HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8137)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

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.

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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the day of its posting and on the Company's website www.8137.hk.

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 and nine months ended 30 September 2015, together with the comparative unaudited figures for the corresponding periods in 2014, as follows:

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

		Three months ended 30 September		Nine months ended 30 September	
		2015	2014	**2015**	2014
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	2	**10,155**	577	**62,778**	3,086
Cost of sales		**(10,111)**	–	**(45,616)**	–
Gross profit		**44**	577	**17,162**	3,086
Other operating income	3	**612**	54	**2,402**	378
Selling and distribution costs		**(360)**	(34)	**(1,480)**	(107)
Administrative expenses		**(23,758)**	(7,917)	**(69,641)**	(24,516)
Other expenses		**–**	(3,940)	**–**	(8,083)
Share-based payment expenses	4	**–**	–	**(10,812)**	–
Operating losses	5	**(23,462)**	(11,260)	**(62,369)**	(29,242)
Finance costs	6	**(16,222)**	(16,010)	**(47,208)**	(46,531)
Gain on disposals of subsidiaries	7	**–**	–	**–**	18,161
Loss before income tax		**(39,684)**	(27,270)	**(109,577)**	(57,612)
Income tax credit	8	**2,864**	–	**3,792**	–
Loss for the period		**(36,820)**	(27,270)	**(105,785)**	(57,612)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Release of translation reserve upon disposals of subsidiaries		**–**	–	**–**	(1,920)
Exchange loss on translation of financial statements of foreign operations		**(1,171,335)**	(1,026,192)	**(2,031,410)**	(343,590)
Total comprehensive income for the period		**(1,208,155)**	(1,053,462)	**(2,137,195)**	(403,122)
Loss for the period attributable to:					
Owners of the Company		**(35,757)**	(27,270)	**(103,588)**	(57,612)
Non-controlling interests		**(1,063)**	–	**(2,197)**	–
		(36,820)	(27,270)	**(105,785)**	(57,612)
Total comprehensive income attributable to:					
Owners of the Company		**(1,206,823)**	(1,053,462)	**(2,134,813)**	(403,122)
Non-controlling interests		**(1,332)**	–	**(2,382)**	–
		(1,208,155)	(1,053,462)	**(2,137,195)**	(403,122)
Loss per share attributable to the owners of the Company during the period	10				
— Basic		**HK(0.46) cent**	HK(0.44) cent	**HK(1.49) cents**	HK(0.93) cent
— Diluted		**N/A**	N/A	**N/A**	N/A

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements for the three months and nine months ended 30 September 2015 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 ("HKFRSs") 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 2014 annual report.

The accounting policies adopted in the 2014 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 2015. 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. The amounts of each significant category of revenue recognised in turnover during the period are as follows:

	Nine months ended 30 September	
	2015	2014
	HK$'000	HK$'000
Sale of lithium batteries	**61,386**	–
Revenue from trading commodity contracts (note)	**1,392**	3,086
	62,778	3,086

Note: 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. Gross sale amount of these transactions was approximately HK$538 million (2014: HK$2,570 million) during the period.

3. OTHER OPERATING INCOME

	Nine months ended 30 September	
	2015	2014
	HK$'000	HK$'000
Bank Interest income	**801**	78
Rental income	**450**	300
Overprovision of interests on loans from ultimate holding company	**1,044**	–
Sundry income	**107**	–
	2,402	378

4. SHARE-BASED PAYMENT EXPENSES

On 14 May 2015, the Company granted share options (the "Options") to certain eligible persons of the Group (the "Grantees") which entitles the Grantees to subscribe for an aggregate of 9,500,000 new ordinary shares of HK$0.001 each in the share capital of the Company.

The fair value of the Options determined using the binomial option pricing model was approximately HK$10,812,000. Major assumptions and more details has been set out in 2015 half year report.

5. OPERATING LOSS

	Nine months ended 30 September	
	2015	2014
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Operating losses are arrived at after charging:		
Rental expenses	**3,832**	4,854
Amortisation of other intangible assets	**31,085**	–
Acquisition related expenses	**–**	1,744
Cost of inventories recognised as expense	**45,616**	–
Depreciation and amortisation	**11,665**	1,486

6. FINANCE COSTS

	Nine months ended 30 September	
	2015	2014
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest charges on other borrowings wholly repayable within five years	**716**	–
Imputed interest on convertible bonds	**46,492**	41,193
Interest on loans from ultimate holding company	**–**	5,338
	47,208	46,531

7. 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$18,161,000 gain on disposal was recognised upon disposal of Divine Mission Holdings Limited. More details has been set out in 2014 annual report.

