENTS

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

	2011 **HK$'000**	2010 HK$'000
Acquisition of property, plant and equipment	**12,956**	12,956
Capital expenditure in respect of the construction of ores processing plant	**3,815**	3,805
	16,771	16,761

16. RELATED PARTY TRANSACTIONS

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 years ended 31 March 2011 and 2010.

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.

17. CONTINGENT LIABILITIES

As at 31 March 2011, the Company had provided a corporate guarantee of US$12,000,000 (2010: US$12,000,000), equivalent to approximately HK$93,600,000 to a bank as a security of the banking facilities granted to the Group. The banking facilities were not utilised by the Group at the end of the reporting period.

The directors do not consider it probable that a claim will be made against the Company under the above guarantee at the end of the reporting period. The Company has not recognised any deferred income in respect of the above guarantee as its fair value cannot be reliably measured and its transaction price was nil.

RESULTS

During the year ended 31 March 2011, the Group recorded a turnover of approximately HK$312.4 million (2010: HK$389.8 million). The decrease in turnover was mainly due to the decrease in sales volume and the change in composition of metals and minerals traded during the year.

The gross profit margin has decreased from 15.3% in last year to 1.8% for the year ended 31 March 2011. The decrease in gross profit margin was mainly due to the different composition of products traded. As compare to last year, the trading volume of iron ores was substantially decreased during the year due to its price fluctuation as well as its lower profit margin. As such, the Group had concentrated its trading in nickel ores, the price of which is less fluctuated but with a relatively lower gross profit margin. As a result, the gross profit had decreased to approximately HK$5.7 million during the year (2010: HK$59.8 million).

The Group recorded a loss of approximately HK$52.9 million for the year as compared to a loss of HK$32.4 million for the last year. Such an increase in loss was mainly due to the decrease in gross profit as discussed above. There was also a provision for impairment loss on prepayments of approximately HK$8.1 million as the unfavorable political conditions in Africa has affected the supplier's ability to supply and hence the recoverability of the prepayment becomes doubtful.

The loss attributable to the owners of the Company was HK$43.1 million (2010: HK$25.2 million). Basic and diluted loss per share for the year was HK$0.03 per share (2010: HK$0.02 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2011.

BUSINESS REVIEW

METALS AND MINERALS TRADING

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

ORES PROCESSING AND TRADING

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

On 21 October 2010, the Company announced to propose a placement of up to 110,000,000 new shares at the issue price of HK$0.4 per placing share (the "Placing"). The Directors have considered various ways of raising funds and consider that the Placing represents an attractive opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. The Placing was completed on 9 November 2010 and 110,000,000 new shares were issued to independent third parties. The net proceeds of approximately HK$42.6 million were used for the general working capital purpose and future potential investments.

The Group's gearing ratio as at 31 March 2011 was 0.4% (2010: 2.3%), based on the total borrowings under finance leases amounted to HK$0.7 million (2010: HK$3.4 million) and the equity attributable to the owners of the Company of HK$173.3 million (2010: HK$148.0 million).

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

As at 31 March 2011, the Group had cash and bank balances of approximately HK$76.0 million (2010: HK$77.6 million). The Group had also obtained banking facilities of US$12.0 million (2010: US$12.0 million), equivalent to approximately HK$93.6 million (2010: approximately HK$93.6 million), none of which had been utilised as at 31 March 2011 (2010: HK$ Nil). As at 31 March 2011, no bank deposit (2010: HK$ Nil) was pledged to secure these banking facilities.

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

PROSPECTS

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2011, the Group employed 47 (2010: 71) full time managerial and skilled staff principally in Hong Kong and Chile.

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

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 year.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the"Code") as set out in Appendix 14 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the year ended 31 March 2011 except that: (i) the roles of chairman and chief executive officer are not separated and are performed by the same individual as the Board considered that non-segregation would not result in considerable concentration of power; and (ii) the non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirement of the Code and comprised of three independent non-executive directors, Mr. Chan Francis Ping Kuen, Mr. Chan Chak Paul and Mr. Hu Guang. The Audit Committee 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 final results for the year.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 year under review.

PUBLICATION

The Company's 2011 annual 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 Company and the Stock Exchange in due course.

On behalf of the Board
SINOCOP RESOURCES (HOLDINGS) LIMITED
Cheung Ngan
Chairman

Hong Kong, 27 June 2011

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.