



HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8137)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2014

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 high investment risk may be attached than other companies listed on the Stock 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 2014, together with the comparative unaudited figures for the corresponding period in 2013, as follows:

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME — UNAUDITED

	Notes	Three months ended	
		2014	2013
		HK\$'000	HK\$'000 (restated)
Turnover	2	1,294	1,594
Direct operating expenses		—	(732)
Other operating income	3	9	4,181
Selling and distribution costs		(30)	(41)
Administrative expenses		(8,820)	(12,189)
Operating losses	4	(7,547)	(7,187)
Finance costs	5	(14,965)	(16,823)
Gain on disposals of subsidiaries	6	20,702	—
Gain on bargain purchase	7	—	9,277,141
(Loss) profit before tax		(1,810)	9,253,131
Income tax expense	8	—	—
(Loss) profit for the period		(1,810)	9,253,131
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain (loss) on translation of financial statements of foreign operations		490,475	(249)
Other comprehensive income, net of tax		490,475	(249)
Total comprehensive income for the period		488,665	9,252,882
(Loss) profit for the period attributable to:			
Owners of the Company		(1,810)	9,253,309
Non-controlling interests		—	(178)
		(1,810)	9,253,131
Total comprehensive income attributable to:			
Owners of the Company		488,665	9,253,102
Non-controlling interests		—	(220)
		488,665	9,252,882
(Loss) earnings per share attributable to the owners of the Company during the period	10		
— Basic		HK(0.03) cents	HK148.87 cents
— Diluted		N/A	HK139.93 cents

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements for the three months ended 31 March 2014 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 2013 annual report.

The accounting policies adopted in the 2013 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 2014. 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 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. The revenue generated from trading commodity contracts in current period was approximately HK\$1,294,000 (2013: HK\$1,062,000), with gross sales and purchase amount of approximately HK\$569,076,000 (2013: HK\$642,088,000) and approximately HK\$567,782,000 (2013: HK\$641,026,000) respectively.

Revenue from sales of silicon products was approximately HK\$532,000 for the period ended 31 March 2013. No such revenue was recorded in current period.

3. OTHER OPERATING INCOME

	For the three months ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Bank Interest income	9	8
Imputed interest on advances to an acquiring business	–	3,624
Sundry income	–	549
	9	4,181

4. OPERATING LOSSES

	For the three months ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Operating losses are arrived at after charging:		
Cost of inventories recognised as direct costs	–	732
Depreciation and amortisation	495	234
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5. FINANCE COSTS

	For the three months ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Imputed interest on convertible bonds	13,318	12,215
Imputed interest on loans from ultimate holding company	344	4,608
Interest charges on loans from ultimate holding company	1,303	–
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	14,965	16,823

6. GAIN ON DISPOSALS OF SUBSIDIARIES

On 17 January 2014, the Company disposed its entire interest in Divine Mission Holdings Limited, a 60% owned subsidiary, to an independent third party for a cash consideration of HK\$3,600,000. Divine Mission Holdings Limited indirectly held 100% equity interest in Jining Kailun Sog-Si Materials Co., Ltd. which engaged in production and research of highly purified silicon. Approximately HK\$20,702,000 gain on disposal was recognised upon disposal of Divine Mission Holdings Limited.

7. GAIN ON BARGAIN PURCHASE

On 28 March 2013, the Company 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 S.A. ("SAM"). As disclosed in the Company's first quarterly report 2013, based on a JORC compliant iron mineral resources report of SAM, the valuation of SAM's exploration rights estimated by an independent professional valuer was approximately USD3,629.0 million (equivalent to approximately HK\$28,172.0 million) as at 28 March 2013. Approximately USD2,117.3 million (equivalent to approximately HK\$16,436.5 million) gain on bargain purchase was recognised.

However, as new information about the facts and circumstances existing at the acquisition date has been obtained during the year ended 31 December 2013. Certain assumptions have been changed and adjustments on SAM's exploration rights and contingent consideration valuation are made retrospectively as if those adjustments had been made at the acquisition date.

After the adjustment, the exploration rights were revaluated by an independent valuer, Roma Appraisal Limited, and reviewed with another independent valuer, CBRE at approximately USD2,279.0 million (equivalent to approximately HK\$17,688.5 million). The gain on bargain purchase was adjusted from USD2,117.3 million (equivalent to approximately HK\$16,436.5 million) to USD1,195.2 million (equivalent to approximately HK\$9,277.1 million) accordingly. The gain on bargain purchase for the period ended 31 March 2013 as disclosed in this quarterly results announcement was restated accordingly.