8. INCOME TAX CREDIT (EXPENSE)

	Nine months ended 30 September	
	2015	2014
	HK$'000	HK$'000
Overseas tax:		
Current period	**(4,146)**	–
Deferred tax:	**7,938**	–
Income tax credit	**3,792**	–

During the nine months ended 30 September 2014 and 2015, no provision for Hong Kong profits tax has been provided by the Group as the Group had no estimated assessable profit arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

During the period, the PRC corporate income tax rate of 25% (2014: 25%) is applicable to Shanghai Hongying Trading Co. Limited ("Shanghai Hongying") and Shandong Forever New Energy Co., Ltd. ("Shandong Forever"), being the Group's subsidiaries established in the People's Republic of China (the "PRC").

During the period, corporate income tax rates in Brazil of 34% (2014: 34%) is applicable to Sul Americana de Metais S.A. ("SAM"), being the Group's subsidiary established in Brazil.

9. DIVIDEND

The Board has resolved not to declare the payment of a dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

10. LOSSES PER SHARE

The calculation of basic losses per share for the three months and nine months ended 30 September 2015 are based on the loss attributable to the owners of the Company of approximately HK$35,757,000 and HK$103,588,000 respectively and on 7,744,716,171 and on 6,963,156,588 weighted average number of shares respectively. (For the three months and nine months ended 30 September 2014, loss attributable to the owners of the Company was HK$27,270,000 and HK$57,612,000 respectively and basic losses per share was calculated based on 6,238,989,058 and 6,223,534,879 weighted average number of shares respectively).

No such figure was presented for three months and nine months ended 30 September 2015 and 30 September 2014 because the impact of the share options and convertible bonds was anti-dilutive.

11. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — UNAUDITED

	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares reserve	Other reserve	Share-based payment reserve	Translation reserve	Convertible bonds equity reserve	Accumulated profit	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2015											
At 1 January 2015	**6,645**	**1,266,484**	**(203,132)**	**48,708**	**136,873**	**(2,887,758)**	**258,836**	**5,421,107**	**4,047,763**	**24,742**	**4,072,505**
Proceeds from placing and share subscription	**1,200**	**1,342,800**	**–**	**–**	**–**	**–**	**–**	**–**	**1,344,000**	**–**	**1,344,000**
Share issuance costs	**–**	**(7,903)**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,903)**	**–**	**(7,903)**
Shares issued under share option scheme	**17**	**18,435**	**–**	**–**	**(7,490)**	**–**	**–**	**7,490**	**18,452**	**–**	**18,452**
Lapse of share options	**–**	**–**	**–**	**–**	**(2,885)**	**–**	**–**	**2,885**	**–**	**–**	**–**
Equity-settled share-based transactions	**–**	**–**	**–**	**–**	**10,812**	**–**	**–**	**–**	**10,812**	**–**	**10,812**
Sales of treasury shares	**–**	**–**	**60,490**	**–**	**–**	**–**	**–**	**–**	**60,490**	**–**	**60,490**
Repayment of loans from ultimate holding company	**–**	**–**	**–**	**(48,708)**	**–**	**–**	**–**	**48,708**	**–**	**–**	**–**
Transaction with owners	**1,217**	**1,353,332**	**60,490**	**(48,708)**	**437**	**–**	**–**	**59,083**	**1,425,851**	**–**	**1,425,851**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(103,588)**	**(103,588)**	**(2,197)**	**(105,785)**
Other comprehensive income											
Currency translation	**–**	**–**	**–**	**–**	**–**	**(2,031,225)**	**–**	**–**	**(2,031,225)**	**(185)**	**(2,031,410)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(2,031,225)**	**–**	**(103,588)**	**(2,134,813)**	**(2,382)**	**(2,137,195)**
At 30 September 2015	**7,862**	**2,619,816**	**(142,642)**	**–**	**137,310**	**(4,918,983)**	**258,836**	**5,376,602**	**3,338,801**	**22,360**	**3,361,161**
2014											
At 1 January 2014	6,216	679,331	(276,332)	49,263	136,873	(1,719,904)	258,836	8,677,183	7,811,466	(9,305)	7,802,161
Issue of shares	429	587,153	–	–	–	–	–	–	587,582	–	587,582
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	12,200	12,200
Disposals of subsidiaries	–	–	–	(555)	–	–	–	555	–	9,305	9,305
Transactions with owners	429	587,153	–	(555)	–	–	–	555	587,582	21,505	609,087
Loss for the period	–	–	–	–	–	–	–	(57,612)	(57,612)	–	(57,612)
Other comprehensive income											
Currency translation	–	–	–	–	–	(343,590)	–	–	(343,590)	–	(343,590)
Release of translation reserve upon disposals of subsidiaries	–	–	–	–	–	(1,920)	–	–	(1,920)	–	(1,920)
Total comprehensive income	–	–	–	–	–	(345,510)	–	(57,612)	(403,122)	–	(403,122)
At 30 September 2014	6,645	1,266,484	(276,332)	48,708	136,873	(2,065,414)	258,836	8,620,126	7,995,926	12,200	8,008,126

