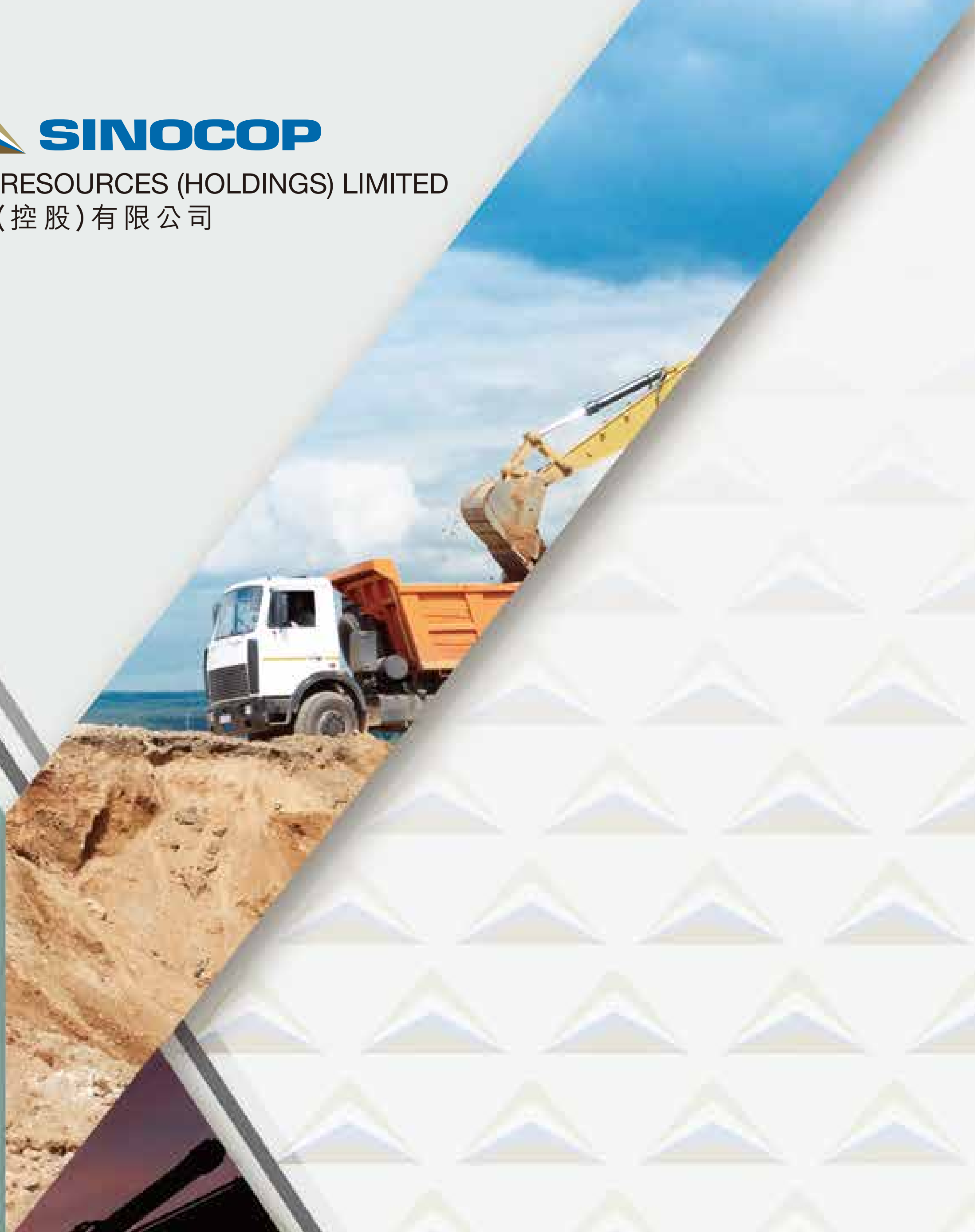
SINOCOP

SINOCOP RESOURCES (HOLDINGS) LIMITED

中銅資源(控股)有限公司

Stock Code: 00476



Annual Report 2013

Contents

Corporate Information

DIRECTORS

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

Non-Executive Director
Mr. Li Shaofeng

Independent Non-Executive Directors
Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

AUDIT COMMITTEE

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

AUDITOR

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

LEGAL ADVISORS IN HONG KONG

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

BRANCH REGISTRARS IN HONG KONG

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

STOCK CODE

0476

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

PRINCIPAL REGISTRARS

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARY

Mr. Chan Chung Chun, Arnold *CPA*

PRINCIPAL BANKER

Bank of China
Hang Seng Bank Limited

WEBSITE

www.sinocop.hk

I am pleased to present the annual report of Sinocop Resources (Holdings) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2013.

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 priorities 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 asset 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 annual report.

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.

CONCLUSION

On behalf of the board of directors of the Company (the "Board"), I would like to thank shareholders for their continued support and I would also wish to take this opportunity to express my appreciation to my colleagues in the Board and all employees of the Group for their dedication and efforts in the past year.

By order of the Board

Cheung Ngan
Chairman

Hong Kong
28 June 2013

Report of the Directors

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consist of investment holding, metals and minerals trading, and processing of raw ores.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 to the financial statements.

RESULTS AND DIVIDEND

The Group's loss for the year ended 31 March 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 37 to 108.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the results of the Group for the last five financial reporting years and of its assets and liabilities at the respective financial reporting year end dates, as extracted from the published audited financial statements of the Group.

RESULTS

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER	**261,613**	144,226	312,408	389,755	284,636
LOSS BEFORE INCOME TAX	**(27,281)**	(25,909)	(52,890)	(32,362)	(24,324)
Income tax credit	**–**	564	–	–	–
LOSS FOR THE YEAR	**(27,281)**	(25,345)	(52,890)	(32,362)	(24,324)
ATTRIBUTABLE TO:					
Owners of the Company	**(23,209)**	(21,289)	(43,077)	(25,187)	(20,469)
Non-controlling interests	**(4,072)**	(4,056)	(9,813)	(7,175)	(3,855)
	(27,281)	(25,345)	(52,890)	(32,362)	(24,324)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**293,507**	262,331	289,340	269,094	353,182
TOTAL LIABILITIES	**(56,054)**	(5,227)	(6,157)	(8,503)	(109,524)
NON-CONTROLLING INTERESTS	**(101,883)**	(104,479)	(109,827)	(112,601)	(116,974)
	135,570	152,625	173,356	147,990	126,684

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group are set out in Note 16 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries and associates are set out in Notes 18 and 19 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

During the year, no ordinary shares (2012: 1,200,000 ordinary shares) of HK$0.01 each were issued in relation to the share options exercised by employees under the share option scheme of the Company.

Details of movements in the Company's share capital and share options during the year, together with the reasons thereof, are set out in Notes 24 and 25 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company during the year are set out in Note 26 to the financial statements. Details of movements in the reserves of the Group during the year are presented in the consolidated statement of changes in equity on page 40.

DISTRIBUTABLE RESERVES

At the end of the reporting period, the Company had no accumulated profits available for distribution. Under the Companies Act 1981 of Bermuda (as amended from time to time), the contributed surplus of the Company in the amount of HK$87,109,000 as at 31 March 2013 (2012: HK$87,109,000) is distributable to shareholders in certain circumstances, prescribed by Section 54 thereof, which the Company is currently unable to satisfy.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total
Sales	
– The largest customer	69.7%
– Five largest customers combined	100%
Purchases	
– The largest supplier	32.8%
– Five largest suppliers combined	100%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

DIRECTORS

The directors of the Company during the year were:

Executive directors

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

Non-executive director

Mr. Li Shaofeng

Independent non-executive directors

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

Mr. Li Shaofeng, Mr. Chan Francis Ping Kuen and Mr. Hu Guang shall retire from the Board in accordance with the Company's bye-laws, and being eligible, shall offer themselves for re-election as directors of the Company at the forthcoming annual general meeting.

