HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8137)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This Announcement, for which the directors (the " Directors") of Honbridge Holdings Limited (the " Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the " GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Announcement misleading; and (iii) all opinions expressed in this Announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This Announcement will remain on the " Latest Company Announcements" page of the GEM website www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.8137.hk.

GROUP RESULTS

The board of directors (the "Board") of Honbridge Holdings Limited (the "Company") announced the annual consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 together with the comparative audited figures for last financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	**2011** ***HK$'000***	2010 *HK$'000* (Re-presented)
CONTINUING OPERATIONS			
Revenue	*4*	**1,756,598**	49,785
Direct operating expenses		**(1,740,781)**	(50,399)
Other operating income		**9,678**	4,321
Selling and distribution costs		**(851)**	(663)
Administrative expenses		**(32,036)**	(23,752)
Other operating expenses		**(50,029)**	(44,885)
Share-based payment expenses		**(51,861)**	(349,883)
Impairment of exploration and evaluation assets	*12*	**(298,247)**	—
Impairment of goodwill	*13*	**(31,051)**	—
Operating loss		**(438,580)**	(415,476)
Finance costs		**(52,373)**	(32,397)
Loss before income tax		**(490,953)**	(447,873)
Income tax credit	*6*	**101,404**	—
Loss after income tax from continuing operations		**(389,549)**	(447,873)
DISCONTINUED OPERATIONS			
Profit/(Loss) for the year from discontinued operations		**3,001**	(1,640)
Loss for the year		**(386,548)**	(449,513)
Other comprehensive income, including reclassification adjustments			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(158,573)**	101,570
Other comprehensive income for the year, net of tax		**(158,573)**	101,570
Total comprehensive income for the year		**(545,121)**	(347,943)

	Notes	2011 HK$'000	2010 HK$'000 (Re-presented)
Loss for the year attributable to:			
Owners of the Company		**(304,839)**	(445,650)
Non-controlling interests		**(81,709)**	(3,863)
		(386,548)	(449,513)
Total comprehensive income attributable to:			
Owners of the Company		**(409,952)**	(378,586)
Non-controlling interests		**(135,169)**	30,643
		(545,121)	(347,943)
Loss per share from continuing and discontinued operations	*8*		
— Basic		**HK(4.96) cents**	HK(7.45) cents
— Diluted		**N/A**	N/A
Loss per share from continuing operations	*8*		
— Basic		**HK(5.01) cents**	HK(7.42) cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**26,757**	36,577
Exploration and evaluation assets	12	**1,581,000**	2,114,385
Prepaid land lease payments		**21,700**	21,136
Goodwill	13	**—**	34,910
Deposits for acquisition of business		**81,265**	78,000
Loans to an acquiring business		**219,808**	141,503
		1,930,530	2,426,511
Current assets			
Inventories		**17,918**	8,686
Trade and bills receivables	9	**262,138**	8,074
Prepayments and other receivables		**718,342**	11,599
Derivative financial assets		**11,295**	44,354
Restricted bank deposits		**37,498**	—
Cash and cash equivalents		**35,838**	30,046
		1,083,029	102,759
Current liabilities			
Trade and bills payables	10	**202,207**	8,206
Other payables, accrued expenses and receipts in advance		**701,917**	28,309
Borrowings		**157,678**	11,148
Loan from a minority equity holder of a subsidiary		**6,541**	—
		1,068,343	47,663
Net current assets		**68,657**	55,096
Total assets less current liabilities		**887,393**	2,481,607

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**—**	266
Loans from ultimate holding company		**262,390**	283,851
Loan from a minority equity holder of a subsidiary		**—**	6,229
Convertible bonds		**226,485**	189,333
Deferred tax liabilities		**538,725**	719,584
		1,027,600	1,199,263
Net assets		**917,616**	1,282,344
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**6,206**	6,126
Reserves		**550,991**	780,630
		557,197	786,756
Non-controlling interests		**360,419**	495,588
Total equity	*11*	**917,616**	1,282,344

NOTES:

1. GENERAL INFORMATION

Honbridge Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Revision) of the Cayman Islands. The address of the Company's registered office is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands and the Company's principal place of business is Suite 2703, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are production and sale of highly purified silicon, exploration and trading of mineral resources and the trading of metal products. The Company and its subsidiaries are collectively referred to as the "Group" hereinafter. The directors of the Company (the "Directors") consider the ultimate holding company to be Hong Bridge Capital Limited ("Hong Bridge"), a company incorporated in the British Virgin Islands with limited liability. Other than the disposal of the publication business, there were no significant changes in the Group's operations during the year.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The consolidated financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000"), except when otherwise indicated.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group have applied for the first time the following new standards, amendments and interpretations (the "New HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
HK(IFRIC)-Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Other than as noted below, the adoption of the New HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 3 (Amendment) — Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements.

HKAS 24 (Revised) — Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has revised its accounting policy for the identification of its related parties and has reassessed counterparties of transactions in accordance with the revised definition. The reassessment did not result in new related parties being identified. Related parties identified in prior years remain unchanged under the new accounting policy and the Group concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

New or amended HKFRSs that have been issued but are not yet effective

At the date of approval of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group for the year ended 31 December 2011.