MANAGEMENT DISCUSSION AND ANALYSIS

New Energy Vehicles-Related Business

The Group is determined to enter the field of new energy vehicles and intended to acquire all the core technology such as battery system, electric motor system and vehicle control module by acquisition. Through integration of technology and innovation, ultimately, produce and sell new energy vehicles and following this direction to seek for merger and acquisition opportunities.

Investment Agreement to form a Modern Lithium-ion Battery Joint Venture with 1,500,000 kWh Annual Production Capacity in Jinhua

On 25 October 2015, the Company entered into an investment agreement with the Zhejiang Jinhua Economic and Technological Development Zone Committee (金華開發區管委) ("Jinhua Development Zone Committee") and Zhejiang Geely Holding Group Company Limited ("Zhejiang Geely").

Formation of a Joint Venture

The Company and Zhejiang Geely shall establish a joint venture (the "Project Company") in Jinhua City, Zhejiang Province, the PRC to serve as the operation entity of the Project (as defined below). The total investment is expected to be approximately RMB 2,050 million (including cost of acquiring the land use rights for constructing production site, equipment and working capital) which will be funded by equity capital and loan.

Business Scope of the Project Company

Through the Project Company, the Company and Zhejiang Geely will establish a modern lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park which includes functions such as research and development, production, testing and inspection, demonstration and service (the "Project"). The Project will occupy an area of approximately 200 Mu (the "Project Land"), and it can produce 1,500,000 kWh lithium-ion battery for new energy vehicles annually after completion of the construction of the production facilities.

Reason and Benefit of the Investment Agreement and Arrangement of Joint Venture

Benefit from the global awareness of environmental protection and policies favouring new energy, there is an increasing number of automobile enterprises which start to expand the production scale of electric vehicles, including hybrid electric vehicle and pure electric vehicle. Lithium-ion battery cells which is the power and energy storage carrier of new energy vehicles, have been under tremendous and sustained market demand. Under these good business development opportunities, the Company can build a solid foundation in lithium-ion battery field through co-operation with Zhejiang Geely in developing the Project.

The headquarters of Zhejiang Geely is established in Zhejiang Province and is principally engaged in manufacturing and sales of automobile. Zhejiang Geely owns and control the automobile brand "Geely" in the PRC and luxury European automobile brand "Volvo", and Zhejiang Geely is also one of the Fortune Global 500 companies in 2014. Through co-operation with Zhejiang Geely, the Company can benefit from its business running experience in Zhejiang and along with the support from Jinhua Development Zone Committee, which will be beneficial for the Project development.

Details arrangement of the Project have yet to be reached and will be confirmed once the Company entered into a joint venture agreement with Zhejiang Geely.

Lithium-ion Batteries Business

Currently, the production plant of Shandong Forever New Energy Co., Ltd. ("Shandong Forever New Energy") covers a total area of approximately 130,000 square meters and its current factory and office facilities cover a floor area of about 70,000 square meters. The current design production capacity of Shandong Forever New Energy amounts to 150,000 kWh of lithium iron phosphate battery or 225,000 kWh of ternary lithium battery annually.

New ternary lithium battery product has passed tests conducted by a national quality supervision and inspection center and is in fine adjustment stage and is expected to be ready for mass production in late 2015.

Subject to various factors such as technology, crafts, investment and sales of products, the Company is re-valuating the expansion plan in Zou Cheng, Shandong and exploring the possibilities of massive expansion in areas other than Jinhua in Zhejiang.

During the nine months ended 30 September 2015, Shandong Forever New Energy, a subsidiary of the Company, recorded a revenue of approximately HK$61.4 million (equivalent to approximately RMB50.5 million), which decreased by 38% when compared to HK$99.5 million (equivalent to approximately RMB81.6 million) revenue recognised in the last corresponding period. The decrease was mainly due to the scheduled modification of production line in 2015 and the decrease in production affected the gross profit margin of the products for the three months ended 30 September 2015. However, the overall gross profit percentage has improved substantially from last corresponding period's 12.1% to 25.8% because Shandong Forever New Energy only commenced mass production in late 2013. In the current year, Shandong Forever New Energy has lowered the average unit cost of products due to the better economies of scale, lower merchandising price of raw materials and improved production schedule and management. During the period ended 30 September 2015, Shandong Forever New Energy's earnings before interests, taxes, depreciation and amortisation ("EBITDA") was approximately HK$15.1 million (equivalent to approximately RMB12.5 million). However, the net loss for the lithium-ion batteries business was approximately HK$23.6 million (equivalent to approximately RMB19.4 million) during the nine months ended 30 September 2015 mainly due to the HK$31.1 million (equivalent to approximately RMB25.6 million) non-cash amortisation expenses of patents and customers relationship charged in the same period. Other details on Shandong Forever New Energy have been set out in annual report 2014 of the Group.