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of directors' remuneration and that of the five highest paid individuals in the Group are set out in Notes 9 and 10 to the financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), which was adopted by an ordinary resolution of the shareholders at the special general meeting of the Company on 5 January 2004, constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Pursuant to the Scheme, the Board is empowered, at its discretion, to invite any full-time employees of the Company or any of its subsidiaries or associates, including any executive directors and non-executive directors of the Company or any of its subsidiaries or associates, to take up options to subscribe for shares in the Company. Details of the Scheme are set out in Note 25 to the financial statements.

During the year ended 31 March 2013, no options were granted, exercised or lapsed under the Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 31 March 2013 were as follows:

			Number of share options		
Name of Director	Date of grant	Exercise Price (HK$)	At 1 April 2012	Granted/ Exercised/ Lapsed	At 31 March 2013
Mr. Cheung Ngan	16 December 2009	0.46	1,200,000	–	1,200,000
Mr. Chan Chung Chun, Arnold	16 December 2009	0.46	12,000,000	–	12,000,000
Mr. Li Shaofeng	16 December 2009	0.46	12,000,000	–	12,000,000
Mr. Chan Francis Ping Kuen	16 December 2009	0.46	1,200,000	–	1,200,000
Mr. Hu Guang	16 December 2009	0.46	1,200,000	–	1,200,000

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTIONS

Details of the connected transactions undertaken by the Group during the years ended 31 March 2013 and 2012 are set out in Note 28 to the financial statements.

CONTINUING CONNECTED TRANSACTIONS

On 16 October 2007, Minera Catania Verde S.A., a subsidiary of the Company, entered into a master agreement (the "Master Agreement") with CAH Reserve S.A., a company in which 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 and indirectly own 44% interests. The transactions contemplated under the Master Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. Details of the Master Agreement are set out in Note 28(b) to the financial statements.

The independent non-executive directors of the Company noted that no transaction was entered into under the Master Agreement during the year.

The auditors of the Company have confirmed that no transaction was entered into under the Master Agreement during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which had been notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/ Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company/ associated company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	3,112,432,469 (Note 1)	–	224.82%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Chan Chung Chun, Arnold	Beneficial owner & interest of controlled corporation	2,812,000,000 (Note 3)	–	203.12%
	Interest of controlled corporation	1,000 (Note 4)	–	20%

Name of Director	Capacity/ Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company/ associated company
Mr. Li Shaofeng	Beneficial owner	12,000,000 (Note 5)	–	0.87%
Mr. Chan Francis Ping Kuen	Beneficial owner	1,200,000 (Note 5)	–	0.087%
Mr. Hu Guang	Beneficial owner	1,200,000 (Note 5)	–	0.087%

Note:

1) The 3,112,432,469 shares include:

   a. the underlying shares of 1,200,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above; and

   b. the underlying shares of 2,800,000,000 from the consideration shares of 84,000,000 and convertible notes of 2,716,000,000 which were agreed to be issued to Sino PowerHouse Corporation, which was beneficially owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun, Arnold, upon completion of acquisition of 100 shares of a target company, South China Mining Investments Limited. Details of which are set out in Note 33 to the financial statements.

2) The 1,000 shares represent the indirect interest in Tong Guan La Plata Company Limited ("TGLP"), which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Mr. Cheung Ngan held 50% interest in Great Base Holdings Limited and 51% interest in CM Universal Corporation.

3) The 2,812,000,000 shares include the underlying shares of 12,000,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above and the underlying shares of 2,800,000,000 as set out in Note 1b of this section.

4) The 1,000 shares represent the indirect interest in TGLP, which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Mr. Chan Chung Chun, Arnold held 50% interest in Great Base Holdings Limited and 49% interest in CM Universal Corporation.

5) Being options to acquire ordinary shares of the Company, and further details of which are set out in the section headed "directors' rights to acquire shares" above.

Save as disclosed above, as at 31 March 2013, none of the directors of the Company have interest or short positions in the shares and underlying shares or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the sections above with heading "Connected Transactions" and "Continuing Connected Transactions" set out on pages 13 and 14 of this report, no director, whether directly or indirectly, had a material beneficial interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, the following shareholders had registered an interest or short position in the shares or underlying shares of 5% or more of the issued share capital of the Company in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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

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

Note:

1) The 3,112,432,469 shares include:

   a. the underlying shares of 1,200,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above; and

   b. the underlying shares of 2,800,000,000 from the consideration shares of 84,000,000 and convertible notes of 2,716,000,000 which were agreed to be issued to Sino PowerHouse Corporation, which was beneficially owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun, Arnold, upon completion of acquisition of 100 shares of a target company, South China Mining Investments Limited. Details of which are set out in Note 33 to the financial statements.

2) The 2,812,000,000 shares include the underlying shares of 12,000,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above and the underlying shares of 2,800,000,000 as set out in Note 1b of this section.

3) The underlying shares of 2,800,000,000 from the consideration shares of 84,000,000 and convertible notes of 2,716,000,000 which were agreed to be issued to Sino PowerHouse Corporation upon completion of acquisition of 100 shares of South China Mining Investments Limited. Details of which are set out in Note 33 to the financial statements.

4) The underlying shares of 1,000,000,000 from the consideration shares of 30,000,000 and convertible notes of 970,000,000 which were agreed to be issued to Mr. Zhou Bo upon completion of acquisition of 100 shares of South China Mining Investments Limited. Details of which are set out in Note 33 to the financial statements.

5) The underlying shares of 200,000,000 from the consideration shares of 6,000,000 and convertible notes of 194,000,000 which were agreed to be issued to Mr. Luan Zhong Jie upon completion of acquisition of 100 shares of a target company, South China Mining Investments Limited. Details of which are set out in Note 33 to the financial statements.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Cheung Ngan	56	Chairman, Executive Director	15	Joined the Group in March 1998 and is responsible for the development of corporate strategies, corporate planning, marketing and management functions of the Group. He has over 29 years working experience in corporate management and investments in the PRC.
Mr. Chan Chung Chun, Arnold	53	Deputy Chairman, Executive Director	18	Joined the Group in April 1995 and is responsible for general corporate investment and the financial advisory functions of the Group. He has extensive working experience in accountancy and commercial fields. Mr. Chan is also the independent non-executive director of Shougang Concord Century Holdings Limited since October 2007, Global Digital Creations Holdings Limited since June 2012 and Shougang Fushan Resources Group Limited since July 2012.

Name	Age	Position held	Number of years of service	Business experience
Mr. Zhau Chong Dei	46	Executive Director	1	Was appointed as an executive director in March 2012. Mr. Zhau graduated from Lianyungang Chemical Mining College major in exploration geology in 1988. He was a registered senior engineer in the PRC and has been working for various exploration projects. He was specialized and in charge in the complete cycle of glauberite exploration from designing exploration program to on-site program execution and management, raw data testing and performing relevant analysis, and then finally preparation of resources report for governmental approval.
Mr. Lee Ming Zang	58	Executive Director	1	Was appointed as an executive director in March 2012. Mr. Lee graduated from Chongqing University major in exploitation engineering in 1981. He was a registered senior engineer in the PRC. Mr. Lee was specialized and in charge in the complete cycle of exploitation for glauberite from designing of mining program to construction of mining tunnel and shaft tunnel, exploitation of mine-room for solution leaching, building of ventilation shaft, and installation of solution piping circuit inside the underground mine.

