



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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

UNAUDITED CONSOLIDATED QUARTERLY RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2013, together with the comparative unaudited figures for the corresponding period in 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — UNAUDITED

	Notes	Three months ended 31 March	
		2013 HK\$'000	2012 HK\$'000 (restated)
Turnover	2	1,594	5,472
Direct operating expenses		(732)	(4,682)
Other operating income	3	4,181	4,224
Selling and distribution costs		(41)	(43)
Administrative expenses		(12,189)	(7,298)
Share-based payment expenses	4	–	(11,330)
Operating losses	5	(7,187)	(13,657)
Finance costs	6	(16,823)	(14,215)
Gain on bargain purchase		16,436,493	–
Profit (loss) before tax		16,412,483	(27,872)
Income tax expense	7	–	(1)
Profit (loss) for the period		16,412,483	(27,873)
Other comprehensive income			
Exchange (loss) gain on translation of financial statements of foreign operations		(249)	232
Other comprehensive income, net of tax		(249)	232
Total comprehensive income for the period		16,412,234	(27,641)
Profit (loss) for the period attributable to:			
Owners of the Company		16,412,661	(27,809)
Non-controlling interests		(178)	(64)
		16,412,483	(27,873)
Total comprehensive income attributable to:			
Owners of the Company		16,412,454	(27,576)
Non-controlling interests		(220)	(65)
		16,412,234	(27,641)
Earnings (loss) per share attributable to the owners of the Company during the period	9		
– Basic		HK264.05 cents	HK(0.45) cent
– Diluted		HK248.06 cents	N/A

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements for the three months ended 31 March 2013 have not been audited by the Company's auditors but have been reviewed by the Company's audit committee.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

These financial statements should be read, where relevant, in conjunction with the 2012 annual report.

The accounting policies adopted in the 2012 annual financial statements have been consistently applied to these financial statements except that in the current period, the Group has applied for the first time certain new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013. 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.

2. TURNOVER

Turnover represents total invoiced value of goods supplied and income from provision of services.

Revenue from trading commodity contracts represented income on contracts to buy or sell copper and steel products by the Group, which were not entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements.

During the corresponding period in 2012, gross sales and purchase amounts of these transactions were presented as approximately HK\$641,589,000 revenue and approximately HK\$640,879,000 direct operating expenses respectively in the Company's quarterly reports. These are now restated to present in net amount of approximately HK\$710,000 as revenue from trading commodity contracts in compliance with Hong Kong Accounting Standard 39. This restatement has no impact on the loss for the corresponding period in 2012. The revenue generated from trading commodity contracts in current period was approximately HK\$1,062,000, with gross sales and purchase amount of approximately HK\$642,088,000 and approximately HK\$641,026,000 respectively.

3. OTHER OPERATING INCOME

	For the three months ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Bank Interest income	8	3
Imputed interest on advances to an acquiring business	3,624	4,152
Sundry income	549	69
	4,181	4,224

4. SHARE-BASED PAYMENT EXPENSES

Share-based payment expenses represent amortisation of the fair value of the Company's share options during last period.

5. OPERATING LOSSES

	For the three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000 (restated)
Operating losses are arrived at after charging:		
Cost of inventories recognised as direct costs	732	4,682
Share-based payment expenses	–	11,330
Depreciation and amortisation	234	790

6. FINANCE COSTS

	For the three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Interest charges on other borrowings wholly repayable within five years	–	296
Imputed interest on convertible bonds	12,215	10,175
Imputed interest on loans from ultimate holding company	4,608	3,744
	16,823	14,215

7. INCOME TAX EXPENSE

No Hong Kong profits tax was provided as the Group had no estimated assessable profit arising in or derived from Hong Kong during the three months ended 31 March 2013 (three months ended 31 March 2012: Nil). The PRC enterprise income tax is calculated at the rates prevailing in the relevant region.

Taxation on profits assessable elsewhere have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during both periods. No provision for overseas income tax has been provided by the Group as the Group had no estimated assessable profit arising in or derived in the jurisdictions in which the Group operates.

8. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2013 is based on the profit attributable to the owners of the Company of approximately HK\$16,412,661,000 (loss for the three months ended 31 March 2012: HK\$27,809,000) and on 6,215,679,716 weighted average number of shares (three months ended 31 March 2012: 6,205,679,716 shares).

For diluted earnings per share, 6,621,452,525 weighted average number of shares was used after taking account into the share options and convertible bonds which have a dilutive impact. No such figure was presented for the three months ended 31 March 2012 because the impact of the share options and convertible bonds was anti-dilutive.