(Note: Shandong Forever New Energy only became a subsidiary of the Group since 26 September 2014 so its 2014 results did not form part of the Group's consolidated results for the nine months ended 30 September 2014. They are presented in this announcement for reference purpose only.)

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Lithium-ion Batteries Business — continued

Statement of profit or loss for Shandong Forever New Energy prepared in accordance with PRC accounting standards

	Nine months ended 30 September		Year ended	
	2015	2014	**2014**	2013
	RMB	RMB	**RMB**	RMB
	Unaudited	Unaudited	**Audited**	Audited
Revenue	**50,530,524.67**	81,620,407.73	**137,274,477.83**	18,181,156.02
Cost of sales	**(37,516,211.57)**	(71,733,715.49)	**(113,000,695.82)**	(22,657,658.52)
Gross profit (loss)	**13,014,313.10**	9,886,692.24	**24,273,782.01**	(4,476,502.50)
Selling and distribution costs	**(1,179,350.08)**	(628,844.73)	**(1,270,764.10)**	(468,539.01)
Administrative expenses	**(8,068,707.75)**	(6,615,585.64)	**(10,753,655.24)**	(8,189,211.28)
Finance income (costs)	**(198,292.36)**	(893,179.86)	**(943,941.69)**	467,682.85
Write-down of inventories	**–**	–	**(1,004,723.48)**	(5,514,350.97)
Operating profit (loss)	**3,567,962.91**	1,749,082.01	**10,300,697.50**	(18,180,920.91)
other income	**6,858,013.04**	6,887,490.17	**9,181,371.69**	9,141,379.96
other expenses	**(165,659.68)**	(122.69)	**(113,112.30)**	(1,261.49)
Profit (loss) before tax	**10,260,316.27**	8,636,449.49	**19,368,956.89**	(9,040,802.44)
Income tax (expenses) credit	**(3,395,493.99)**	–	**(4,842,239.23)**	5,553,082.35
Net Profit (loss)	**6,864,822.28**	8,636,449.49	**14,526,717.66**	(3,487,720.09)

(Note: The figures presented here is not prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants. They are for reference purpose only.)

Possible Acquisition of a Target Company Based in North America With Mass Production Facility Located in China

In August 2014, the Company started negotiation with the major shareholder of a target company (the "Target Company") for a possible acquisition. The Target Company is principally engaged in the research and development, manufacture and sale of electric vehicle power system as well as provides electric vehicle integration solution for automobile manufacturers. The products of the Target Company include high power motors, inverters, high power chargers, energy regeneration system, vehicle control module and battery management system. The Target Company has a number of patented technologies (and a few pending patents) and the reliability of its advanced technology has been validated by a numbers of leading automobile manufacturers worldwidely. The research and development headquarter of the Target Company is located in North America and a mass production facility which is under construction will be located in China. As at the date of this announcement, the parties has not reached consensus on certain trading conditions and the negotiation is still ongoing. The Company is not in a position to determine whether and when any agreements will be reached finally.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Cooperation Framework Agreement on New Energy Automobile Production Base

On 16 October 2014, the Company entered into a non-legally binding cooperation framework agreement (the"Cooperation Framework Agreement") with the New District Administrative Committee of Wuxi Municipal People's Government, Jiangsu Province of the PRC (the "Wuxi New District Administrative Committee") and Sunbase International (Holdings) Limited ("Sunbase Holdings"). According to the Cooperation Framework Agreement, the Company intends to establish a new energy automobile production base in the New District of Wuxi (the "Production Base") jointly with Sunbase Holdings. The initial annual production target of the Production Base is 200,000 new energy vehicles, 3,000,000 kWh power batteries, as well as around 200,000 sets of core components such as electric motor system and electronic vehicle control module. Wuxi New District Administrative Committee and Sunbase Holdings will be responsible for setting up a special industrial fund of approximately RMB5 billion to support the establishment of the Production Base and Wuxi New District Administrative Committee will proactively provide land, tax, subsidies and other supports according to the PRC national policy. Since the parties were unable to reach consensus for the cooperation details, the negotiation was terminated recently.