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Presentation — Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measuremetn[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 19 (2011)	Employee Benefits[4]
HK(IFRIC)-Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[4]

Notes:

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

3. BASIS OF PREPARATION

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements have been prepared under historical cost convention except for certain financial instruments which are measured at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The consolidated financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group suffered loss of HK$387 million (2010: HK$450 million) for the year ended 31 December 2011. The going concern basis has been adopted on the basis that the Company's holding company, Hong Bridge Capital Limited, has undertaken to provide continuing financial support to the Group to meet its liabilities as they fall due and to maintain the Group as a going concern for a period at least up to 31 March 2013.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

4. REVENUE

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and income from provision of services. Revenue recognised during the year is as follows:

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sale of silicon products	**58,727**	49,785	**—**	—	**58,727**	49,785
Sale of copper and steel products	**1,666,181**	—	**—**	—	**1,666,181**	—
Sale of iron ore and manganese products	**31,690**	—	**—**	—	**31,690**	—
Sale of magazines	**—**	—	**3,315**	2,724	**3,315**	2,724
Advertising income	**—**	—	**494**	8,809	**494**	8,809
Promotion and marketing income	**—**	—	**558**	12,213	**558**	12,213
	1,756,598	49,785	**4,367**	23,746	**1,760,965**	73,531

5. SEGMENT INFORMATION

The Group has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation and review of performance.

The Group's operating businesses are organised and managed separately according to the nature of product and service, with each segment representing a strategic business segment that offers different products and services in Mainland China and Latin America.

The Company is an investment holding company and the principal places of the Group's operation are in Hong Kong, Mainland China and Latin America. For the purpose of segment information disclosures under HKFRS 8, the Group regarded service in Mainland China (i.e. the PRC) as its country of domicile.

Publications operation has been discontinued in the current year. The segment information reported in the following does not include any amounts for these discontinued operations.

Information regarding the Group's reportable segments provided to the Group's most senior management (i.e. the executive directors) is set out below:

	Mineral resources exploration and trading	**Silicon products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2011			
Reportable segment revenue (external customers)	**1,697,871**	**58,727**	**1,756,598**
Reportable segment loss	**(331,529)**	**(12,299)**	**(343,828)**
Reportable segment assets	**2,623,534**	**72,226**	**2,695,760**
Reportable segment liabilities	**1,021,777**	**45,226**	**1,067,003**
Capital expenditure	**2,361**	**1,007**	**3,368**
Impairment loss on exploration and evaluation assets	**(298,247)**	**—**	**(298,247)**
Impairment loss on goodwill	**(31,051)**	**—**	**(31,051)**
Impairment loss on property, plant and equipment	**—**	**(12,036)**	**(12,036)**
Interest income	**(44)**	**(9)**	**(53)**
Interest expense	**91**	**721**	**812**
Depreciation	**313**	**1,795**	**2,108**
Amortisation charge	**—**	**473**	**473**
Year ended 31 December 2010			
Reportable segment revenue (external customers)	—	49,785	49,785
Reportable segment loss	(3,970)	(6,322)	(10,292)
Reportable segment assets	2,166,563	80,111	2,246,674
Reportable segment liabilities	545	42,678	43,223
Capital expenditure	—	3,419	3,419
Interest income	—	(21)	(21)
Interest expense	—	973	973
Depreciation	48	1,103	1,151
Amortisation charge	—	454	454

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2011	2010
	HK$'000	*HK$'000*
Reportable segment revenue	**1,756,598**	49,785
Publications (discontinued operations)	**4,367**	23,746
Group revenue	**1,760,965**	73,531
Reportable segment loss	**(343,828)**	(10,292)
Other operating income	**7,427**	4,051
Administrative expenses	**(13,406)**	(16,420)
Other operating expenses	**(37,726)**	(43,905)
Share-based payment expenses	**(51,861)**	(349,883)
Finance costs	**(51,559)**	(31,424)
Loss before income tax and discontinued operations	**(490,953)**	(447,873)
Reportable segment assets	**2,695,760**	2,246,674
Segment assets of discontinued operations	**—**	6,921
Property, plant and equipment	**209**	408
Deposit for acquisition of a business	**81,265**	78,000
Loans to an acquiring business	**219,808**	141,503
Prepayments and other receivables	**2,270**	1,529
Derivative financial assets	**11,295**	44,354
Cash and cash equivalents	**2,952**	9,881
	3,013,559	2,529,270
Reportable segment liabilities	**1,067,003**	43,223
Segment liabilities of discontinued operations	**—**	9,248
Other payables and accrued expenses	**1,340**	1,687
Convertible bonds	**226,485**	189,333
Loans from ultimate holding company	**262,390**	283,851
Deferred tax liabilities	**538,725**	719,584
	2,095,943	1,246,926

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	2011 HK$'000	2010 HK$'000
Revenues from external customers		
Mainland China	**1,756,598**	49,785
Reportable segment revenue from external customers	**1,756,598**	49,785
Non-current assets		
Hong Kong	**301,281**	172
Mainland China	**47,768**	56,885
Latin America	**1,581,481**	2,149,543
Reportable segment non-current assets	**1,930,530**	2,206,600

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (other than goodwill) is determined based on the physical location of the asset. In case of goodwill, it is determined based on the location of operations.

During the year ended 31 December 2011, over 80% of the Group's revenues depended on 3 major customers in the mineral resources exploration and trading segment. The revenue generated from these 3 major customers are HK$603,040,000, HK$418,898,000 and HK$416,641,000 respectively.