More details have been disclosed in the 2013 annual report.

8. 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 2014 (three months ended 31 March 2013: Nil). The PRC and Brazil 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.

9. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the three months ended 31 March 2014 (three months ended 31 March 2013: Nil).

10. (LOSS) EARNINGS PER SHARE

The calculation of basic loss per share for the three months ended 31 March 2014 is based on the loss attributable to the owners of the Company of approximately HK\$1,810,000 (earnings for the three months ended 31 March 2013: HK\$9,253,309,000) and on 6,215,679,716 weighted average number of shares for both period.

For diluted earnings per share for the three months ended 31 March 2013, 6,621,452,525 shares weighted average number of shares was used after taking account into the share options and convertible bonds which have a dilutive impact. For the three months ended 31 March 2014, diluted losses per share attributable to owners of the Company were not presented because the impact of the exercise of share options and convertible bonds was anti-dilutive.

11. MOVEMENT OF RESERVES

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

Changes in Equity

	Share capital	Share premium	Treasury shares reserves	Other reserve	Share based payment reserve	Translation reserve	Convertible bonds equity reserve	Accumulated losses	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	6,216	679,331	(276,332)	49,263	136,873	(1,719,904)	258,836	8,677,183	(9,305)	7,802,161
Disposal of subsidiaries	-	-	-	(555)	-	-	-	-	9,305	8,750
Transactions with owners	-	-	-	(555)	-	-	-	-	9,305	8,750
Loss for the period	-	-	-	-	-	-	-	(1,810)	-	(1,810)
Other comprehensive income										
Currency translation	-	-	-	-	-	495,074	-	-	-	495,074
Release of translation reserve upon disposals of subsidiaries	-	-	-	-	-	(4,599)	-	-	-	(4,599)
Total comprehensive income	-	-	-	-	-	490,475	-	(1,810)	-	488,665
At 31 March 2014	6,216	679,331	(276,332)	48,708	136,873	(1,229,429)	258,836	8,675,373	-	8,299,576

	Share capital	Share premium	Other reserve	Share based payment reserve	Translation reserve	Convertible bonds equity reserve	Accumulated Profit (loss)	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
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	-	-	-	-	-	-	9,253,309	(178)	9,253,131
Other comprehensive income									
Currency translation	-	-	-	-	(207)	-	-	(42)	(249)
Total comprehensive income	-	-	-	-	(207)	-	9,253,309	(220)	9,252,882
At 31 March 2013	6,216	679,331	45,475	352,831	(99,947)	363,304	8,210,631	278,968	9,836,809

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the three months ended 31 March 2014, the Group's turnover decreased from HK\$1.6 million in the corresponding period in prior year to HK\$1.3 million, which was mainly because there was no revenue generated from sales of silicon products in current period. For revenue from trading commodity contracts, the amount increased to HK\$1.3 million (2013: HK\$1.1 million) in current period.

Since 2012, the Company has decreased the production of silicon products due to the decrease in selling price of purified silicon in recent years. Although the Company has applied strict cost control, the silicon business was still in a loss position. In order to improve the Group's capital and liquidity position for its business development in the Brazilian SAM iron ore project, on 17 January 2014, the Company entered into a disposal agreement with an independent third party to sell all the equity interest in Divine Mission Holdings Limited, a 60% owned subsidiary of the Group, for a cash consideration of HK\$3.6 million. Divine Mission beneficially and indirectly owns 100% equity interests in Jining Kailun Sog-Si Materials Co., Ltd. which engaged in production and research of highly purified silicon. The disposal was completed on the same date and approximately HK\$20.7 million gain on disposal was recognised. Upon disposal, the Group withdrew from silicon business.

No turnover has been recorded in Brazilian SAM iron ore project as the project is still in preliminary stage.

Liquidity and Financial Resources

During the period, the Group's operation was mainly financed by the proceeds received from issuance of convertible bonds and by the substantial shareholder of the Group. As at 31 March 2014, the Group had net current assets of approximately HK\$53 million (31 December 2013: net current assets of approximately HK\$23 million).