Name	Age	Position held	Number of years of service	Business experience
Mr. Li Shaofeng	46	Non-Executive Director	6	Appointed as non-executive director of the Company in October 2007. Mr. Li holds a Bachelor's Degree in automation from the University of Science and Technology Beijing. Mr. Li is currently the managing director and executive director of Shougang Concord International Enterprises Company Limited, and the chairman and executive director of Shougang Concord Century Holdings Limited, Shougang Concord Technology Holdings Limited, Shougang Concord Grand (Group) Limited, Shougang Fushan Resources Group Limited and Global Digital Creations Holdings Limited. At the same time, Mr. Li is an non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange. In all, Mr. Li has extensive experience in management and investment of listed companies, sino-foreign joint ventures and steel industry.

Name	Age	Position held	Number of years of service	Business experience
Mr. Chan Francis Ping Kuen	54	Independent Non-Executive Director	8	Appointed as independent non-executive director of the Company in September 2004. Mr. Chan holds a Bachelor's Degree in economics from the University of Sydney in Australia. He is an associate member of The Institute of Chartered Accountants in Australia and also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 20 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and the United States. Mr. Chan is currently the executive director and deputy chairman of China Neng Xiao Technology (Group) Limited (formerly known as "Palmpay China (Holdings) Limited") and an independent non-executive director of Earnest Investments Holdings Limited.

Name	Age	Position held	Number of years of service	Business experience
Mr. Hu Guang	46	Independent Non-Executive Director	8	Appointed as independent non-executive director of the Company in September 2004. Mr. Hu holds a Master's Degree of Business Administration from Tianjin University in the PRC. Mr. Hu has nearly 20 years experience in investment, finance and property development in the PRC.
Mr. Chan Chak Paul	52	Independent Non-Executive Director	8	Appointed as independent non-executive director of the Company in February 2005. Mr. Chan has extensive experience in trading industries and PRC investment. Mr. Chan used to hold several senior management positions and directorship in both foreign and local companies, and listed company of the Stock Exchange. Mr. Chan is currently the executive director and chairman of Earnest Investments Holdings Limited.

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.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules during the year.

AUDITOR

The financial statements have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint BDO Limited as the Company's auditor.

ON BEHALF OF THE BOARD

Cheung Ngan
Chairman

Hong Kong
28 June 2013

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.

THE BOARD

The Board is responsible for the leadership and control of the Company and overseeing the Group's business, strategic decisions and financial performances. The Board delegates to the management team the day-to-day management of the Company's business including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

The Board comprises four executive directors, one non-executive director and three independent non-executive directors. More than one-third of the Board is independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

Each of the independent non-executive directors has made an annual confirmation of independence, and the Company considers that all of the independent non-executive directors are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules.

The Company had arranged appropriate insurance cover for all directors.

Board meetings were scheduled to be held at about quarterly interval. The attendance of the directors at the Board meetings for the year ended 31 March 2013 is as follows:

Name of Directors	**Number of attendance/ Number of meetings held**
Executive directors	
Mr. Cheung Ngan *(Chairman)*	4/4
Mr. Chan Chung Chun, Arnold *(Deputy Chairman)*	4/4
Mr. Zhau Chong Dei	3/4
Mr. Lee Ming Zang	3/4
Non-executive directors	
Mr. Li Shaofeng	4/4
Mr. Chan Francis Ping Kuen	4/4
Mr. Hu Guang	4/4
Mr. Chan Chak Paul	4/4

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

The Company encourages the Directors to participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. As such, all Directors had attended programmes or seminars organized by the Company or qualified professionals and read relevant training development materials. A record of the training received by the respective Directors is provided to the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of chairman and chief executive officer of the Company have been performed by Mr. Cheung Ngan. The Board considers that the non-segregation does not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as chief executive officer when it thinks appropriate.

The chairman receives significant support from the directors. The chairman of the Company, Mr. Cheung Ngan, is primarily responsible for the leadership of the Board, ensuring that all significant policy issues are discussed by the Board in a timely and constructive manner; and the Directors receive accurate, timely and clear information. The Board, led by the chairman, sets the overall direction, strategy and policies of the Company. The chairman provides leadership for the Board to ensure that it works effectively, performs its responsibilities and acts in the best interests of the Company. He is also responsible for overseeing effective functioning of the Board and application of good corporate governance practices and procedures. The chairman seeks to ensure that all directors are properly briefed on issues arising at board meetings. He also encourages the directors to make full and active contributions to the Board's affairs, to voice their concerns or different views and ensure that the decisions fairly reflect the consensus.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board shall select and appoint the candidates for directorships of the Company based on their appropriate experiences, personal skills and time commitments.

All independent non-executive directors of the Company were appointed for a specific term, but subject to the relevant provisions of the Bye-Laws of the Company, or any other applicable laws whereby the Directors shall vacate or retire from their office. The term of appointment of the independent non-executive directors is two years commencing from the appointment date during the year.

According to the Bye-Laws of the Company, at each annual general meeting of the Company ("AGM"), one-third of the Directors for the time being shall retire from office by rotation. Every Director shall be subject to retirement by rotation at least once every three years.

BOARD COMMITTEE

The Board has established three committees with clearly-defined written terms of reference. The independent views and recommendations of the three committees ensure proper control of the Group and the continual achievement of the high standard of corporate governance practices.

Remuneration Committee

The Remuneration Committee is composed of two independent non-executive directors and one executive director, being Mr. Chan Chak Paul, Mr. Chan Francis Ping Kuen and Mr. Cheung Ngan respectively. Two meetings were held during the year ended 31 March 2013 and the attendance of the member of the Remuneration Committee is as follows:

Name of Directors	Number of attendance
Mr. Chan Chak Paul *(Chairman)*	2/2
Mr. Chan Francis Ping Kuen	2/2
Mr. Cheung Ngan	2/2

The brief duties of the Remuneration Committee as per the terms of reference are as follows:

i) to formulate remuneration policy for the approval of the Board by taking into consideration of individual performance and the prevailing market comparable;

ii) to make recommendations to the Board on the Company's policy and structure for the remuneration of the directors and senior management;

iii) to have the delegated responsibilities to determine the specific remunerations package of individual executive directors and senior management; and

iv) to review and approve compensation payable to executive directors and senior management in connection with any loss or termination of their office or compensation arrangement relating to dismissal or removal of directors.

The Remuneration Committee has every right to access to professional advice relating to remuneration proposal if considered necessary. Details of the directors' remuneration are set out in Notes 9 to the financial statements. The Committee shall meet as and when necessary or as requested by any Committee member and shall meet at least once a year.

The full terms of reference setting out the committee's authority and its role are available on the Stock Exchange's website and the Company's website.

Audit Committee

The Audit Committee is composed of three independent non-executive directors, Mr. Chan Francis Ping Kuen, Mr. Chan Chak Paul and Mr. Hu Guang. Two meetings were held during the year ended 31 March 2013 and the attendance of the members of the Audit Committee is as follows:

Name of Directors	Number of attendance
Mr. Chan Francis Ping Kuen *(Chairman)*	2/2
Mr. Chan Chak Paul	2/2
Mr. Hu Guang	2/2

During the year ended 31 March 2013, the Audit Committee had reviewed the Company's annual report for the year ended 31 March 2012, the interim report for the six months ended 30 September 2012 and the principal duties of the Audit Committee include:

i) to monitor integrity of the Company's financial statements and reports;

ii) to discuss with external auditor any matters arising from the audit of the Company's financial statements;

iii) to review financial controls, internal controls, and risk management system; and

iv) to review the Company's financial and accounting policies and practices.