6. INCOME TAX CREDIT

The income tax credit for the year ended 31 December 2011 was related to deferred tax effect resulting from the impairment loss on the exploration and evaluation assets.

7. DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

8. LOSS PER SHARE

(a) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$304,839,000 (2010: HK$445,650,000) and the weighted average of approximately 6,147,456,000 (2010: approximately 5,981,678,000) ordinary shares in issue during the year.

For the year ended 31 December 2011 and 2010, diluted loss per share attributable to the owners of the Company was not presented because the impact of the exercise of the share options and convertible bonds was anti-dilutive.

(b) From continuing operations

The calculation of basic loss per share from continuing operations is based on the loss attributable to owners of the Company from continuing operations of HK$307,840,000 (2010: HK$444,010,000) and the weighted average of approximately 6,147,456,000 (2010: approximately 5,981,678,000) ordinary shares in issue during the year.

For the year ended 31 December 2011 and 2010, diluted loss per share from continuing operations attributable to the owners of the Company was not presented because the impact of the exercise of the share options and convertible bonds was anti-dilutive.

(c) From discontinued operations

Basic earnings per share attributable to the owners of the Company from discontinued operation was HK0.05 cent per share (2010: loss per share of HK0.03 cent), based on the profit attributable to the owners of the Company from discontinued operation of HK$3,001,000 (2010: loss of HK$1,641,000) and the weighted average of approximately 6,147,456,000 (2010: approximately 5,981,678,000) ordinary shares in issue during the year.

For the year ended 31 December 2011 and 2010, diluted earnings/loss per share from discontinued operations attributable to the owners of the Company was not presented because the impact of the exercise of the share options and convertible bonds was anti-dilutive.

9. TRADE AND BILLS RECEIVABLES

Group

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**1,263**	8,826
Less: Impairment of trade receivables	**—**	(752)
Trade receivables, net	**1,263**	8,074
Bills receivables	**260,875**	—
Trade and bills receivables, net	**262,138**	8,074

As at 31 December 2011, bills receivables of HK$210,868,000 (2010: Nil) were pledged to the banks for trading facilities and bank borrowings. Besides, bills receivables of HK$48,773,000 (2010: Nil) were either endorsed to suppliers or discounted to banks with resource. These receivables continue to be recognised as assets in the consolidated financial statements as the Group is still exposed to credit risk on these receivables as at the end of the reporting date. Accordingly, the liabilities associated with such bills, are not derecognised in the consolidated financial statements as well.

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Movement in the provision for impairment of trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**752**	553
Impairment loss and allowances charged to profit or loss	**—**	199
Disposal of subsidiaries	**(752)**	—
At 31 December	**—**	752

As at 31 December 2010, the Group's trade and bills receivables were individually determined to be impaired. The individually impaired receivables were recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision was recognised. The Group did not hold any collateral over these balances.

The Group allows a credit period from 30 days to 120 days to its trade customers. The following is aging analysis of net trade and bills receivables at the reporting date:

	2011	2010
	HK$'000	*HK$'000*
0–30 days	**1,202**	5,550
31–60 days	**—**	1,087
61–90 days	**—**	305
91 to 180 days	**260,875**	616
Over 180 days	**61**	516
	262,138	8,074

Aging analysis of trade and bills receivables that were past due as at the reporting date but not impaired, based on the due date is as follows:

	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**262,077**	3,004
1–90 days past due	**—**	3,938
91–180 days past due	**—**	616
Over 180 days past due	**61**	516
	61	5,070
	262,138	8,074

Trade and bills receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade and bills receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not be a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10. TRADE AND BILLS PAYABLES

Group

	2011 *HK$'000*	2010 *HK$'000*
Trade payables	**63,360**	8,206
Bills payables	**138,847**	—
	202,207	8,206

The credit terms of trade and bills payables vary according to the terms agreed with different suppliers. The following is aging analysis of trade and bills payables at the reporting dates:

	2011 *HK$'000*	2010 *HK$'000*
0–30 days	**59,135**	2,938
31–60 days	**—**	743
61–90 days	**445**	605
91–180 days	**139,794**	762
Over 180 days	**2,167**	3,158
Trade payables under endorsed bills	**666**	—
	202,207	8,206

11. MOVEMENT OF EQUITY

	2011 *HK$'000*	2010 *HK$'000*
At beginning of the year	**1,282,344**	(6,871)
Loss for the year	**(386,548)**	(449,513)
Currency translation	**(158,573)**	101,570
Total comprehensive income	**(545,121)**	(347,943)
Arising from acquisition of subsidiaries	**—**	448,465
Arising from loan from ultimate holding company	**6,267**	26,336
Issue of shares	**116,738**	482,200
Shares issued under share option scheme	**5,200**	1,440
Equity-settled share-based transactions	**51,861**	315,403
Issue of convertible bonds	**—**	363,304
Capital contribution from non-controlling interest	**—**	10
Disposal of subsidiaries	**327**	—
At end of the year	**917,616**	1,282,344

12. EXPLORATION AND EVALUATION ASSETS

Group

	2011	2010
	HK$'000	*HK$'000*
Cost		
At 1 January	**2,114,385**	—
Acquisition of subsidiaries	**—**	1,969,118
Impairment loss	**(298,247)**	—
Exchange realignment	**(235,138)**	145,267
At 31 December	**1,581,000**	2,114,385

The exploration and evaluation assets represented the rights to explore and identify prospective deposits of mineral resources in the Bahia State of Brazil and the expenditures incurred in the search for mineral resources.