The increase in net current assets by approximately HK\$30 million during the three months ended 31 March 2014 was mainly due to the disposals of Divine Mission Holdings Limited and its subsidiaries ("Divine Mission Group"). At the date of disposal, Divine Mission Group was in a net current liabilities position of approximately HK\$43 million. The impact on disposal on net current assets was partially net-off by the decrease in cash and cash equivalent of approximately HK\$28 million during the period. As at period ended 31 March 2014, the cash and cash equivalent of the Group was approximately HK\$58 million (31 December 2013: HK\$86 million).

As at 31 March 2014, the gearing ratio of the Group which is measured by total loans, debt and borrowings to total equity was 0.08 (31 December 2013: 0.09).

Capital Commitments

As at 31 March 2014, the Group has capital commitments amounted to approximately HK\$8.8 million for the acquisition of property, plant and equipment and exploration and evaluation assets.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

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 2014, 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.

The contingent consideration as mentioned above for the third to fifth instalments payment as at 31 March 2014 was approximately USD205 million (equivalent to approximately HK\$1,590 million).

As at 31 March 2014, saved as disclosed above the Group did not have any significant contingent liabilities.

Progress of SAM

As of the date of this announcement, the Group has provided funding with principal amount of approximately USD57 million to SAM through shareholders' loans and increase of registered capital in SAM. Other details related to the SAM iron ore project have been disclosed in 2013 annual report.

Corporate Governance

Throughout the three months ended 31 March 2014, 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.

Prospect

The Company will continue to manage the progress of SAM iron ore project and will seek to obtain all licenses and approvals for commencement of construction in the first half of 2015. If all licenses and approvals for starting the construction are obtained in the first half of 2015, the mine is expected to commence operation by 2018. The FOB operating cost (per ton of iron concentrate) of Block 8 is estimated to be approximately 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.

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

As at 31 March 2014, 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 to 5.67 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

Notes:

1. 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.
2. This refers to the number of underlying shares of the Company covered by its share option scheme.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 March 2014, 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 to 5.67 of the GEM Listing Rules.

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

Particulars and movements during the period of the outstanding share options granted under the Scheme and Option Deed were as follows:

Name or category of participant	Number of share options					Outstanding as at 31/03/2014	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 HK\$
	Outstanding as at 01/01/2014	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	5,000,000	-	-	-	-	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
Total	130,000,000	-	-	-	-	130,000,000					

**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.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 March 2014, 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 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2014, 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 (Note 1)	–	–	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
Geely International (Hong Kong) Limited	2,000,000,000 (Note 4)	–	–	2,000,000,000	32.18
Zhejiang Geely Holding Group Co., Ltd. (Note 5)	–	–	2,000,000,000	2,000,000,000	32.18
LI Shufu (Note 6)	103,064,000	–	2,000,000,000	2,103,064,000	33.83
Brilliant People Limited	330,758,000	–	–	330,758,000	5.32

Notes:

1. 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.
2. Ms. FOO Yatyan is the spouse of Mr. HE Xuechu.
3. Mr. LI Xing Xing holds 32% equity interest of Hong Bridge.
4. The 2,000,000,000 shares held by Geely International (Hong Kong) Limited represent HK\$740,000,000 convertible notes with a conversion price of HK\$0.37 per conversion share of the Company.
5. Zhejiang Geely Holding Group Co., Ltd. holds 100% equity interest of Geely International (Hong Kong) Limited.
6. Mr. LI Shufu is the controlling shareholder holding 90% equity interest of Zhejiang Geely Holding Group Co., Ltd.

Save as disclosed above, as at 31 March 2014, 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 Divisions 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

As at 31 March 2014, only convertible bonds of HK\$740 million with an initial conversion price of HK\$0.37 per conversion share of the Company were outstanding.

During the three months ended 31 March 2014, there was no conversion of the Company's outstanding convertible bonds.

CONNECTED TRANSACTIONS

As at 31 March 2014, Hong Bridge Capital Limited, the ultimate holding company of the Company, provided loans in principal amount aggregating HK\$219.4 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 starting from the third year.

For the three months ended 31 March 2014, the Group has interest expense and imputed interest on loans from ultimate holding company of approximately HK\$1.3 million and HK\$0.3 million respectively.

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 2014.

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 2014.

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 2014 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 2014, 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 announcement, 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, 2 May 2014