10. MOVEMENT OF RESERVES

Movement of reserves for the Group during the period is set out below:

Changes in Equity

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share based payment reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated profit (loss) HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 January 2013	6,216	679,331	45,475	357,381	(99,740)	363,304	(1,047,228)	279,188	583,927
Lapse of share options	—	—	—	(4,550)	—	—	4,550	—	—
Transactions with owners	—	—	—	(4,550)	—	—	4,550	—	—
Profit for the period	—	—	—	—	—	—	16,412,661	(178)	16,412,483
Other comprehensive income									
Currency translation	—	—	—	—	(207)	—	—	(42)	(249)
Total comprehensive income	—	—	—	—	(207)	—	16,412,661	(220)	16,412,234
At 31 March 2013	6,216	679,331	45,475	352,831	(99,947)	363,304	15,369,983	278,968	16,996,161

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share based payment reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 January 2012	6,206	651,041	38,451	365,042	(37,977)	363,304	(828,870)	360,419	917,616
Employee share-based compensation	—	—	—	11,330	—	—	—	—	11,330
Transactions with owners	—	—	—	11,330	—	—	—	—	11,330
Loss for the period	—	—	—	—	—	—	(27,809)	(64)	(27,873)
Other comprehensive income									
Currency translation	—	—	—	—	233	—	—	(1)	232
Total comprehensive income	—	—	—	—	233	—	(27,809)	(65)	(27,641)
At 31 March 2012	6,206	651,041	38,451	376,372	(37,744)	363,304	(856,679)	360,354	901,305

MANAGEMENT DISCUSSION AND ANALYSIS

Acquisition of SAM

On 28 March 2013, the Company has settled the second instalment payment of the Consideration amount to USD65.0 million (equivalent to approximately HK\$504.9 million) to acquire 99.99% equity interest of Sul Americana de Metais ("SAM"). Upon SAM become a subsidiary of the Company, the financial results of SAM was consolidated into the financial statements of the Group using acquisition method in accordance with applicable accounting standards. Based on a JORC compliant iron mineral resources report of SAM, the valuation of SAM's exploration rights estimated by Roma Appraisals Limited, an independent professional valuer was approximately USD3,629.0 million (equivalent to approximately HK\$28,171.9 million) as at 28 March 2013. The acquisition-date fair value of the net assets acquired was approximately USD2,367.2 million (equivalent to approximately HK\$18,377.2 million). The total Consideration is estimated to be USD249.9 million (equivalent to approximately HK\$1,940.7 million) which is the sum of USD75.4 million (equivalent to approximately HK\$586.2 million) consideration settled and the fair value of contingent consideration as at the acquisition date was estimated to be USD174.5 million (equivalent to approximately HK\$1,354.5 million). Approximately USD2,117.3 million (equivalent to approximately HK\$16,436.5 million) gain on bargain purchase, represents the difference between the total consideration and the net fair value of assets and liabilities acquired was recognised as a gain in the consolidated profit and loss during the period.

Business Review

For the three months ended 31 March 2013, the Group's turnover decreased from HK\$5.5 million (restated) in the corresponding period in prior year to HK\$1.6 million, which was mainly attributable to the substantial decrease in our silicon business while our trading commodity contracts contributed HK\$1.1 million revenue to the Group in current period.

Our silicon business achieved a turnover of HK\$0.5 million, representing a decrease of approximately 90% compared to the same period in 2012. Loss from silicon business for the period decreased by 80% to HK\$0.2 million, which was mainly due to the decrease in revenue. The decrease in revenue in 2013 was a result of cutting production in an attempt to keep the selling price in a worldwide flooded silicon market.

Liquidity and Financial Resources

During the three months ended 31 March 2013, the Group's operation was mainly financed by the internal financial resources and the substantial shareholder of the Group.

As at 31 March 2013, the Group had net current liabilities of HK\$622.6 million (31 December 2012: net current assets of HK\$818.7 million). Current assets comprised bank balances and cash of HK\$12.6 million (31 December 2012: HK\$2.4 million), inventories of HK\$2.8 million (31 December 2012: HK\$2.8 million), trade and bills receivables of HK\$149.7 million (31 December 2012: HK\$261.4 million), prepayments and other receivables of HK\$5.9 million (31 December 2012: HK\$96.4 million) and derivative financial assets of HK\$6.6 million (31 December 2012: HK\$6.6 million). Current liabilities comprised trade and bills payables of HK\$183.7 million (31 December 2012: HK\$267.9 million), other payables, accrued expenses and receipts in advance of HK\$47.2 million (31 December 2012: HK\$28.5 million), HK\$823.6 million contingent consideration, HK\$111.2 million deposit received in relation to the disposal of Hill Talent Limited and borrowings of HK\$805.7 million (31 December 2012: HK\$464.8 million). The borrowings amount increased significantly mainly due to the HK\$500 million loan from a connected party. The loan is unsecured, interest-free and repayable upon the proceeds from convertible bonds issued on 5 March 2013 is received or within three months if the convertible bonds fail to complete. Finally, the assets and liabilities of a disposal group classified as held for sale was approximately HK\$1,270.8 million and HK\$431.5 million respectively.