Details of exploration licenses owned by Xianglan Brazil at 31 December 2011 are as follows:

License number:	DNPM-872.734/2006	DNPM-872.958/2006	DNPM-870.140/2007
Location:	State of Bahia, Brazil	State of Bahia, Brazil	State of Bahia, Brazil
Valid until:	23 March 2013	23 March 2013	23 March 2013
Area:	20 km^2	20 km^2	18 km^2

Under Brazilian mining rules and regulations, extensions of the above exploration licenses after the expiry may be granted, subject to the discretion of Departamento Nocional de Producao Mineral, which is the National Department of Mineral Production under the Ministry of Mines and Energy in Brazil. The Directors are of the opinion and confident that if the extension requests are filed in observance with the regulatory requirements, there is no reason to believe that such extensions will not be granted.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

For the year ended 31 December 2011, the Directors of the Company reviewed the carrying amount of exploration and evaluation assets, impairment loss of HK$298,247,000 (2010: Nil) has been identified and recognised in the consolidated statement of comprehensive income in view of the significant drop in the selling price of manganese ores during the year.

13. GOODWILL

Group

The amount of the goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combinations, is as follows:

	2011	2010
	HK$'000	*HK$'000*
At 1 January		
Gross carrying amount	**70,596**	35,686
Accumulated impairment	**(35,686)**	(35,686)
Net carrying amount	**34,910**	—
Carrying amount at 1 January	**34,910**	—
Acquisition of subsidiaries	**—**	32,511
Impairment loss	**(31,051)**	—
Exchange realignment	**(3,859)**	2,399
Net carrying amount at 31 December	**—**	34,910
At 31 December		
Gross carrying amount	**66,737**	70,596
Accumulated impairment	**(66,737)**	(35,686)
Net carrying amount	**—**	34,910

The goodwill allocated to cash generating unit of silicon product was fully impaired during the year ended 31 December 2009. The carrying amount of goodwill at 31 December 2010, represented goodwill arising from acquisition of Xianglan Brasil Group and was allocated to the cash generating unit of mineral resources exploration.

In view of the significant drop in the selling price of manganese ores during the year, the Directors considered that the expected cash flows from the cash generating unit of mineral resources exploration was not sufficient to recover the carrying amount at relevant goodwill. Accordingly, impairment of goodwill of HK$31,051,000 (2010: Nil) was made during the year.

14. CAPITAL COMMITMENTS

Group

	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for		
Property, plant and equipment	**1,867**	1,779
Proposed acquisition of business*	**2,956,818**	2,964,000
	2,958,685	2,965,779

* In connection with the acquisition of the entire interest of Sul Americana de Metais S.A. ("SAM") (the "SAM Acquisition") and pursuant to its share purchase agreement (the "SPA"), the Company has to pay the total consideration in five stages. A total of US$75 million (being US$10 million (stage 1) plus US$65 million (stage 2)) is payable to the sellers on the date of completion of the SAM Acquisition, subject to the fulfillment of several conditions as stated in the SPA. The consideration payable at stage 3 depends on the date when the approvals and permits in relation to the commencement of construction of the mine, plant, pipeline and the relevant specified port facilities as detailed in the SPA are obtained. According to the SPA, the minimum consideration for stage 3 will be US$111.25 million and the contingent consideration will be US$3.75 million. Pursuant to the SPA, the principal amounts of the contingent consideration paid at stage 4 and 5 are US$100 million and US$100 million respectively, depending on the relevant specified port operation commencement date and the mining production commencement date. As at 31 December 2011, the Group and the Company had already paid US$10 million (equivalent to approximately HK$78,000,000) for stage 1 and further paid US$420,000 as additional payment, the aggregate principal amount of outstanding considerations for stage 2 to 5 of US$380 million (equivalent to approximately HK$2,957 million) are disclosed as the capital commitment. Further details of the SPA and the total consideration are disclosed in the Company's circular dated 5 November 2010.

The Group entered into various co-operation agreements, memorandum of understanding and framework agreement for funding and co-operation in the SAM Acquisition. The Group is also under active negotiation with various third parties for financing activities.

Hong Bridge Capital Limited, the holding company of the Company, and its two shareholders, namely Mr. He Xuechu and Mr. Li Xingxing, undertake that they will render adequate financial support to the Group for completing the acquisition of SAM.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2011, the Group recorded turnover of HK$1,757 million which comprised HK$1,698 million from mineral resources and steel metal trading and HK$59 million from the sale of highly purified silicon. Loss for the year was HK$387 million which is HK$63 million less than that for the last year. The decrease was mainly due to the net effect of decrease in amortisation of share options cost of HK$298 million, increase in impairment of goodwill of HK$31 million, increase in fair value loss on derivative financial assets of HK$4 million, decrease in fair value loss on loan to SAM of HK$8 million, increase in impairment of property, plant and equipment of HK$12 million, and increase in impairment of exploration and evaluation assets of HK$196 million (net of income tax credit) that have no impact to the Group's cashflows.