Placing of 754,000,000 New Shares of the Company

On 30 June 2015, an aggregate of 754,000,000 Placing Shares have been successfully placed by ABCI Securities Company Limited, the Placing Agent, to not less than six placees at the Placing Price of HK$1.12 per Placing Share (the "Placing") pursuant to the terms and conditions of the Placing Agreement, the net proceeds are approximately HK$836.7 million.

Subscription of 446,000,000 New Shares of the Company by Shagang International (Hong Kong) Co., Limited ("Shagang International")

On 19 June 2015, an aggregate of 446,000,000 new Shares have been issued to Shagang International at the Subscription Price of HK$1.12 per Subscription Share (the "Share Subscription"). The net proceeds from the Share Subscription are approximately HK$499.3 million.

Shagang International is an investment holding company wholly owned by Jiangsu Shagang Group Company Limited (江蘇沙鋼集團有限公司) (the "Shagang Group"). Shagang International is principally engaged in international trading, foreign investments and development of foreign resources. Shagang International currently holds approximately 47% shareholding in Grange Resources Limited, an iron ore mining company listed on the ASX Limited (ASX Code: GRR) in Australia.

Subscription of 446,000,000 New Shares of the Company by Shagang International (Hong Kong) Co., Limited ("Shagang International") — continued

Shagang Group is the largest privately owned steel and iron company in the PRC. According to information provided by the Shagang Group, the recognised revenue of the Shagang Group in 2014 was approximately RMB248.5 billion with a gross profit ranked second in the corresponding industry in the PRC. In 2014, the Shagang Group ranked 54th and 19th among the Top 500 Enterprises of China and Top 500 Manufacturers of China respectively. In addition, the Shagang Group has been ranked among the Fortune's Global 500 list of the world's largest corporations for 6 consecutive years and the Shagang Group ranked 308th in 2014.

Use of Proceeds

HK$1,336 million net proceeds have been raised from the Placing and the Share Subscription, HK$149.1 million has been utilised to repaid the loans and related interest from the ultimate holding company and approximately HK$4.6 million has been utilised in the iron ore project in Brazil. For the remaining amount of approximately HK$1,182.3 million, HK$950 million will be invested into the new energy automotive-related business, HK$195.4 million will be used as the preliminary working expenses of the iron ore project in Brazil, and HK$36.9 million will be used as working capital or/and the supplementary funding to the two investments mentioned above.

Progress of SAM

As at 30 September 2015, SAM has approximately 40 staff in Brazil, and has engaged over 20 professional consultancies and laboratories in Brazil, China, Chile and USA to assist in research and analysis. As of the date of this announcement, the Group has provided funding with principal amount of approximately USD62 million to SAM through shareholders' loans and increase of registered capital in SAM and it is expected that approximately USD40 million would be required for the preliminary works from now until all major approvals are obtained.

1. ***Construction Phase I***

   For the construction of Vale do Rio Pardo project, after extensive beneficiation test and completion of feasibility study, extensive engineering design for mining, beneficiation, water supply, electricity supply, pipelines and ports has commenced.

   As the relevant government authorities require more time in reviewing the relevant applications, the time to obtain the approvals is already lagging behind the estimates made by the management earlier. The Company is actively seeking to obtain all the license and commence construction as soon as possible.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Progress of SAM — continued

2. Licenses and Approvals for Commencement of Construction

Construction of the project shall obtain 8 major approvals according to the Brazilian laws, including:

Vegetation Suppression License ("ASV"): SAM will be granted by Brazilian Institute of Environment and Renewable Natural Resources ("IBAMA") together with Installation License if land owners across the underground pipeline route and mine area agree the pipeline to pass through their properties. SAM is in preliminary negotiations with land owners and will start the agreement signing procedures after preliminary license ("LP") for Block 8 is granted and the pipeline route is confirmed.

Preliminary License (LP): Environmental impact assessment ("EIA") has been submitted to IBAMA, the government agency responsible for environmental licensing of the SAM project, on 3 July 2012 and was accepted on 21 August 2012. Three public hearings were held in January 2013. On 12 December 2013, IBAMA issued technical opinions requesting further clarification/detailing about the EIA. On 27 February and 24 October 2014, SAM submitted IBAMA some supplementary documents and further elaborations. At the request and under supervision of IBAMA, SAM has hosted the forth public hearing session on 5 February 2015. On 7 May 2015, IBAMA requested SAM to procure Compliance Certificates from 22 cities in the directly affected area of the project. The Compliance Certificate states that the location, project type and activity of Vale do Rio Pardo Project is in conformity with the municipal law of the city regarding to land use and occupation. By the end of 15 June 2015, SAM had procured all the 22 Compliance Certificates. On 13 July 2015, SAM received a report of technical opinions from IBAMA, in which some minor points need further supplemental information and clarifications. SAM is preparing the information and clarifications and will submit to IBAMA as soon as possible to obtain LP.