The Audit Committee is authorised by the Board to investigate any activity and seek any information it requires within its terms of reference. It is also authorised to obtain outside legal or other independent professional advice and to secure their attendance in the Committee's meetings where necessary. The Audit Committee shall meet as and when necessary or as requested by any Audit Committee member or external auditor. The Audit Committee shall meet with the participation of external auditor at least twice a year.

For corporate governance functions, the Audit Committee reviewed the Group's compliance with the Code, including respective policies and practices, and disclosures in this Corporate Governance Report.

The full terms of reference setting out the committee's authority and its role are available on the Stock Exchange's website and the Company's website.

Nomination Committee

The Nomination Committee was established on 28 March 2012. The Nomination Committee is composed of two independent non-executive directors and one executive director, being Mr. Chan Francis Ping Kuen, Mr. Chan Chak Paul and Mr. Cheung Ngan respectively. One meeting was held during the year ended 31 March 2013 and the attendance of the members of the Nomination Committee is as follows:

Name of Directors	Number of attendance
Mr. Chan Francis Ping Kuen *(Chairman)*	1/1
Mr. Chan Chak Paul	1/1
Mr. Cheung Ngan	1/1

The brief duties of the Nomination Committee as per the terms of reference are as follows:

i) to review the structure, size and composition of the board;

ii) to identify individuals suitably qualified to become board members and to receive nomination from shareholders or director, and make recommendation on the selection of individuals nominated for directorship;

iii) to assess the independence of the independent non-executive directors; and

iv) to make recommendations to the board on the appointment or reappointment of directors and succession planning for directors.

The Nomination Committee has the right to access to independent professional advice if considered necessary. The Committee shall meet as and when necessary or as requested by any Committee member and shall meet at least once a year.

The full terms of reference setting out the committee's authority and its role are available on the Stock Exchange's website and the Company's website.

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.

AUDITOR'S RESPONSIBILITIES AND REMUNERATION

The statement of the Company's auditors BDO Limited regarding their report responsibilities is set out in the Independent Auditor's Report on pages 35 and 36 of this report. For the year ended 31 March 2013, the auditor of the Company received approximately HK$886,000 for providing audit service to the Company and its subsidiaries and HK$590,000 for the preparation of an accountants' report on a target company for the Company.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board reviews the internal control system and risk management policy of the Company annually. The Board will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets. The effectiveness of the internal control system and risk management was discussed on an annual basis with the Audit Committee.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows for that period, as well as their responsibility for performing the corporate governance function. The directors ensure that the financial statements for the year ended 31 March 2013 were prepared in accordance with statutory requirements and applicable accounting standards, and have been prepared on the going concern basis.

COMMUNICATION WITH SHAREHOLDERS

The annual general meetings or other general meetings of the Company provide opportunities for communication between the shareholders and the Board. Separate resolutions on each substantial issue are proposed at shareholders' meeting for shareholders consideration and approval. The Chairman, the executive directors, the Chairman and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee, as well as external auditor had attended the Annual General Meeting ("AGM") of the Company during the year to answer any questions raised. Due to other business engagements, two executive directors, a non-executive director and two independent non-executive directors could not attend the AGM during the year ended 31 March 2013.

Explanation of detail procedures of voting by poll was given at the commencement of the AGM, and the poll results had been published according to the requirement of Listing Rules.

The attendance of the general meeting during the year is set out below:

Name of Directors	**Number of attendance/ Number of meetings held**
Executive directors	
Mr. Cheung Ngan *(Chairman)*	1/1
Mr. Chan Chung Chun, Arnold *(Deputy Chairman)*	1/1
Mr. Zhau Chong Dei	0/1
Mr. Lee Ming Zang	0/1
Non-executive directors	
Mr. Li Shaofeng	0/1
Mr. Chan Francis Ping Kuen	1/1
Mr. Hu Guang	0/1
Mr. Chan Chak Paul	0/1

In addition to the general meeting, the Company has established a number of channels to communicate with shareholders:

(i) Annual reports, interim reports and circulars are sent to shareholders in print form, and are available on both the Company's and Stock Exchange's websites;

(ii) Updated version of constitutional documents such as Memorandum of Association and Bye-laws of the Company incorporating all amendments are made available on the Company's and the Stock Exchange's websites; and

(iii) Monthly return of the Company on movements in securities was made through the Company's and the Stock Exchange's websites.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to Convene a Special General Meeting ("SGM")

Pursuant to the Bye-law of the Company, SGM can be convened on requisition by shareholders. Also, Section 74 of the Companies Act provides that shareholders, as at the date of deposit of the requisition, hold not less than one-tenth (10%) of the paid-up capital of the Company and carry the right of voting at general meeting, can request the directors to convene a SGM.

The shareholders must state the purpose of the meeting and the requisition must be deposited at the registered office or head office. If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitists, or any of them representing more than one half of the total voting rights of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Shareholders' Enquiries

Shareholders should direct questions about their shareholdings to the Company's share registrar. They can also make enquiry to the Company Secretary of the Company for any publicly available Company information. They can also, by stating the nature and reason in written form, make enquiry to the Board provided it has been duly served to the attention of the Board at the head office. The contact details are set out in the Corporate Information on page 2 of this annual report.

Procedure for making proposals at general meeting

The following shareholders are entitled to put forward a proposal for consideration at a general meeting of the Company:

(i) any number of members representing not less than one-twentieth (5%) of the total voting rights of the Company on the date of the requisition; or

(ii) not less than 100 members holding shares in the Company.

The Proposal shall be in the form of a proposed resolution ("Proposed Resolution") and shall comply with the following criteria:

(i) to be clearly and concisely set out the proposal for discussion;

(ii) to be in accordance with the Memorandum of Association and Bye-laws, all applicable laws and regulations and the Listing Rules;

(iii) to be relevant to the Company's business scope and comply with all relevant requirements of a general meeting; and

(iv) to, in the event that the proposed business includes a proposal to amend the Bye-law, provide the complete text of the proposed amendment.

The Proposed Resolution should also be supported by the information with details including but not limited to the followings:

(i) the class and total number of shares beneficially owned by the individual shareholders of the group of shareholders making the Proposal;

(ii) the reasons for the business that the Proposed Resolution is to be brought before the meeting;

(iii) any interest in or anticipated benefit to the proposing shareholder or any associate of same arising from the approval of the Proposed Resolution; and

(iv) the benefits that the proposer suggests may accrue to the Company from approval of the Proposed Resolution and any disadvantages of same.

The Proposed Resolution must be lodged with the head office at least 60 days before the first anniversary of the last AGM so as to enable the Board to consider the Proposal and whether the Proposal complies with the requirements and to enable circulation to Shareholders for consideration at the AGM. The contact details are set out in the Corporate Information on page 2 of this annual report.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

PROCEDURE FOR PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

The procedure for proposing a person for election as a director was made available on the Company's website.

CONSTITUTIONAL DOCUMENTS

An updated version of the Memorandum of Association and Bye-laws of the Company is available on the websites of the Company and the Stock Exchange.