In late 2010, the Board decided to leverage the limited financial resources of Xianglan Brazil and their connection in South America to set up subsidiaries in Mexico and Uruguay. The Group has also built an iron ore storage centre. Despite some fruitful initial development, as a result of the sudden implementation of new governing policy by the Mexican government in the second half of 2011 that has a significant change in the iron ores export rules, the iron ores trading business of the Group has been suspended. The Group is assessing the latest development of the iron ores export rules of the Mexican government in order to decide further actions. Resources of Xianglan Brazil has no significant change in 2011. For the three manganese licenses held by Xianglan Brazil, the Company has been considering between self development and reselling. In the past year, the price of manganese ores was ever decreasing. As the Company has concentrated its financial resources on the SAM iron mining project, no further geological work was done on the Manganese project. The Company does not rule out the possibility to seek for reselling the Manganese project in due course.

On 17 January 2011, the Company entered into an Iron Pellet Feed Long Term Supply and Purchase Agreement with Valin Iron and Steel Group Co., Ltd. ("Valin"). Pursuant to which the Company agreed to sell and Valin agreed to purchase no more than 10,000,000 tons of iron ores per annum for a term of 15 years starting from the production of SAM in Brazil.

On 29 March 2011, the Company entered into a legally binding Framework Agreement with Capital Steel Holdings Limited ("Capital Steel"). Pursuant to which Capital Steel will disburse to the Group a maximum of US$1,500,000,000 as prepayment to secure the long term supply of 10,000,000 tons of iron concentrate per annum at a discount to market price by the Company after the production of SAM in Brazil. Capital Steel will be granted an option to convert the prepayment into equity interest of the Company, on the condition that Capital Steel will not hold more than 30% equity interest of the Company. Capital Steel may also inject other resources such as iron ore mines to the Company.

On 26 May 2011, the Company entered into a non-legally binding Memorandum of Understanding with China Communications Construction Company Limited ("China Communications Construction"). Pursuant to which, the Group agreed to give priority in engaging China Communications Construction to be in charge of the ancillary port construction of SAM project in Brazil. China Communications Construction may also participate in the equity of and invest in the SAM project.

The wholly owned subsidiary of the Company in Shanghai, Shanghai Hongying Trading Co. Ltd. has developed the domestic and international metal products trading business that brings steady cashflow and good return to the Company. Sales of Shanghai Hongying Trading during the year ended 31 December 2011 reached RMB1,384 million.

On 21 October 2010, Shanghai Hongying Trading has appointed an non-exclusive distributor of metal products in China with estimated connected transaction amounts of not exceeding RMB300 million, RMB2,000 million and RMB2,100 million for each of the financial years ending 31 December 2010, 2011 and 2012 respectively.

PROGRESS OF ACQUISITION OF BRAZIL IRON MINING PROJECT SUL AMERICANA DE METAIS S.A.

On 5 March 2010, Honbridge and its wholly-owned subsidiary entered into a legally binding agreement ("the Formal Acquisition Agreement") with an independent third party — Votorantim Novos Negócios Ltda. (VNN) (which is a wholly-owned subsidiary of the Grupo Votorantim) and its related enterprises, that Honbridge is acquiring of 100% interests of SAM, a VNN's iron ore subsidiary, for not more than USD405 million. The payment for this acquisition is scheduled by five installments based on the progress of the project accordingly: Resource confirmation is made — USD10 million; Beneficiation test reached a satisfactory level — USD65 million; Obtained all the required licenses and approvals for starting the construction — USD115 million; and Port and mine being operated respectively — USD100 million each. The acquisition has been approved in the extraordinary general meeting of shareholders of Honbridge on 23 November 2010.

I. Exploration right

Upon the moment of signing the SPA, SAM held about 83 Exploration Rights in Minas and Bahia states in Brazil, covering an area of approximately 1,155 km^2, and were divided into a total of 9 blocks (5, 6, 7, 8, 9, 10, 11, 12 and 13), which main mineral is iron.

As of the releasing date of this report, SAM has 81 Exploration Rights in total, covering an area of 113,979.72 hectares (1,139.79 km^2), among which 3 new Exploration Rights are obtained by bid, and 5 we originally possessed are discarded.

II. Resources Estimation

The detailed exploration drilling of Block 8 has been completed on 21 January 2011. Geologica e Sondagens Ltda, the largest drilling company in Brazil, has drilled a total of 462 drill holes, which lead to a cumulative length of 65,627.69 meters. SGS-Geosol Laboratorios Ltda, the world's leading testing company, applied testing on drilling cores; Golder Associate, the world's leading mining consultancy, made the following resources estimation based on the Australian JORC standard with the cut-off grade (14%): Measured Resources — 1.135 billion tons; Indicated Resources — 1.479 billion tons; and Inferred Resources — 1 million tons, total RoM: 2.6 billion tons (average detected grade: 20.3%). According to the estimation of experts, the actual minable resources can be higher than 95%. According to the beneficiation results, every 3.6 tons of RoM can produce one ton of concentrate, and Block 8 itself can already produce 720 million tons of concentrate. If the annual capacity is 25 million tons, its life-span will be about 27 years.