On 23 May 2014, SAM received a summons from Minas Gerais Federal Courts in relation to a civil action against SAM and IBAMA, claiming SAM environmental licensing application is not supported with sufficient details and analysis and does not comply with relevant laws. The Group appointed a Brazilian legal representative who is experienced in the area to defence SAM. According to the legal opinion of a Brazilian legal firm, SAM application is in accordance with relevant laws and the civil action against SAM is not supported with concrete evidence. IBAMA also issued a document which confirmed the licensing process of SAM is in accordance with the Brazilian environmental legislation and defended against the civil action along with SAM. The plaintiff has submitted supplemental information to the court on 15 October 2014 according to the solicitation of the judge. On February 2015, Minas Gerais Federal Courts requested the Federal Public Ministry to express its opinion on the civil action. On 8 June 2015, Federal Public Ministry answered the court and expressed the same legal statement with SAM that the plaintiff is illegitimacy. As a conclusion of Federal Public Ministry's answer, Federal Public Ministry requested the court to extinguish the civil action. As at the date of this announcement, SAM is awaiting the court's decision but the Group believe this civil action does not have material impact on the overall plan and progress of the Vale do Rio Pardo project.

Installation License ("LI"): SAM is still in the process of preparing the basic environment plan ("PBA"), which is one of the documents required for LI application.

Mining License ("PL"): Economic development plan report was first submitted in 2013 and supplementary documents have been submitted on 26 November 2014 and 27 January 2015, which all submissions are currently under review by DNPM.

Progress of SAM — continued

2. *Licenses and Approvals for Commencement of Construction — continued*

Landowners Expropriation Authorization: The Minas Gerais state government in Brazil has issued a public utility decree ("DUP") on 22 January 2014, which declares the land including attachments and young crops above the cities, which SAM iron ore project pipeline under phase one construction will pass through, as land for public facilities and creating easements. The decree also authorises the relevant bodies to perform land acquisition and creating easements by claiming the urgency of project as stipulated in the decree when necessary. As part of the pipeline needs to pass through Bahia state, SAM is seeking Bahia state to issue similar DUP. On 6 September 2013, Bahia state signed a Memorandum of Understanding with SAM, in which Bahia state committed to issue the "DUP" once SAM's Vale do Rio Pardo project is granted LP.

Federal Water License and State Water License: The Brazilian Federal Water Authority has granted SAM a water right in March 2012, which allows SAM to have an annual water consumption of 51 million cubic meters from the Irape Dam for 20 consecutive years. The Irape Dam is approximately 50 kilometers from the beneficiation plant. Agreement was reached with the State of Minas to construct a dam in Vacaria, which is 17 kilometers from the beneficiation plant, with an annual water consumption of 60 million cubic meters. The environmental impact studies (EIA) for Vacaria dam is currently in the process.

ANTAQ Port Operating License: In view of the changes of Brazilian overall economic environment and the pressure from the falling down price of international iron ore, on 5 December 2014, Bahia Government published a public notice that the tender was suspended. According to the previous tender document, Porto Sul consists of a private port as well as a public port owned by the government of the State of Bahia ("Bahia Government") to transport iron ore, feed, soybeans, ethanol, fertilizer and other bulk cargo. The infrastructure of the project includes an on-shore area of approximately 1,224.9 hectares, a bridge of 3,500 meters long, a pier, a breakwater, a quarry and other facilities related to Porto Sul.

Bahia Government decided to scale down the whole Porto Sul and give priority to build iron ore exclusive pier. Bahia Government has appointed a famous investment bank of Brazil, to optimize the Porto Sul scheme including the shareholding structure and financial model, which target to improve the port financially so that operators, users and other stakeholders of the project will benefit from it. The LP and LI were granted to the Porto Sul by IBAMA in November 2012 and September 2014 respectively. In October 2015, Brazilian Federal Government granted DUP to Porto Sul.