The decrease in trade and bills receivables, and prepayments and other receivables totalled HK\$202.2 million are in line with the decrease in trade and bills payables, and other payables, accrued expenses, receipts in advance and bank loans totalled HK\$190.7 million, which was result from the increase in settlement of accounts before the end of the period.

As at 31 March 2013, the gearing ratio of the Group which is measured by total borrowings to total equity was 0.047 (31 December 2012: 0.78).

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED

Capital Commitments

As at 31 March 2013, the Group has capital commitments amounted to approximately HK\$1.9 million for the acquisition of property, plant and equipment.

Contingent Consideration and Liabilities

On 5 March 2010, Lit Mining (as the seller), VNN (also as the seller), Esperento, Mineral Ventures, Infinite Sky (as the buyer), New Trinity, and the Company entered into the Share Purchase Agreement in relation to the Acquisition of SAM. Pursuant to the Share Purchase Agreement, the Consideration of USD390 million for the Acquisition was to be satisfied in cash in five instalment payments.

As at 31 March 2013, the first and the second instalment payment amount to USD75 million (equivalent to approximately HK\$505 million) have been settled. The third instalment payment amount to USD115 million (equivalent to approximately HK\$893 million) are to be settled on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained). The fourth instalment payment of USD100 million (equivalent to approximately HK\$776 million) was agreed to pay on the tenth Business Day following the Port Operation Commencement Date, being the later of (a) the Closing Date; and (b) the date by which an aggregate of 100,000 metric tons of pellet feed have been shipped through the Port on a commercial basis; and the fifth instalment payment of USD100 million (equivalent to approximately HK\$776 million) is required to settle on the tenth Business Day following the Mining Production Commencement Date.

On 7 February 2013, the parties entered into a supplemental agreement to the Share Purchase Agreement of the SAM. In the event that the third instalment payment to the vendor is made by the Company on or prior to the end of September, the fourth and the fifth instalment payment both will be reduced by USD60 million (equivalent to approximately HK\$466 million), therefore the total consideration will be reduced to USD270 million (equivalent to approximately HK\$2,095 million).

The valuation of the contingent consideration as mentioned above for the third to fifth instalments payment were carried out by an independent valuer and their fair value as at 31 March 2013 was approximately USD174.5 million (equivalent to approximately HK\$1,354.5 million).

As at 31 March 2013, saved as disclosed above the Group did not have any significant contingent liabilities.

Progress of Exploration Activities

During the three months ended 31 March 2013, except for the acquisition of SAM Iron Ore Project, the Group has no exploration, development or mining production activities.

Corporate Governance

Throughout the three months ended 31 March 2013, the Company complied with all Code Provisions and, where appropriate, adopted the Recommended Best Practices as set out in Appendix 15 of the GEM Listing Rules.

As part of the Company's commitment to high standards of corporate governance, it has adopted all Code Provisions except the Code Provision C.1.2 that requires the Company to provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail. Under the requirements of the GEM Listing Rules, the Company prepares quarterly results that are reviewed and approved by the board and are available to public. The Company is in the opinion that the cost of preparing monthly updates in sufficient detail outweighs its benefits to the board, the Company and its shareholders as a whole. The Company has adopted, where appropriate, relevant new Recommended Best Practices as set out in the new Corporate Governance Code.

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED

Prospect

The independent shareholders of the Company had approved the disposal of the entire issued share capital of Hill Talent Limited. The disposal is expected to complete in the first half of 2013. After the disposal, the Group could then be able to concentrate all its resources on the Brazilian SAM Iron Ore Project.

After the acquisition of the Brazilian SAM Iron Ore Project, the Company will continue to manage the project progress and will seek to obtain all licenses and approvals for commencement of construction by the end of 2013 or in the first quarter of 2014. If all licenses and approvals for starting the construction are obtained in the first quarter of 2014, the mine is expected to commence operation by the end of 2015 or in the first half of 2016. The FOB operating cost (per ton of iron concentrate) of Block 8 is estimated to be USD32. Regardless of the trend in global iron ore demand, iron concentrate products of SAM is highly competitive in terms of costs. The Directors expect that SAM Iron Ore Project could enhance the growth potential of the Group.