SAM has only done a preliminary exploration in Block 7 with a total of 53 drilling holes, which leads to a cumulative length of 6,617 meters. Coffey Mining, a well-known mining consultancy in the world, made the following resources estimation based on the Australian JORC standard with cut-off grade (15%): Indicated Resources — 25.2 million tons; Inferred Resources — 1.031 billion tons; total RoM: 10.56 million tons; and Prospective Resources — approximately 20 million tons, total RoM in Block 7: 3 billion tons. The distance of Block 7 and 8 is 25 km, which their mineral types are very similar. Block 7 has not done the infill drilling program yet.

SAM only did general screening and exploratory drilling in the other seven mineral blocks (5, 6, 9, 10, 11, 12 and 13), and have found the existence of iron ore mineral body which leads to a brightening prospects, the iron ore grade of these blocks are higher than those in Block 7 and 8, it is very likely that its resources estimation is more than 4 billion tons.

SAM just gained a new exploration right outside the existing mining area, and Vale also received few of new exploration rights nearby, which shows that the world's largest iron ore company has also begun to endorse this area.

There are a number of mines which have more than 100 million tons of deposits around SAM's deposits. They are unable to afford substantial large infrastructure facilities independently, and are likely to merge by other large-scale mining projects. Therefore, SAM as a whole will have the opportunity to become a huge iron ore project which has more than several billion tons of iron ore resources.

III. Beneficiation Test

The Company has sent out two process experts from China to Brazil for nine months to lead and supervise the beneficiation tests on site. They have finished multiple comparative tests on 6 different processing routes by usage of about 5 tons of cores selected from Block 8. They have achieved important results, including: one single beneficiation flow sheet is suitable for all ROMS; the grade of final concentrate is not lower than 65% Fe; all the chemical ingredients of the final product are fully complied with Chinese standards, and the product can be used by all the major steel manufactures in China; and the metal iron recovery can be as high as 80%–87%, that means about 3.6 tons of ROM can produce 1 ton of concentrate, the grade of which is not less than 65% Fe.

SAM has also completed crushing tests, such as SAG (semi-autogeneous grinding) test, HPRG (high pressure rolling grinding) test and dry pre-treatment test in China and in America respectively, and all in all, all the laboratory tests from ROM to concentrate had been finished.

Based on the laboratory tests mentioned above, the Company has defined the processing route of MAG + MAG and MAG + FLO as the 2 major viable options.

The Company has also decided to implement further beneficiation tests for 9 items recently, and all these tests can make us to define more accurately on: the exact size of pre-concentration and final product; the exact processing route; the standards and index that SAM needs to be complied with BFS level of feasibility study; the viability of higher grade of final product if floatation method is being used in final concentration phase; and the relevant standards and index for the first six years of mining. The Company has also decided to do the pilot trial for at least continuous 72 hours, so as to define the exact types of equipment and facilities and to have a more accurate CAPEX and OPEX. It is expected that all further beneficiation tests will be finished in 6 months.

According to the directors' understanding on the SPA established with VNN on 5 March 2010, after all the beneficiation tests being finished and a satisfactory economic appraisal being proposed based on the test results, the Company needs to pay USD 65 million to VNN as the second installment payment.

IV. Development Plan Phase 1

According to the independent technical consultation report issued by Coffey Mining, it is estimated that the total investment amount for the project is approximately USD3 billion, which includes constructing an open-pit mine and beneficiation plant with an annual capacity of 25 million tons of 65% or above Fe concentrate only in block 8, as well as installing infrastructure facilities such as slurry pipelines and port for iron ore. It is estimated that the total CAPEX for mining, beneficiation, pipeline and port construction and other miscellaneous purposes are USD372 million, 1.049 billion, 1.003 billion, 390 million and 185 million respectively. Although the grade of the RoM is relatively low, it also has a relatively low strip ratio, and can therefore be more easily crushed and beneficiated. The FOB operating cost for each ton of concentrate is estimated to be USD23.73, which is very competitive. It is expected that the construction would start in early 2013, and the production would start in the second-half year of 2014. The life-span of the mine is approximately 27 years (2.6 billion tons x 95% ÷ 3.6 ÷ 25 million tons).

The Company is considering to work on block 7 as phase 2 of our mining project. Subject to the local water supply, SAM should be able to expand the yearly production to 70 million tons of pellet feed.

The exploration result of the other seven remaining mine areas will be studied, and there will be many small mine areas in the vicinity for integration.

1. *Mining*

   It is an open-pit mine, with 15° low angle. Around 88 million tons of ore and waste being extracted every year.

   SAM has submitted the final exploration report to DNPM for two mine areas at block 8 (831.028/2007 and 831.029/2007) on 5 April 2011. The report has been officially approved by DNPM and published on the Government Gazette on 7 March 2012. SAM has a maximum period of one year to submit the final feasibility report to DNPM.

2. *Beneficiation Plant*

The location of the beneficiation plant is defined and the preliminary engineering has been finished. The geotechnical drilling has also been finished in the plant area. Availability of detailed engineering will be started right after all beneficiation test results.

3. *Tailing*

The tailing dam will be located at the natural trench near the beneficiation plant. The tailings will be disposed at the dam for the first two years, and then backfilled to the goaf. The tailing study and acid drainage test are completed.

4. *Water*

SAM has obtained 60% of the Water Rights, and has carried out a Global Minimum Cost Study for the collection of water from three different rivers. SAM has also preliminarily confirmed to build a dam at Vacaria River, which not only fulfills the need of phase 1 operation, but also obtains further support from the Minas State Government for the Project.