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To the Shareholders of Sinocop Resources (Holdings) Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sinocop Resources (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 37 to 108, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Shiu Hong NG
Practising Certificate Number: P03752
Hong Kong, 28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	7	**261,613**	144,226
Cost of sales		**(247,915)**	(133,704)
Gross profit		**13,698**	10,522
Other income and gains	7	**13,440**	1,834
Selling and distribution costs		**–**	(5)
Administrative expenses		**(51,395)**	(37,050)
Finance costs	8	**(2,944)**	(1,376)
Share of (loss)/profit of an associate	19	**(80)**	166
Loss before income tax	11	**(27,281)**	(25,909)
Income tax credit	12(a)	**–**	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$)	15	**(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	16	**12,521**	19,303
Construction in progress	17	**96,485**	93,896
Interests in associates	19	**613**	700
Goodwill	20	**48,324**	47,009
Other intangible assets	21	**15,365**	14,947
Value-added-tax recoverable		**14,535**	15,304
Total non-current assets		**187,843**	191,159
Current assets			
Accounts receivable	22	**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	23	**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

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Equity			
Share capital	24	**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

On behalf of the Board

Cheung Ngan
Director

Chan Chung Chun, Arnold
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Contributed surplus**	**Share options reserve**	**Foreign currency translation reserve**	**Capital reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 24)	(Note 26(a))	(Note 26(b))	(Note 26(c))	(Note 26(d))	(Note 26(e))				
At 1 April 2011	13,832	177,367	20,566	65,275	10,584	687	(114,955)	173,356	109,827	283,183
Loss for the year	–	–	–	–	–	–	(21,289)	(21,289)	(4,056)	(25,345)
Other comprehensive income	–	–	–	–	(2,627)	–	–	(2,627)	(1,292)	(3,919)
Total comprehensive income	–	–	–	–	(2,627)	–	(21,289)	(23,916)	(5,348)	(29,264)
Share-based payments	–	–	–	2,633	–	–	–	2,633	–	2,633
Exercise of share options (Note 24)	12	1,051	–	(511)	–	–	–	552	–	552
Lapse of share options	–	–	–	(538)	–	–	538	–	–	–
At 31 March 2012	13,844	178,418	20,566	66,859	7,957	687	(135,706)	152,625	104,479	257,104
At 1 April 2012	13,844	178,418	20,566	66,859	7,957	687	(135,706)	152,625	104,479	257,104
Loss for the year	–	–	–	–	–	–	(23,209)	(23,209)	(4,072)	(27,281)
Other comprehensive income	–	–	–	–	3,521	–	–	3,521	1,476	4,997
Total comprehensive income	–	–	–	–	3,521	–	(23,209)	(19,688)	(2,596)	(22,284)
Share-based payments	–	–	–	2,633	–	–	–	2,633	–	2,633
At 31 March 2013	**13,844**	**178,418**	**20,566**	**69,492**	**11,478**	**687**	**(158,915)**	**135,570**	**101,883**	**237,453**

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(27,281)**	(25,909)
Adjustments for:			
Interest income	7	**(2)**	(5)
Interest expenses	8	**2,944**	1,376
Depreciation of property, plant and equipment	11	**7,192**	4,522
Share-based payments	11	**2,633**	2,633
Write off of prepayments	11	**3,945**	–
Write off of other receivables	11	**235**	–
Gain on disposal of property, plant and equipment	7	**(496)**	–
Share of loss/(profit) of an associate	19	**80**	(166)
Operating cash flows before movements in working capital		**(10,750)**	(17,549)
(Increase)/decrease in accounts receivable		**(22,737)**	3,529
(Increase)/decrease in other receivables, deposits and prepayments		**(37,766)**	6,898
Decrease/(increase) in value-added-tax recoverable		**769**	(172)
Increase/(decrease) in accounts payable		**22,737**	(3,470)
Increase in customers' deposits		**14,798**	–
Increase in other payables and accruals		**14,358**	81
(Decrease)/increase in receipts in advance		**(1,066)**	3,775
NET CASH USED IN OPERATING ACTIVITIES		**(19,657)**	(6,908)
INVESTING ACTIVITIES			
Dividend received from an associate		**–**	272
Payments to acquire property, plant and equipment		**(33)**	(43)
Proceeds from disposal of property, plant and equipment		**496**	–
Expenditure for construction in progress		**–**	(2,511)
Interest received		**2**	5
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**465**	(2,277)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
FINANCING ACTIVITIES			
Proceeds from exercise of share options	24	–	552
Interest paid		(2,944)	(2,752)
Finance lease interest paid		–	(16)
Repayment of obligations under finance leases		–	(744)
NET CASH USED IN FINANCING ACTIVITIES		(2,944)	(2,960)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,136)	(12,145)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		62,460	75,996
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		305	(1,391)
CASH AND CASH EQUIVALENTS AT END OF YEAR		40,629	62,460
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		40,629	62,460

Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	16	**–**	–
Interests in subsidiaries	18	**134,927**	149,737
Total non-current assets		**134,927**	149,737
Current assets			
Prepayments		**149**	149
Cash and bank balances		**473**	521
Total current assets		**622**	670
Total assets		**135,549**	150,407
Current liabilities			
Accruals		**875**	634
Total current liabilities		**875**	634
Net current (liabilities)/assets		**(253)**	36
NET ASSETS		**134,674**	149,773
Equity			
Share capital	24	**13,844**	13,844
Reserves	26	**120,830**	135,929
TOTAL EQUITY		**134,674**	149,773

On behalf of the Board

Cheung Ngan
Director

Chan Chung Chun, Arnold
Director

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.

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

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

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

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

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

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

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.

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

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

***HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle** (Continued)*

(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.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

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.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

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.

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

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

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.

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

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

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.

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

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

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.

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

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

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. PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 April 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

(b) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Goodwill (Continued)

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the Group's cash-generating units or groups of cash-generating units, that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(c) Subsidiaries

A subsidiary is an entity in which the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the Company's statement of financial position, the interests in subsidiaries are stated at cost less any impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interests in the associates are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associates. The investor's share in the associates' profits and losses resulting from these transactions is eliminated against the carrying value of the associates.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

In the Company's statement of financial position, interests in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(e) Property, plant and equipment and construction in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is recognised in profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost thereof.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment and construction in progress (Continued)

Depreciation is charged so as to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. The expected useful lives of property, plant and equipment are as follows:

Buildings	20 years
Leasehold improvements	3 to 10 years
Plant and machinery	5 to 15 years
Furniture, fixtures, equipment and motor vehicles	3 to 5 years

Freehold land is not amortised.

Assets held under finance leases are depreciated over the term of the relevant leases or, where it is likely the Group will obtain ownership of the assets, the expected useful life of the assets on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sale proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

Construction in progress represents properties under construction for production, rental, or administrative purposes, which is stated at cost less any impairment loss and is not depreciated. Cost comprises the direct costs of construction, related professional fees, capitalised depreciation of machinery used for construction, capitalised borrowing costs on related borrowed funds and after deducting any incidental income generated from the construction work being carried out during the period of construction. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(f) Other intangible assets

Other intangible assets mainly represent water use rights which have indefinite useful lives. Other intangible assets with indefinite useful lives are measured initially at purchase cost and are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, construction in progress, investment in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for that asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i) Financial assets

The Group's financial assets are loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after their initial recognition, the estimated future cash flows of the financial assets have been impacted.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

i) *Financial assets (Continued)*

Impairment of financial assets (Continued)

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty;

– default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which have been determined had no impairment loss been recognised in prior years.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

i) Financial assets (Continued)

Impairment of financial assets (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of accounts and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against accounts and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

ii) Financial liabilities and equity instrument issued by the Group

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is recognised in profit or loss except when it relates to items recognised in other comprehensive income, in which case the income tax is recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable, liabilities and contingent liabilities over the cost of the business combination.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hong Kong dollars which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of that entity (the "foreign currencies") are recorded in its functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement and translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operation (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expenses items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Foreign currencies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

(n) Employees' benefits

(i) Short term benefits

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period.