The Directors of the Company estimated that the preliminary budgeted capital expenditure for the year ending 2013 will be approximately USD 80 million (equivalent to approximately HK\$621 million) subject to satisfactory progress completion.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2013, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 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 Rule 5.46 of the GEM Listing Rules, relating to the required standards of dealing by directors of listed issuers, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the ordinary shares of HK\$0.001 each of the Company

Name of director	Number of shares in the Company				Total	Approximate percentage of shareholding (%)
	Beneficial owner	Interest of spouse	Interest of controlled corporation	Number of Share option ²		
HE Xuechu	—	22,460,000	4,065,000,000 ¹	—	4,087,460,000	65.76
LIU Wei, William	—	—	—	40,000,000	40,000,000	0.64
SHI Lixin	—	—	—	30,000,000	30,000,000	0.48
YAN Weimin	30,000,000	—	—	30,000,000	60,000,000	0.97
ANG Siu Lun, Lawrence	—	—	—	15,000,000	15,000,000	0.24
CHAN Chun Wai, Tony	—	—	—	3,000,000	3,000,000	0.05
FOK Hon	—	—	—	3,000,000	3,000,000	0.05
MA Gang	—	—	—	3,000,000	3,000,000	0.05

Note:

- The 4,065,000,000 shares were held by Hong Bridge Capital Limited ("Hong Bridge"). Mr. HE Xuechu is the controlling shareholder and director holding 68% equity interest of Hong Bridge.
- This refers to the number of underlying shares of the Company covered by its share option scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – CONTINUED

(2) Long positions in the underlying shares of the Company

Details of options granted

The Company's existing share option scheme (the "Scheme") was adopted on 21 May 2012 and became effective on the same date. Particulars and movements of the outstanding share options granted under the Scheme during the three months ended 31 March 2013 were as follows:

Name or category of participant	Number of share options					Outstanding as at 31/3/2013	Date of grant of share options (Note a)	Exercise period of share option	Exercise price per share option HK\$	Price immediately preceding the grant date of share options (Note b) HK\$	Price immediately preceding the exercise date of share options (Note c) HK\$
	Outstanding as at 01/01/2013	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period						
	Director										
LIU Wei, William	30,000,000	-	-	-	-	30,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
	10,000,000	-	-	-	-	10,000,000	28/05/2012	28/05/2012 – 27/05/2020	0.95	0.91	N/A
SHI Lixin	20,000,000	-	-	-	-	20,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
	10,000,000	-	-	-	-	10,000,000	28/05/2012	28/05/2012 – 27/05/2020	0.95	0.91	N/A
YAN Weimin	30,000,000	-	-	-	-	30,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
ANG Siu Lun, Lawrence	15,000,000	-	-	-	-	15,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
CHAN Chun Wai, Tony	3,000,000	-	-	-	-	3,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
FOK Hon	3,000,000	-	-	-	-	3,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
MA Gang	3,000,000	-	-	-	-	3,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
Sub-total	124,000,000	-	-	-	-	124,000,000					
Employee	13,000,000	-	-	(8,000,000)	-	5,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
	1,000,000	-	-	-	-	1,000,000	28/05/2012	28/05/2012 – 27/05/2020	0.95	0.91	N/A
Strategic cooperative partner (Xinwen)	300,000,000	-	-	-	-	300,000,000	25/11/2010	25/11/2010 – 24/11/2013	3.15	3.09	N/A
Total	438,000,000	-	-	(8,000,000)	-	430,000,000					

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – CONTINUED

(2) Long positions in the underlying shares of the Company – continued

Details of options granted – continued

Notes:

- (a) Share options granted on 6 May 2010 are subject to a vesting period and became exercisable in whole or in part in the following manner:

From the date of grant of share options	Exercisable percentage
In the first year	Nil
In the second year (31,925,000 share option "Lot A")	25%
After the second year (95,775,000 share option "Lot B")	75%

Share options granted on 25 November 2010 and 28 May 2012 under the Option Deed and Share Option Scheme respectively are exercisable in whole on the date of grant of the share options.