5. *Electricity*

The Braziliatan Nional Grid has committed SAM to provide electricity. SAM itself has been carrying out a Global Minimum Cost Study regarding the electricity transformer engineering.

6. *Slurry Pipeline for Logistic*

The data research collection of landowners' information in Block 8 and the pipeline (beneficiation plant to the proposed port) is nearly completed.

The geological map of the slurry pipeline is almost completed. The pipeline might be 10 km shortened than the originally estimated length 490 km. The pipeline refinement study is completed, and it is confirmed that the pipeline corridor will be 30 meters wide. The pipeline geotechnical engineering drilling study is being carried out.

Until the end of February 2011, SAM has made the about 50 roadshows and presentations in almost 20 cities along the mine area and slurry pipeline corridor by the help of local union and community organization, over 2,000 local people participate the roadshows and presentations.

7. *Port*

The location of the port is preliminary defined near to Illeus, Bahia, a marine outfall which connects the West-East railway being built in Brazil. Bahia government is taking leading role in all the matters relating to the port.

SAM is now negotiating with government on the operational model of the TUP, a combined private port, and the components of SPE. IBAMA of Federal government has accepted the EIA for the port and the preliminary license (LP) is expected to be granted shortly. As long as the detailed engineering is being approved, the Installment License (LI) will be granted to start construction for the port.

8. *Environmental Impact Assessment (EIA)*

The Environmental Impact Assessment (EIA) for the construction of mining and beneficiation plant and the logistic pipeline of the SAM project is basically finished. The EIA report consists of 14 chapters, and composed of 81 short reports, containing 5,000 pages in total (excluding maps, etc.). BRANDT, which is a professional consultancy responsible for writing and editing our EIA report, is currently amending the report with supplementary information.

SAM is currently performing proofreading. It is expected that the report to be organized and published by late March, and to be submitted to the Brazilian federal government, and various government departments at the vicinity of our mining and beneficiation plant and slurry pipeline in early April 2012.

V. The Assistance of Local Organizations in Brazil

VNN must assist all the work in order to get all the installments.

SAM have signed a MOU with the MG and BA governments respectively, the local governments will provide comprehensive assistance for the project.

The opinion of the directors: the political and economic environments, water, electricity, labor and other conditions Brazil may be better compared to other major iron-producing regions.

VI. Cooperation with Large State - owned Enterprises in China

Cooperation Agreements, MOU and frameworks agreements have been signed with 5 large state-owned enterprises in China:

1. *Xinwen Mining Group Co. Ltd.*

Xinwen Mining is the project manager of SAM iron ore project until the production period, and Honbridge would pay 30 million shares as remuneration for their work.

Honbridge issued 300 million shares of options to Xinwen Mining with an exercise price per share at HKD3.15. Xinwen Mining would invest at least USD500 million into the project, while the form and timing of the investment is to be decided.

2. *Shandong Iron and Steel Group Co.*

   A full-scale cooperation which details to be decided.

3. *Hunan Valin Steel Holdings Ltd.*

   Supplying 10 million tons of iron concentrates to Valin annually.

4. *Capital Steel Holdings Ltd.*

   Capital Steel will disburse USD1.5 billion as prepayment to off take 10 million tons of iron concentrates annually for a period of 15 years. Capital Steel may inject other iron ore projects to Honbridge.

   Capital Steel may obtain Honbridge's shares, but its shareholding will not exceed 30%.

5. *China Communications Construction Co.*

   Port EPC.

Honbridge is having discussions with several conglomerates on various aspects of cooperation; no concrete agreement is yet reached at this moment.

VII. Capital

The acquisition consideration of the SAM project is approximately USD405 million at maximum, the first phase of the development plan is around USD3 billion, which is approximately USD3.4 billion in total.

Honbridge has conditionally secured USD2 billion of development funding (Capital Steel — USD1.5 billion; Xinwen Mining USD500 million). In addition, the Company is discussing with a number of potential project contractors to handle part of the construction procedures in a way of BT or BOT. The Company is also discussing with some leasing organizations about the financial arrangements of some large machineries and equipment, as well as liaising with banks with some loan arrangement. The Directors expect to raise the development funds for the project acquisition and necessary development funding in different ways, and may even raise funds by placing shares or issuing bonds in the capital market.

The resources estimation of the SAM iron ore deposit in Brazil has been confirmed, the Company has released USD10 million as a deposit and has paid USD0.42 million to Lit Mining, a VNN's subsidiary, as the performance bonus for an earlier completion of the resource confirmation.

Up to the date of the these results announcement, the Company has disbursed USD32.09 million as a loan to SAM for pre-feasibility study and other usages.

From now until Honbridge obtain all the licenses and approvals to start the construction, the capital requirement of Honbridge is as following:

1.	Feasibility Study	USD 50 million
2.	Land acquisition and other contingency funding	USD 60 million
3.	Payment to VNN when the Beneficiation Tests reach a satisfactory level	USD 65 million
4.	Payment to VNN when obtaining all the licenses and approvals to start the construction	USD 115 million

Considering land acquisition (point 2) is not a compulsory (by instead paying patent fees during production period); Honbridge's capital requirement will be from USD115 million to USD290 million.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2011, the Group's operation was mainly financed by the internal financial resources and the substantial shareholder of the Group.