(ii) Employee retirement scheme

The Group operates a Mandatory Provident Fund ("MPF") Scheme for its employees in Hong Kong. Contributions to the MPF are made based on rates applicable to the respective employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with government regulations. The Group's mandatory contributions are fully and immediately vested in favour of the employees. The assets of MPF are held separately from those of the Group in an independently administered fund.

(o) Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Equity-settled share-based payments (Continued)

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(p) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying asset, which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Related parties (Continued)

(b) (Continued)

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) revenue from sale of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(ii) interest income is recognised as it accrues using the effective interest method;

(iii) rental income from operating leases is recognised in equal instalments over the accounting periods covered by the lease term; and

(iv) service fee income is recognised to the extent of services rendered.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The key assumptions concerning the future and other key sources of estimation of uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of assets

Management periodically reviews each asset for possible impairment or reversal of previously recognised impairment. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. If such assets are considered by management to be impaired or impairment recognised is no longer required, the impairment required or reversal of impairment previously recognised is measured by the amount by which the carrying amount of the assets exceeds or exceeded by the estimated recoverably amount of the assets respectively. In determining the recoverable amount, the Group seeks professional advice or makes use of independent professional valuations as appropriate which are based on various assumptions and estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of fair value less costs to sell of the cash-generating units to which goodwill has been allocated. The determination of fair value less costs to sell requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Income taxes

There may be certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business of the Group. The Group recognises liabilities for anticipated tax issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such determination is made.

Sources of water supply in Chile

Water is a scare resource within the region in Chile where the Group operates its ores processing and trading business. In order to secure a steady and continuous supply of water for ores processing, the Group acquired underground water use rights within the region in recent years. Since the end of 2011, the northern and central regions of Chile have been suffering a severe drought which has led to a decrease in the supply of underground water and seriously affected the normal water supply for human consumption and agricultural activities. In March 2013, the Chilean Government has declared the territory where the Group's ores processing project is situated a zone of water scarcity which means even without any water rights, one can use the underground water one is able to source or find to secure human health and cultivation. It is therefore expected that water supply in Chile's mining region will further worsen as underground wells will not produce the required amount of water. The lack of an economic source of water supply may have a directly negative impact on the ores processing business in Chile as it may significantly increase the future operating costs of the ores processing plant.

Whilst management is unable to predict when the supply of water will return to normal, management considers the currently water scarcity situation may not be permanent and assumes there will be sufficient supply of underground water by the time the ores processing project in Chile is due to resume. Should the scarcity of water supply prevail and the ores processing project is further delay, the goodwill and other assets under the ores processing and trading business in Chile could be materially impaired.

6. 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.

6. SEGMENT REPORTING (Continued)

(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)

6. SEGMENT REPORTING (Continued)

(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

6. SEGMENT REPORTING (Continued)

(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	2012
	HK$'000	HK$'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.

7. 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 HK$'000	2012 HK$'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.

8. FINANCE COSTS

	2013 HK$'000	2012 HK$'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.

9. DIRECTORS' REMUNERATION

Directors' remuneration, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

For the year ended 31 March 2013

	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Pension contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Cheung Ngan	–	1,059	14	1,073
Mr. Chan Chung Chun, Arnold	–	351	14	365
Mr. Zhau Chong Dei	–	327	–	327
Mr. Lee Ming Zang	–	327	–	327
Sub-total	–	2,064	28	2,092
Non-executive director:				
Mr. Li Shaofeng	–	–	–	–
Independent non-executive directors:				
Mr. Chan Francis Ping Kuen	100	–	–	100
Mr. Hu Guang	100	–	–	100
Mr. Chan Chak Paul	100	–	–	100
Sub-total	300	–	–	300
Total	300	2,064	28	2,392

9. DIRECTORS' REMUNERATION (Continued)

For the year ended 31 March 2012

	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Pension contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Cheung Ngan	–	1,059	12	1,071
Mr. Chan Chung Chun, Arnold	–	351	12	363
Mr. Zhau Chong Dei	–	–	–	–
Mr. Lee Ming Zang	–	–	–	–
Sub-total	–	1,410	24	1,434
Non-executive director:				
Mr. Li Shaofeng	–	–	–	–
Independent non-executive directors:				
Mr. Chan Francis Ping Kuen	100	–	–	100
Mr. Hu Guang	100	–	–	100
Mr. Chan Chak Paul	100	–	–	100
Sub-total	300	–	–	300
Total	300	1,410	24	1,734

Except for Mr. Li Shaofeng who unconditionally waived his entitlement to a director's fee of HK$100,000 in respect of the years ended 31 March 2013 and 2012, there were no arrangements under which a director waived or agreed to waive any remuneration for the years ended 31 March 2013 and 2012. No remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2013 and 2012.

During the years ended 31 March 2013 and 2012, no share option was granted to the directors.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included two (2012: two) directors, details of whose remuneration are set out in Note 9 to the financial statements. The details of the remuneration of the remaining three (2012: three) non-director highest paid individuals are as follows:

	2013 HK$'000	2012 HK$'000
Basic salaries, allowances and benefits in kind	**2,592**	1,862
Pension contributions	**29**	24
	2,621	1,886

The number of non-director highest paid individuals whose remuneration fell within the following band is as follows:

	2013 Number of employees	2012 Number of employees
HK$Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
	3	3

No share option was granted to these highest paid individuals during the years ended 31 March 2013 and 2012.

10. FIVE HIGHEST PAID INDIVIDUALS (Continued)

Members of senior management during the year comprised only of the directors whose remuneration as set out in Note 9 to the financial statements fell within the following bands:

	2013 Number of directors	2012 Number of directors
HK$Nil to HK$1,000,000	7	7
HK$1,000,001 to HK$1,500,000	1	1
	8	8

11. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2013 HK$'000	2012 HK$'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 – Note 9)		
– 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

12. INCOME TAX

(a) 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.

(b) The income tax for the year can be reconciled to the loss before income tax as stated in the consolidated statement of comprehensive income as follows:

	2013		2012	
	HK$'000	**%**	HK$'000	%
Loss before income tax	**(27,281)**		(25,909)	
Tax credit at the applicable rates	**(4,638)**	**17.00**	(4,314)	16.64
Non-taxable revenue	**–**	**–**	(1)	–
Non-deductible expenses	**3,657**	**(13.40)**	1,650	(6.88)
Share of loss/(profit) of an associate	**13**	**(0.05)**	(27)	0.10
Effect of tax losses and temporary differences not recognised	**968**	**(3.55)**	2,692	(9.87)
Over provision in respect of prior years	**–**	**–**	(564)	(2.07)
Tax credit and effective tax rate for the year	**–**	**–**	(564)	(2.07)

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company includes a loss of HK$3,732,000 (2012: HK$2,404,000) which has been dealt with in the financial statements of the Company.

14. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the year ended 31 March 2013 (2012: Nil).

15. 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.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land HK$'000	Freehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Total HK$'000
Cost:						
At 1 April 2011	6,787	2,217	2,811	47,298	8,392	67,505
Additions	–	–	–	–	43	43
Exchange realignment	(96)	(32)	–	(674)	(62)	(864)
At 31 March 2012	6,691	2,185	2,811	46,624	8,373	66,684
Additions	–	–	–	–	33	33
Write off	–	–	–	–	(1)	(1)
Disposal	–	–	–	(368)	–	(368)
Exchange realignment	187	62	–	1,297	117	1,663
At 31 March 2013	**6,878**	**2,247**	**2,811**	**47,553**	**8,522**	**68,011**
Accumulated depreciation:						
At 1 April 2011	–	443	2,357	30,894	5,791	39,485
Charge for the year	–	109	301	6,783	1,191	8,384
Exchange realignment	–	(6)	–	(449)	(33)	(488)
At 31 March 2012	–	546	2,658	37,228	6,949	47,381
Charge for the year	–	110	153	6,181	748	7,192
Write off	–	–	–	–	(1)	(1)
Disposal	–	–	–	(368)	–	(368)
Exchange realignment	–	18	–	1,172	96	1,286
At 31 March 2013	**–**	**674**	**2,811**	**44,213**	**7,792**	**55,490**
Carrying amount:						
At 31 March 2013	**6,878**	**1,573**	**–**	**3,340**	**730**	**12,521**
At 31 March 2012	6,691	1,639	153	9,396	1,424	19,303

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

(i) The freehold land held by the Group is situated in Chile.

