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 2013

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 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	5	**261,613**	144,226
Cost of sales		**(247,915)**	(133,704)
Gross profit		**13,698**	10,522
Other income and gains	5	**13,440**	1,834
Selling and distribution costs		**-**	(5)
Administrative expenses		**(51,395)**	(37,050)
Finance costs	6	**(2,944)**	(1,376)
Share of (loss)/profit of an associate		**(80)**	166
Loss before income tax	7	**(27,281)**	(25,909)
Income tax credit	8	**-**	564
Loss for the year		**(27,281)**	(25,345)
Other comprehensive income for the year			
Exchange differences arising on translation of foreign operations		**4,997**	(3,919)
Total comprehensive income for the year		**(22,284)**	(29,264)
Loss attributable to:			
- Owners of the Company		**(23,209)**	(21,289)
- Non-controlling interests		**(4,072)**	(4,056)
		(27,281)	(25,345)
Total comprehensive income attributable to:			
- Owners of the Company		**(19,688)**	(23,916)
- Non-controlling interests		**(2,596)**	(5,348)
		(22,284)	(29,264)
Loss per share			
- Basic and diluted (HK$)	10	**(0.0168)**	(0.0154)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		12,521	19,303
Construction in progress		96,485	93,896
Interests in associates		613	700
Goodwill		48,324	47,009
Other intangible assets		15,365	14,947
Value-added-tax recoverable		14,535	15,304
Total non-current assets		**187,843**	**191,159**
Current assets			
Accounts receivable	11	22,737	-
Other receivables, deposits and prepayments		42,298	8,712
Cash and bank balances		40,629	62,460
Total current assets		**105,664**	**71,172**
Total assets		**293,507**	**262,331**
Current liabilities			
Accounts payable	12	22,737	-
Customers' deposits		14,798	-
Other payables and accruals		15,810	1,452
Receipts in advance		2,709	3,775
Total current liabilities		**56,054**	**5,227**
Net current assets		**49,610**	**65,945**
NET ASSETS		**237,453**	**257,104**
Equity			
Share capital	13	13,844	13,844
Reserves		121,726	138,781
Equity attributable to owners of the Company		**135,570**	**152,625**
Non-controlling interests		**101,883**	**104,479**
TOTAL EQUITY		**237,453**	**257,104**

1. CORPORATION INFORMATION

The Company was incorporated in Bermuda with limited liability and 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 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.

During the year, the management has appraised the likely impact of the unexpected water shortage in Chile on the development plan of the Group's ores processing and trading business. The Group has also taken note of the current business objectives and resource allocation. As a result of these considerations, the Group has decided to delay further work on the construction of the ores processing facilities and development of the ores processing and trading business in Chile for two to three years until 2016. However, the Group will review the situation of water supply in Chile annually and should the position become more clear and favourable, the Group will accordingly consider to resume the development of the ores processing business in Chile sooner than 2016.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs – first effective on 1 April 2012

In the current year, the Group has adopted the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the current accounting period:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets

Except as explained below, the adoption of these amendments has no significant impact on the Group's financial statements.

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets
The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. Such information is also relevant in assessing the amount, timing and uncertainty of the entity's future cash flows.

(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)	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 19 (2011)	Employee Benefits[2]

HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[3]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

<u>HKFRSs (Amendments) - Annual Improvements 2009-2011 Cycle</u>
The improvements made amendments to the following standards:

(i) *HKAS 1 - Presentation of Financial Statements*
The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) *HKAS 16 - Property, Plant and Equipment*
The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) *HKAS 32 - Financial Instruments: Presentation*
The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) *HKAS 34 - Interim Financial Reporting*
The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

<u>Amendments to HKAS 1 (Revised) - Presentation of Items of Other Comprehensive Income</u>
The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

<u>Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities</u>
The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 - Offsetting Financial Assets and Financial Liabilities
HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) - Investment Entities
The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

HKFRS 9 - Financial Instruments
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, classification 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.