According to SAM's project timetable for mine, beneficiation plant and pipeline, SAM will actively participate in preparation stage studies for the new Porto Sul and dedicated to create advantages for being an operator and an user of Porto Sul in the future.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Termination of the Share Purchase Agreement in relation to Acquisition of SAM (The "SPA")

Pursuant to the SPA (as amended by the Supplemental SPA), if the Required Approvals have not been fully obtained by 11:59 p.m. New York City time on 5 September 2014 (the "Termination Date"), VNN, Lit Mining ("Sellers") or Infinite Sky ("Buyer"), a subsidiary of the Company, has the right to terminate the SPA (as amended by the Supplemental SPA), provided that the right to terminate shall not be exercisable by any party whose failure to comply with the SPA or the other Transaction Documents has materially contributed to, or resulted in, the failure of the transactions contemplated above to occur on or prior to the Termination Date (the "Termination Provisions").

On 5 September 2014 (New York City time), the Required Approvals had not been fully obtained. Accordingly, Infinite Sky issued a termination notice to VNN and Lit Mining pursuant to the Termination Provisions on 6 September 2014 (New York City time), requesting (i) VNN and Lit Mining's execution of the joint instructions to the Custodian to release the New Trinity Certificate to Infinite Sky; (ii) transfer of the Golden Share to New Trinity; and (iii) VNN and Lit Mining's execution of the release relating to the Brazilian Security Agreement.

Infinite Sky had received correspondence from VNN that the latter rejected the said termination and did not consider the SPA (as amended by the Supplemental SPA) had been terminated (and therefore did not intend to sign the joint instructions to the Custodians or transfer the Golden Share) unless and until the parties had reached a mutually agreeable commercial resolution regarding the foregoing, or an arbitration decision compels VNN and Lit Mining to do so. Since 6 September 2014, Infinite Sky and the Company had exchanged various correspondence with VNN and Lit Mining with a view of arriving at a commercial resolution. On 10 June 2015, the Group filed a request for arbitration against Lit Mining and VNN in relation to termination of the SPA (as supplemented by the Supplemental SPA) (the "Arbitration"). As at announcement date, the Arbitration is still in progress.

The Arbitration is an inherently uncertain process. If the Group were to prevail in the Arbitration, a possible outcome would be that VNN would need to transfer the Golden Share, as well as return the other documents requested by the Group, and the Group would not need to pay the remaining instalments of consideration (namely the Approvals Payment, and those payable on Port Operation Commencement and Mining Production Commencement) under the Share Purchase Agreement (as amended by the Supplemental SPA). In the event VNN were to prevail, one of the possible outcome would be that the Group would need to continue to perform the terms of Share Purchase Agreement (as amended by the Supplemental SPA) as if no Arbitration had taken place. The Arbitration is not expected to cause material impact on the operation of the Group and the SAM iron ore project in Brazil. The Group will continue to push forward the SAM iron ore project like always.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Business Review

For the nine months ended 30 September 2015, the Group recorded a turnover of HK$62.8 million which comprised HK$61.4 million from the sale of lithium-ion batteries and HK$1.4 million from trading commodity contracts. Group results changed from loss of HK$57.6 million for the nine months ended 30 September 2014 to loss of HK$105.8 million in current period. The substantial increase in loss was mainly due to the recognition of HK$18.2 million gain on disposal of highly purified silicon business in the previous period and recognition of HK$10.8 million share-based payment expenses in the current period, which if excluded, a loss of HK$75.8 million and a loss of HK$95.0 million would be recorded by the Group in the previous period and the current period respectively. In addition, amortisation and depreciation expenses have been increased by approximately HK$41.3 million in the current period mainly derived by the subsidiaries acquired in September 2014. The increase in amortisation and depreciation expenses has been partially net-off by the increase in HK$14.1 million gross profit in the current period.

The EBITDA (excluding the HK$10.8 million share-based payment expenses) of the Group was approximately HK$8.8 million at loss for the nine months ended 30 September 2015. While for the last corresponding period, the EBITDA (excluding the HK$18.2 million gain on disposal of highly purified silicon business) was approximately HK$9.6 million at loss.

Liquidity and Financial Resources

As at 30 September 2015, the Group had net current assets of HK$1,299.0 million (30 June 2015: HK$1,313.6 million). Current assets mainly comprised of bank balances and cash of HK$1,222.9 million, trade and bill receivables of HK$359.2 million, prepayments, deposits and other receivables of HK$19.5 million and inventories of HK$62.4 million. Current liabilities mainly comprised of trade and bill payables of HK$316.5 million, other payables and accrued expenses and receipts in advance of HK$5.9 million.

As at 30 September 2015, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 0.17 (30 June 2015: 0.12).

Capital Commitments

As at 30 September 2015, the Group has capital commitments amounted to approximately HK$2.3 million for the acquisition of property, plant and equipment.

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 SPA. Pursuant to the SPA, the Consideration of USD390 million for the Acquisition was to be satisfied in cash in five instalment payments.