- (b) The price of the Shares disclosed as immediately preceding the grant date of the share options is the Exchange closing price on the trading day immediately prior to the date of the grant of the share options.
- (c) The weighted average closing price of the Shares immediately before the date on which the options were exercised.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 March 2013, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2013, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Long Positions of Substantial Shareholders in the Ordinary Shares of HK\$0.001 Each of the Company

Name of Shareholder	Number of Shares in the Company			Total number of shares held	Approximate percentage of shareholding (%)
	Beneficial owner	Interest of spouse	Interests of controlled corporation		
Hong Bridge	4,065,000,000	–	–	4,065,000,000	65.40
HE Xuechu (Note 2)	–	22,460,000	4,065,000,000 (Note 1)	4,087,460,000	65.76
FOO Yatyan (Note 2)	22,460,000	4,065,000,000	–	4,087,460,000	65.76
LI Xing Xing	–	–	4,065,000,000 (Note 3)	4,065,000,000	65.40
Brilliant People Limited	830,758,000 (Note 4)	–	–	830,758,000	13.37

Notes:

- The 4,065,000,000 shares were held by Hong Bridge. Mr. HE Xuechu is the controlling shareholder and director holding 68% equity interest of Hong Bridge.
- Ms. FOO Yatyan is the spouse of Mr. HE Xuechu.
- The 4,065,000,000 share were held by Hong Bridge. Mr. LI Xing Xing holds 32% equity interest of Hong Bridge.
- The 830,758,000 shares held by Brilliant People Limited represent 430,758,000 shares of the Company and 400,000,000 shares to be allotted and issued upon exercise of conversion rights attaching to the HK\$400,000,000 convertible notes with an initial conversion price of HK\$1.0 per conversion share of the Company.

Save as disclosed above, as at 31 March 2013, the Company had not been notified by any other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



CONVERTIBLE BONDS

On 24 March 2010, convertible bonds of HK\$400 million with an initial conversion price of HK\$1.0 per conversion share of the Company were issued.

During the three months ended 31 March 2013, there was no conversion of the Company's outstanding convertible bonds.

CONNECTED TRANSACTIONS

For the three months ended 31 March 2013, the Group has imputed interest on loans from ultimate holding company of approximately HK\$4.6 million.

As at 31 March 2013, Hong Bridge Capital Limited, the ultimate holding company of the Company, provided loans in principal amount aggregating HK\$326 million to the Group. The loans are interest free in the first two years from drawdown dates and bear interest at prime rate minus 1.25% per annum in the third year.

As at 31 March 2013, there was a HK\$500 million loan from a connected party. The loan is unsecured, interest-free and repayable upon the proceeds from convertible bonds issued on 5 March 2013 is received or within three months if the convertible bonds fail to complete.

DIRECTORS' AND MANAGEMENT SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the management shareholders (as defined under the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competes or may compete or had any conflicts of interest with the business of the Group for the three months ended 31 March 2013.

COMPLIANCE WITH THE MODEL CODE

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.

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 three months ended 31 March 2013.

AUDIT COMMITTEE

The Company 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 three members, Mr. CHAN Chun Wai, Tony (Committee Chairman), Mr. FOK Hon and Mr. MA Gang, who are Independent Non-Executive Directors of the Company.

The Group's unaudited results for the three months ended 31 March 2013 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.

REMUNERATION COMMITTEE

Remuneration Committee was set up on 23 March 2005. Current Committee members are Mr. FOK Hon (Chairman of the Committee), Mr. MA Gang, Mr. CHAN Chun Wai, Tony, Mr. HE Xuechu and Mr. LIU Wei, William. The Committee meets at least once every year. Additional meetings shall be held as the work of the Committee demands. The Committee formulates remuneration policy for approval by the Board, which takes into consideration factors such as salaries paid by comparable companies, employment conditions, and responsibilities, and individual performance of the directors, senior management, and the general staff. Performance is measured against corporate goals and objectives resolved by the Board from time to time; and implement the remuneration laid down by the Board.

NOMINATION COMMITTEE

Nomination Committee was set up on 28 March 2012. Current Committee members are Mr. CHAN Chun Wai, Tony (Chairman of the Committee), Mr. LIU Wei, William, Mr. ANG Siu Lun Lawrence, Mr. FOK Hon and Mr. MA Gang. The Committee meets at least once every year. Additional meetings shall be held as the work of the Committee demands. The Committee formulates nomination policy for the Board's consideration and implement the Board's approved nomination policy.

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

During the three months ended 31 March 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

As at the date of this report, the Board comprises (1) Mr. HE Xuechu, Mr. LIU Wei, William and Mr. SHI Lixin as Executive Directors; (2) Mr. YAN Weimin and Mr. ANG Siu Lun Lawrence as Non-Executive Directors and (3) Mr. CHAN Chun Wai, Tony, Mr. FOK Hon and Mr. MA Gang as Independent Non-Executive Directors.

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

Hong Kong, 14 May 2013