HKFRS 10 - Consolidated Financial Statements
HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 - Disclosure of Interests in Other Entities
HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 - Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 “Financial Instruments: Disclosures”. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

HK(IFRIC) Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine

Stripping activities carried out in the production phase of a surface mine may give rise to two benefits: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation requires that costs of stripping activity are accounted for in accordance with the principles in HKAS 2 Inventories to the extent that the benefit from stripping activity is realised in the form of inventory produced. The costs of stripping activity that provide a benefit in the form of improved access to ore are recognised as a non-current stripping activity asset when certain criteria are met. This asset will be accounted for as an addition or enhancement to an existing asset and is classified as tangible or intangible according to the nature of the existing asset of which it forms part. The stripping activity asset is measured initially at cost and subsequently in the same way as the existing asset of which it forms part. It is depreciated or amortised on a systematic basis over the expected useful life of the component of the ore body that becomes more accessible as a result of the stripping activity. The interpretation is applied to production stripping costs incurred after the beginning of the earliest period presented. Predecessor stripping activity asset balance is reclassified as a part of an existing asset subject to the conditions in the Interpretation.

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

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars (“HK$”), which is the same as the functional currency of the Company.

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' (loss)/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**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**261,613**	144,226	**-**	-	**261,613**	144,226
Reportable segment (loss)/profit	**(5,111)**	1,949	**(10,191)**	(10,143)	**(15,302)**	(8,194)
Share of (loss)/profit of an associate	**(80)**	166	**-**	-	**(80)**	166
Interest income	**1**	2	**1**	1	**2**	3
Unallocated					**-**	2
Total interest income					**2**	5
Depreciation	**-**	-	**(7,166)**	(8,029)	**(7,166)**	(8,029)
Unallocated					**(26)**	(355)
Total depreciation					**(7,192)**	(8,384)
Write off of prepayments	**-**	-	**(3,945)**	-	**(3,945)**	-
Reportable segment assets	**67,934**	31,825	**222,138**	228,221	**290,072**	260,046
Interests in associates	**613**	700	**-**	-	**613**	700
Additions to non-current assets	**-**	-	**1,058**	7,774	**1,058**	7,774
Unallocated					**29**	34
Total additions to non-current assets					**1,087**	7,808
Reportable segment liabilities	**(51,561)**	(57)	**(3,514)**	(4,429)	**(55,075)**	(4,486)

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

	2013 **HK$'000**	2012 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**261,613**	144,226
Loss before income tax		
Reportable segment loss	**(15,302)**	(8,194)
Unallocated other income and gains	**90**	97
Unallocated share-based payments	**(2,633)**	(2,633)
Unallocated other corporate expenses	**(6,492)**	(13,803)
Finance costs	**(2,944)**	(1,376)
Consolidated loss before income tax	**(27,281)**	(25,909)
Assets		
Reportable segment assets	**290,072**	260,046
Unallocated corporate assets	**3,435**	2,285
Consolidated total assets	**293,507**	262,331
Liabilities		
Reportable segment liabilities	**55,075**	4,486
Unallocated corporate liabilities	**979**	741
Consolidated total liabilities	**56,054**	5,227

(c) Geographic information

During the years ended 31 March 2013 and 2012, the Group's business revenue, based on where the customers were located, 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	
	2013 **HK$'000**	2012 HK$'000
PRC, including Hong Kong	**79**	281
Chile	**187,151**	190,178
Asia Pacific	**613**	700
	187,843	191,159

(d) **Information about major customers**

For the year ended 31 March 2013, sales to two customers in the metal and minerals trading segment of HK$182,420,000 and HK$56,456,000 respectively accounted for more than 10% of the Group's revenue.

For the year ended 31 March 2012, the Group's revenue of HK$144,226,000 represented sales to the sole customer in the metal and minerals trading segment.

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:

	2013	2012
	HK$'000	HK$'000
Turnover		
Sale of metals and minerals	**261,613**	144,226
Other income and gains		
Service fee income (Note)	**10,154**	-
Rental income	**2,698**	1,734
Gain on disposal of property, plant and equipment	**496**	-
Sundry income	**90**	95
Interest income	**2**	5
	13,440	1,834

Note: During the year, the Group decided to delay further development work on the ores processing and trading business in Chile to a later time and had taken advantage of the surplus resources resulting from the delay to earn service income by providing engineering and drilling services to a nearby mineral company.

6. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000
Bank charges and trust receipt loans interest	**2,944**	2,752
Finance charges on obligations under finance leases	**-**	16
Total interest expenses	**2,944**	2,768
Less: amount capitalised in construction in progress	**-**	(1,392)
	2,944	1,376

The Group has not capitalised any interest expenses on general borrowings during the year 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 year mainly arose from the general borrowing pool which was calculated by applying a capitalisation rate of 1.53% to expenditure on construction in progress.