(ii) Since the cost of the freehold land and buildings cannot be allocated reliably between the land and building elements, the entire amount of freehold land is included in the cost of freehold land and buildings. The freehold land and buildings of the Group are situated in Chile.

The Company

	Equipment
	HK$'000
Cost:	
At 1 April 2011 and 31 March 2012 and 31 March 2013	71
Accumulated depreciation:	
At 1 April 2011 and 31 March 2012 and 31 March 2013	71
Carrying amount:	
At 31 March 2013	**–**
At 31 March 2012	–

17. CONSTRUCTION IN PROGRESS

	The Group	
	2013	2012
	HK$'000	HK$'000
At 1 April	**93,896**	87,384
Expenditure recognised in the course of construction	**–**	7,765
Exchange realignment	**2,589**	(1,253)
At 31 March	**96,485**	93,896

Construction in progress represents properties under construction for the processing of copper ores in Chile. The ores processing and trading business is being carried by the Group's subsidiary, Minera Catania Verde S.A. ("Verde") in Chile and is the only business of Verde. Cost capitalised in the course of construction comprises the direct costs of construction, related staff costs and professional fees, depreciation of machinery used for construction, attributable borrowing costs on general borrowings and after deducting any incidental income generated from the construction work being carried out during the period of construction.

The directors combined the carrying values of construction in progress and other assets under the cash generating unit ("CGU") of the ores processing and trading business of Verde and assessed them for impairment at the CGU level. As detailed in Note 20, based on the results of the assessment, the directors are of the opinion that there was no impairment on construction in progress as at 31 March 2013 and 2012.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**138,421**	135,788
Amounts due from subsidiaries	**736,787**	740,235
Amounts due to subsidiaries	**(22,990)**	(22,995)
	713,797	717,240
	852,218	853,028
Less: Provision for impairment	**(717,291)**	(703,291)
	134,927	149,737

Amounts due from/(to) subsidiaries are unsecured and interest free. The Company manages the funding of the subsidiaries collectively and the net balance due from subsidiaries in substance forms part of the Company's interests in the subsidiaries in the form of quasi-equity loans.

18. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 March 2013 are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Attributable equity interest		Principal Activities
			2013	2012	
Directly held by the Company					
China Elegance Holdings Limited	British Virgin Islands	US$1,000	**100%**	100%	Investment holding
Indirectly held by the Company					
Apex Winner Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services
CE Investment Limited	Samoa	US$1	**100%**	100%	Investment holding
Cheuk Yiu Investment Limited	Samoa	US$397,436	**100%**	100%	Investment holding
China Elegance Mining Company Limited	British Virgin Islands/PRC	US$1	**100%**	100%	Trading of metals and minerals
China Elegance Resources Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Grand Capital Enterprises Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Hero Gain Limited	Hong Kong	HK$100	**100%**	100%	Dormant

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Attributable equity interest 2013	2012	Principal Activities
Hong Kong Cable Services Co. Limited	Hong Kong/PRC	HK$100,000	**100%**	100%	Trading of computer hardware and software, provision of computer maintenance services and software development
Kind Success Holdings Limited	British Virgin Islands	US$100	**100%**	100%	Investment holding
Shui Yuen (Manganese) Group Limited	British Virgin Islands/PRC	US$1	**100%**	100%	Trading of metals and minerals
Sinocop Resources (Chile) Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding
Sino Copper Resources (Holdings) Limited	Hong Kong	HK$2	**100%**	100%	Trading of metals and minerals
Tong Guan La Plata Company Limited ("TGLP")	British Virgin Islands	US$50,000,000	**60%#**	60%#	Investment holding
Profit Way Group Limited	British Virgin Islands	US$100,000	**60%#**	60%#	Investment holding

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Attributable equity interest 2013	2012	Principal Activities
Minera Catania Verde S.A.	Chile	US$100,000	**60%#**	60%#	Processing of copper ores
Catania Resources Limited	British Virgin Islands	US$1	**60%#**	60%#	Investment holding
Loyal Dragon Development Limited	Hong Kong	HK$1	**60%#**	60%#	Provision of office accommodations to group companies

Proportion of equity interest held indirectly by the Company is determined based on the amount of capital paid by the Group and the composition of the board of directors at 31 March 2013 and 2012.

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results of the Group or constituted a substantial portion of its assets. To give details of other subsidiaries would result in particulars of excessive length.

19. INTERESTS IN ASSOCIATES

	The Group	
	2013	2012
	HK$'000	HK$'000
Share of net assets	**613**	700

Particulars of the Group's associates as at 31 March 2013 are as follows:

Name of associate	Business structure	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group		Principal activities
			2013	2012	
China Anshan Corporation Sdn. Bhd. # *	Corporate	Malaysia	**49%**	49%	Investment holding
Terengganu Anshan Iron & Steel Sdn. Bhd. # *	Corporate	Malaysia	**24%**	24%	Dormant
TAM Mining Sdn. Bhd. *	Corporate	Malaysia	**25%**	25%	Mining and refining of iron ores

As at 31 March 2013, these associates had deficiency in net assets in excess of the Group's costs of investments and were not equity accounted for. The Group had accounted for the losses of these associates to the extent of the investment costs. The Group's unrecognised share of net losses of these associates for the year was HK$8,000 (2012: net losses of HK$5,000) and unrecognised share of losses cumulatively was HK$549,000 (2012: HK$547,000).

* Not audited by BDO Limited or other member firms of BDO International.

19. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information of the Group's associates is as follows:

	2013 HK$'000	2012 HK$'000
Total assets	**3,242**	3,667
Total liabilities	**(3,896)**	(3,986)
Net liabilities	**(654)**	(319)
Group's share of net assets	**613**	700
Turnover	**–**	–
(Loss)/profit for the year	**(340)**	650
Group's share of (loss)/profit for the year	**(80)**	166

20. GOODWILL

	The Group	
	2013 HK$'000	2012 HK$'000
At 1 April	**47,009**	47,688
Exchange realignment	**1,315**	(679)
At 31 March	**48,324**	47,009

Goodwill arising on acquisition of a subsidiary during the year ended 31 March 2008 is allocated to the CGU of the ores processing and trading business which is the only CGU of Verde. The goodwill is tested for impairment at least annually.

20. GOODWILL (Continued)

Impairment testing of goodwill

As set out in Note 17 to the financial statements, the directors combined the carrying values of the assets under the CGU of the ores processing and trading business of Verde and assessed them for impairment at the CGU level. The assets under the CGU primarily comprise construction in progress, goodwill, land and buildings, water use rights and plant and machinery. The combined carrying value was approximately HK$205 million (2012: HK$206 million) as at 31 March 2013.

The directors determined the recoverable amount of the CGU as at 31 March 2013 from its fair value less costs to sell based on a valuation of Verde's ores processing and trading business performed by an independent firm of professional valuers (the "Valuers") using the income approach method.