As at 31 December 2011, the Group had net current assets of HK$14.7 million (31 December 2010: HK$55.1 million). Current assets comprised inventories of HK$17.9 million, restricted bank deposits of HK$37.5 million, cash and cash equivalents of HK$35.8 million, trade and bills receivables of HK$262.1 million, prepayments and other receivables of HK$718.3 million, and derivative financial assets of HK$11.3 million. Current liabilities comprised trade and bills payables of HK$202.2 million, other payables, accrued expenses and receipts in advance of HK$701.9 million, borrowings of HK$157.6 million and loan from a minority equity holder of a subsidiary of HK$6.5 million.

As at 31 December 2011, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 0.46 (31 December 2010: 0.24).

The Board is of opinion that taking into account the internal financial resources of the Group and the financial support provided by the substantial shareholder, the Group has sufficient working capital for its present requirements.

FUND RAISED

During the year, the Company has placed 77,760,000 new shares of HK$1.50 each to an independent third party to raise a total of HK$116,640,000.

MAJOR ACQUISITIONS

On 5 March 2010, the Company entered into a legally binding definitive agreement with Votorantim Novos Negocios Ltda. ("VNN") and its subsidiaries in which the Group will acquire 100% interest of SAM for USD390 million.

According to the loan agreement entered into between the Company and SAM, the Company has remitted over USD30 million to SAM, for the purposes of resource confirmation, beneficiation tests and pre-feasibility study. SAM plans to construct a processing plant in Block 8 and related infrastructure facilities carrying capacity of 25 million tonnes of 65% iron concentrate per year.

As at the date of this report, the acquisition of SAM has not been completed. For details of the acquisition, please refer to the circular of the Company dated 5 November 2010 and relevant subsequent announcements.

SIGNIFICANT INVESTMENT PLANS

Save as disclosed above, as at 31 December 2011, the Group did not have any significant investment plans.

CAPITAL COMMITMENTS

As at 31 December 2011, the Group has contracted but not provided for capital commitments in relation to the acquisition of SAM amounting to USD380 million (equivalent to approximately HK$2,956,818,000). Other property, plant and equipment capital commitments amounted to approximately HK$1,867,000.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any significant contingent liabilities.

PROSPECT

The Company has disposed of the business associated with magazine publishing and advertising activities in the first quarter of 2011. The disposal will enable the Group to focus on the resources and energy sector with better growth potential, and enables the Group to have a clearer business strategy.

Regarding to the minerals and iron & steel products trading business, the Group has appointed a non-exclusive distributor in China through its wholly owned subsidiary established in Shanghai, Hongying Trading, to develop the metal trading business in China and other overseas markets.

The Company hopes that the major tasks for the phase one development plan of the SAM Iron Ore can be completed during the year, which includes the completion of the acquisition, the progression in obtaining various approvals from the Brazil government, completion of the construction design and the completion of the construction bidding.

The Directors expect that the minerals and other metal trading business will bring steady cashflow and good return to the Company.

EMPLOYEES

As at 31 December 2011, the total number of employees of the Group was 148 (2010: 194). Employees' cost (including directors' emoluments) amounted to HK$62.6 million for the year (2010: HK$64.1 million).

The Group considers its employees as its most valuable assets. In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidised training programs are offered to all employees of the Group. Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employees may also receive a discretionary bonus at the end of each year based on performance. Share options have also been granted to certain employees of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the Code on Corporate Governance Practices (the "CG Code") of the GEM Listing Rules throughout the year ended 31 December 2011 with the exception that the Articles of Association of the Company does not provide that (a) every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting of the Company after their appointment. In view of good corporate governance practices, all Directors have agreed to comply with the GEM Listing Rules and that their term of appointment will be limited accordingly. Furthermore, every director of the Company, including those appointed for a specific term, voluntarily retires from his office by rotation at least once every three years notwithstanding that he is not required to do so by the Articles of Association of the Company. Amendments to the Articles of Association of the Company have been proposed at the forthcoming Annual General Meeting in order to bring the Articles of Association of the Company in line with the changes brought about by the amendments to GEM Listing Rules as well as the provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for Directors. In addition, the Board has established similar guidelines for relevant employees who are likely in possession of unpublished price sensitive information in relation to the Group or its securities.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standards of dealings and its code of conduct regarding the directors' securities transaction throughout the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2011, neither the Company, its ultimate holding company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company had established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting and internal control procedures of the Group. The audit committee comprises Mr. Chan Chun Wai, Tony (Committee Chairman), Mr. Fok Hon and Mr. Ma Gang, who are Independent Non-Executive Directors of the Company.

During the year, the audit committee held four meetings to review and comment on the Company's 2010 annual report, 2011 half-yearly report and quarterly reports as well as the Company's internal control procedures.

The Group's annual results for the year ended 31 December 2011 were reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our shareholders, customers and cooperative partners for their continued support during 2011 and all staff for their hard work.

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. HE Xuechu *(Chairman)*
Mr. LIU Wei, William *(Chief Executive Officer)*
Mr. SHI Lixin

Non-Executive Directors:
Mr. YAN Weimin
Mr. ANG Siu Lun Lawrence

Independent Non-Executive Directors:
Mr. CHAN Chun Wai, Tony
Mr. FOK Hon
Mr. MA Gang

On behalf of the Board
LIU Wei, William
Executive Director and CEO

Hong Kong, 28 March 2012