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2013	2012
	HK$'000	HK$'000
Auditor's remuneration	**886**	882
Write off of prepayments	**3,945**	-
Write off of other receivables	**235**	-
Exchange losses, net	**269**	139
Operating lease rentals on leasehold land and buildings	**3,408**	3,647
Depreciation of property, plant and equipment	**7,192**	8,384
Less: amount capitalised in construction in progress	**-**	(3,862)
	7,192	4,522
Staff costs (including directors' remuneration)		
- Salaries and allowances	**11,866**	7,674
- Other benefits	**941**	851
- Share-based payments	**2,633**	2,633
- Pension contributions	**297**	143
	15,737	11,301

8. INCOME TAX

Income tax credit of HK$564,000 for the year ended 31 March 2012 represented over provision of Hong Kong profits tax in respect of prior years. 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 2013, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$46,031,000 (2012: HK$116,369,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these 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 2013 (2012: 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:

	2013	2012
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(23,209)**	(21,289)

	2013	2012
	Number	Number
Weighted average number of ordinary shares in issue	**1,384,396,800**	1,384,019,760

Diluted loss per share is same as basic loss per share as presented for the years ended 31 March 2013 and 2012 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	
	2013	2012
	HK$'000	HK$'000
Within 3 months	**22,737**	-

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

As at 31 March 2013, accounts receivable of HK$22,737,000 (2012: HK$Nil) were neither past due nor impaired. This accounts receivable related to an independent customer that has a good trade record with the Group and was fully settled up to the date of this announcement.

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	
	2013	2012
	HK$'000	HK$'000
Within 3 months	**22,737**	-

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

13. SHARE CAPITAL

	2013 Number of shares	**HK$'000**	2012 Number of shares	HK$'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	**1,384,396,800**	**13,844**	1,383,196,800	13,832
Exercise of share options (Note)	**-**	**-**	1,200,000	12
At end of year	**1,384,396,800**	**13,844**	1,384,396,800	13,844

Note:

Exercise of share options

During the year ended 31 March 2012, options were exercised to subscribe for 1,200,000 ordinary shares in the Company at a total consideration of HK$552,000 of which HK$12,000 was credited to share capital and HK$540,000 was credited to the share premium account. An amount of HK$511,000 was transferred from the share options reserve to the share premium account following the exercise of the options (Note 14).

There was no exercise of options during the year ended 31 March 2013.

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 5 August 2011, 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.

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

Date of offer of grant	At 01/04/2011	Exercised during the year	Lapsed during the year	At 31/03/2012	Exercised during the year	Lapsed during the year	At 31/03/2013	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
11/07/2007	44,000,000	-	(500,000)	43,500,000	-	-	43,500,000	HK$0.86	HK$0.86	11/07/2007 to 10/07/2017	N/A
18/09/2007	5,000,000	-	-	5,000,000	-	-	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	67,600,000	(1,200,000)	(500,000)	65,900,000	-	-	65,900,000	HK$0.46	HK$0.45	16/12/2009 to 15/12/2019	N/A
	116,600,000	(1,200,000)	(1,000,000)	114,400,000	-	-	114,400,000				

The weighted average remaining contractual life of options outstanding at the end of the year was 5.69 years (2012: 6.7 years).

Of the total number of options outstanding at the end of the year, 114,400,000 (2012: 113,400,000) were exercisable at the end of the year.

In respect of the share options exercised during the year ended 31 March 2012, the weighted average share price at the dates of exercise was HK$1.04.

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 (2012: HK$2,633,000) 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:

	2013 HK$'000	2012 HK$'000
Acquisition of property, plant and equipment	**3,464**	12,956
Capital expenditure in respect of the construction of ores processing plant	**3,771**	3,811
	7,235	16,767

16. RELATED PARTY TRANSACTIONS

On 16 October 2007, Verde 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 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.

17. 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 31 March 2013 and 2012.

18. 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 the 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 no 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 of the Company dated 29 March 2012 (the "Announcement"). Completion of the acquisition and placing of shares will take place on completion of the conditions precedent of the acquisition agreement as set out in the Announcement, or such other dates as the vendors and the Group may agree. Completion of the acquisition and placing of shares have not taken place as at the date of this announcement as the aforesaid conditions precedent have not been fulfilled.