The income approach is based on the projection of future cash flows of the ores processing and trading business prepared from the financial budgets approved by senior management covering a seventeen-year period from 2016 to 2033 to reflect the length of time management is committed to exploit the economic benefits of the ores processing and trading business and the expected useful lives of the processing plant and machinery the Group has invested and will continue to invest. The projected future cash flows are discounted to its present value by the weighted-average-cost-of-capital determined from market data.

Below are the key assumptions used for the discounted cash flow calculations:

	2013	2012
	Percentage	Percentage
Gross profit margin	**39.13**	38.40
Discount rate	**18.05**	22.64
Income growth rate within the projected period	**3.87**	Nil
Costs growth rate within the projected period	**2.94**	Nil

20. GOODWILL (Continued)

Management determined the budgeted gross profit margin based on relevant data pertaining to the ores processing industry in Chile. The growth rates represent the expected inflation rate based on the geometric average consumer price index of advanced economies, emerging market and developing economies projection in the period from 2011 to 2018 for income and geometric average consumer price index in Chile in the period from 2011 to 2018 for costs. No real growth rate is included in the projection as management believes that the Group can attain maximum production capacity based on planned resources within one year of commercial production and sustain such capacity throughout the remaining projected period. The discount rate used reflects the specific risks associated with the ores processing and trading business of Verde.

As the fair value less costs to sell of the CGU of the ores processing and trading business exceeded the combined carrying value of the assets under this CGU, the directors are of the opinion that there was no impairment on construction in progress, goodwill, water use rights, land and buildings and plant and machinery as at 31 March 2013 and 2012.

21. OTHER INTANGIBLE ASSETS

	The Group		
	Water use rights HK$'000	**Other HK$'000**	**Total HK$'000**
At 1 April 2011	15,147	16	15,163
Exchange realignment	(216)	–	(216)
At 31 March 2012	14,931	16	14,947
Exchange realignment	417	1	418
At 31 March 2013	**15,348**	**17**	**15,365**

The water use rights were acquired to secure an economic supply of underground water for the ores processing and trading business of Verde and represent the perpetual rights for the use of local underground water supply in Chile. These rights have indefinite useful lives and are stated at cost and tested for impairment annually.

22. 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. The 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 report.

23. 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.

24. SHARE CAPITAL

	2013 Number of shares	2013 HK$'000	2012 Number of shares	2012 HK$'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 (Notes 25 and 26).

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

25. 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.

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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.

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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 (Note 26).

26. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 40 of the annual report.

The nature and purposes of reserves are set out below:

(a) Share premium

The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda (as amended) (the "Companies Act 1981").

26. RESERVES (Continued)

The Group (Continued)

(b) Contributed surplus

The contributed surplus represents the excess of the fair value of the shares of the subsidiary acquired over the nominal value of the Company's shares issued in exchange thereof, at the time of the Group reorganisation in preparation for the listing of the Company's shares.

Under the Companies Act 1981, contributed surplus is available for distributions to its equity holders. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

– it is or would after the payment be unable to pay its liabilities as they fall due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(c) Share options reserve

Share options reserve comprises the fair value of the estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in Note 4(o).

(d) Foreign currency translation reserve

Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 4(m).

(e) Capital reserve

Capital reserve represents the excess of the net assets of the subsidiaries acquired by the Group from its shareholder over the consideration paid. The excess is accounted for as contributions from shareholder and credited to capital reserve.

26. RESERVES (Continued)

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2011	177,367	87,109	65,275	(170,591)	159,160
Loss and total comprehensive income for the year	–	–	–	(26,404)	(26,404)
Exercise of share options (Note 24)	1,051	–	(511)	–	540
Share-based payments (Note 25)	–	–	2,633	–	2,633
Lapse of share options	–	–	(538)	538	–
At 31 March 2012	178,418	87,109	66,859	(196,457)	135,929
Loss and total comprehensive income for the year	–	–	–	(17,732)	(17,732)
Share-based payments (Note 25)	–	–	2,633	–	2,633
At 31 March 2013	**178,418**	**87,109**	**69,492**	**(214,189)**	**120,830**

27. COMMITMENTS

(a) 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 the ores processing plant	**3,771**	3,811
	7,235	16,767

(b) Operating lease commitments

As lessee

At the end of the reporting period, the Group was committed to make the following future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**2,630**	3,523
After one year but within five years	**474**	2,747
	3,104	6,270

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

27. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

As lessor

The Group leases its water use rights and freehold land under operating lease. Rental income earned during the year was HK$2,692,000 (2012: HK$1,734,000). There are no direct operating expenses arising on the water use rights in the year.

At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**2,912**	2,732
After one year but within five years	**3,758**	8,042
	6,670	10,774

As at 31 March 2013, the Group had received CHP164,593,000 (equivalent to approximately HK$2,709,000) (2012: CHP235,818,000, equivalent to approximately HK$3,775,000) rental income from tenant in advance and included in receipts in advance in the consolidated financial statements.

28. RELATED PARTY TRANSACTIONS

(a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

28. RELATED PARTY TRANSACTIONS (Continued)

Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the years ended 31 March 2013 and 2012:

(b) 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.

(c) Members of key management during the year comprised only of the directors whose remuneration is set out in Note 9 to the financial statements.

29. 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.

30. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard its ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

31. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. These risks are limited by the Group's financial risk management policies and practices described below.

Credit risk

The Group's bank deposits and balances are deposits with banks in Hong Kong and Chile. The credit risk on these liquid funds is limited because the counterparties are banks with good credit-rating.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At 31 March 2013, the Group had a significant concentration of credit risk as trade receivables were due entirely from one customer within the metal and minerals trading segment (2012: no credit risk in respect of trade receivables).

31. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

In order to minimise credit risk, senior management of the Group is directly responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, senior management reviews the recoverable amount of each individual trade and other debts regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

As at 31 March 2013 and 2012, the contractual undiscounted cash flows of the non-derivative financial liabilities of the Group were non-interest bearing and due for payment within one year or on demand.

Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's cash flow interest rate risk mainly arises from short term bank borrowings issued at variable rates for financing its purchase and freight and transaction costs in the ordinary course of business. The Group has not used any financial instruments to hedge potential fluctuations in interest rates. At the end of the reporting period, the Group had no borrowings which bear floating interest rates.

31. FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk

The Group is exposed to currency risk primarily through transactions that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk is primarily United States dollars ("US$").

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2013	2012
	US$'000	US$'000
Accounts receivable	**2,915**	–
Other receivables, deposits and prepayments	**5,178**	790
Cash and bank balances	**3,875**	6,525
Accounts payable	**(2,915)**	–
Customers' deposits	**(1,897)**	–
Other payables and accruals	**(1,875)**	(79)
	5,281	7,236

The Group regards the exposure to United States dollars against Hong Kong dollars is minimal as the pegged rate between Hong Kong dollars and United States dollars would not have any material changes.

As at 31 March 2013 and 2012, a subsidiary whose functional currency is Chilean Peso had other receivables, cash and bank balances and accruals denominated in United States dollars. The Group believes that its exposure to any possible foreign exchange rate changes on translation of these balances in Chilean Peso is minimal as the total amount of these balances was not significant as at the end of the reporting period.

31. FINANCIAL RISK MANAGEMENT (Continued)

Market price risk

At the end of the reporting period, the Group is not exposed to any significant equity securities risk or commodity price risk.

Fair value risk

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2013 and 2012.

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2013 and 2012 may be categorised as follows:

	2013 **HK$'000**	2012 HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)	**64,970**	64,749
Financial liabilities		
Financial liabilities measured at amortised cost	**38,547**	1,452

33. 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 report as the aforesaid conditions precedent have not been fulfilled.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2013.