RESULTS

During the year ended 31 March 2013, the Group had recorded a turnover of approximately HK$261.6 million (2012: HK$144.2 million). The increase in turnover was mainly due to the increase in trading volume of nickel ores during the year.

The Group has continued to concentrate its trading in nickel ores during the year. Gross profit margin has been decreased from 7.3% in last year to 5.2% in this current year. The decrease in gross profit margin was mainly due to the increasing purchase and related cost and cost of sea freight during the year. Notwithstanding the decrease in gross profit margin, gross profit increased to approximately HK$13.7 million (2012: HK$10.5 million) as resulted from the increase in turnover as mentioned above.

The Group recorded a loss of approximately HK$27.3 million for the year as compared to a loss of HK$25.3 million in last year. Such an increase in loss was due to the written off of prepayments amounting to HK$3.9 million as the prepayments for certain machinery are no longer utilised as resulted from the delay on construction of ores processing plant in Chile. Other income and gains increased to approximately HK$13.4 million (2012: HK$1.8 million), it was mainly derived from rendering engineering and drilling services in Chile amounting to HK$10.2 million (2012: HK$ Nil). The rendering of engineering and drilling services in Chile also lead to the increase in administrative expenses to approximately HK$51.4 million (2012: HK$37.1 million) as more labour and spare parts was consumed during the year and depreciation charges amounting to HK$4.1 million (2012: HK$3.9 million) was recognised in profit and loss during the year whereas they are capitalised in the construction in progress in previous year.

The loss attributable to the owners of the Company was HK$23.2 million (2012: HK$21.3 million). Basic and diluted loss per share for the year was HK$0.0168 per share (2012: HK$0.0154 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2013.

BUSINESS REVIEW

METALS AND MINERALS TRADING

During the year, the price of iron ores is still fluctuating both upward and downward and hence no trading of iron ores is resulted as the risk involved is considered relatively high. Accordingly, the Group continued its concentration on the trading of nickel ores, for which the price is relatively less affected by global economy. 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

The Company continued with the copper ores processing and trading operation in Chile through its subsidiary, Minera Catania Verde S.A. (“Verde”) in Chile, which is 60% held by the Company. The other business partners are Tong Guan Resources Holdings Ltd. and Catania Copper (Chile) Limited. Verde had engaged several consultants in Chile for the design and construction of the copper ores processing plant. Verde had successfully obtained environmental approval in early 2009.

As discussed in previous annual reports, the Group had slowed down the progress on the development of ores processing plant in 2009 after the financial crisis in late 2008. After the financial crisis, the quantitative easing policy and European sovereign debt crisis have also largely increased the financial market volatility and hence the risk of 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.

In addition to the global economic uncertainty, water resources are also an important issue to the mining industry within the region where Verde operates. Water is a scarce resource within the region and the people relies basically on underground water in the region. Verde 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 prioritise water usage for public health. 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 our Chilean lawyer regarding the Chilean governmental decree which advised that the situation may affect Verde's possibility of sourcing water. 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, and taking note of the current business objectives of the Group and resource allocation, the Group has decided 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 31 March 2013, the net assets value of the Group amounted to approximately HK$237.5 million (2012: HK$257.1 million).

As at 31 March 2013, the gearing ratio of the Group was nil (2012: Nil) and the equity attributable to the owners of the Company was HK$135.6 million (2012: HK$152.6 million).

As at 31 March 2013, the Group had cash and bank balances of approximately HK$40.6 million (2012: HK$62.5 million) and no bank deposit (2012: HK$ 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.

PROSPECTS

It is expected that the economy in the PRC is still expected to grow gradually within the expected course. 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.

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 last annual report, 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 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 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. Completion of the acquisition has not taken place as at the date of this announcement.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

At 31 March 2013, there was no charge on any of the Group's assets and the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group employed 44 (2012: 37) 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 (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (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 2013 except that 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.

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 ended 31 March 2013.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION

The Company's 2013 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, 28 June 2013

As at the date of this announcement, the Board comprises four executive Directors, namely Messrs. Cheung Ngan, Chan Chung Chun, Arnold, Zhau Chong Dei and Lee Ming Zang, 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.