As at 30 September 2015, the first and the second instalment payment amount to USD75 million (equivalent to approximately HK$582 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 fair value of contingent consideration as mentioned above for the third to fifth instalments payment were approximately USD229.0 million (equivalent to approximately HK$1,780.6 million). For financial reporting and valuation for the nine months ended 30 September 2015, it is considered that termination of SPA has no material impact on contingent consideration. The Company will assess the situation continuously.

As at 30 September 2015, saved as disclosed above the Group did not have any significant contingent liabilities.

Prospect

The Company is determined to develop new energy vehicle related business. The strategy is to conduct business consolidation by mergers and acquisitions globally in order to obtain the cutting-edge techniques and to integrate creativity, and to industrialize the production of new energy vehicles and related core components in the PRC. The current focus is to push forward the expansion of lithium-ion batteries business.

The Company will continue to manage the progress of SAM Iron Ore Project. After introduction of Shagang Group as a strategic shareholder, the Company will attempt to leverage on the experience and strength of Shagang Group to push forward the development of SAM Iron Ore Project.

The overall business strategy of the Group is the dual development of new energy and resources, creating value for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Corporate Governance

Pursuant to Rules 5.05(1), 5.05A, 5.28 and 5.34 and code provision A.5.1 of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, (i) the Board must include at least three independent non-executive directors; (ii) the Board must appoint independent non-executive directors representing at least one third of the Board; (iii) the audit committee must comprise a minimum of 3 members, all of whom are non-executive directors only; and (iv) each of the members of the audit, remuneration and nomination committee should comprise a majority of independent non-executive directors.

Mr. Fok Hon, an Independent Non-executive Director, chairman of the Remuneration Committee as well as a member of the Audit Committee and Nomination Committee of the Company resigned on 19 August 2015. Following the resignation of Mr. Fok Hon, the Company only had two Independent Non-executive Directors which deviated from the requirements under Rules 5.05(1), 5.05A, 5.28 and 5.34 and code provision A.5.1 of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

On 28 August 2015, Mr. Ha Chun was appointed as an Independent Non-executive Director, the chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nomination Committee of the Company. Following the appointment of Mr. Ha Chun, the number of Independent Non-executive Directors of the Company and Audit Committee members fulfills the minimum number as required under Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules, and the number of Independent Non-executive Directors in the Remuneration Committee and Nomination Committee of the Company also represents a majority as required under Rule 5.34 and code provision A.5.1 of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

Save as disclosed above, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the nine months ended 30 September 2015.

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

As at 30 September 2015, 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

	Number of shares in the Company					
Name of director	**Beneficial owner**	**Interest of spouse**	**Interest of controlled corporation**	**Number of Share option[2]**	**Total**	**Approximate percentage of shareholding (%)**
HE Xuechu	57,939,189	22,460,000	4,065,000,000[1]	–	4,145,399,189	52.73
LIU Wei, William	9,002,000	–	–	30,000,000	39,002,000	0.50
SHI Lixin	–	–	–	25,000,000	25,000,000	0.32
YAN Weimin	30,000,000	–	–	30,000,000	60,000,000	0.76
ANG Siu Lun, Lawrence	–	–	–	15,000,000	15,000,000	0.19
CHAN Chun Wai, Tony	1,000,000	–	–	2,000,000	3,000,000	0.04
MA Gang	–	–	–	3,000,000	3,000,000	0.04
HA Chun	–	–	–	–	–	–

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.

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 period for the nine months ended 30 September 2015 were as follows:

	Number of share options										
Name or category of participant	Outstanding as at 01/01/2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30/09/2015	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$
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	2.49
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	–	(5,000,000)	–	–	5,000,000	28/05/2012	28/05/2012 – 27/05/2020	0.95	0.91	2.49
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	–	(1,000,000)	–	–	2,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	3.10
FOK Hon (resigned on 19 August 2015)	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	–	(16,000,000)	(3,000,000)	–	105,000,000					
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	2.31
	–	9,500,000	(250,000)	–	–	9,250,000	14/05/2015	15/05/2015 – 14/05/2023	2.61	2.55	3.10
Total	130,000,000	9,500,000	(17,250,000)	(3,000,000)	–	119,250,000					

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 28 May 2012 and 14 May 2015 under the Share Option Scheme are 100% exercisable on the date of grant of the share options and on 15 May 2015 respectively.

(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 30 September 2015, 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 30 September 2015, 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

	Number of Shares in the Company				
Name of Shareholder	**Beneficial owner**	**Interest of spouse**	**Interests of controlled corporation**	**Total number of shares held**	**Approximate percentage of shareholding** (%)
Hong Bridge	4,065,000,000 (Note 1)	–	–	4,065,000,000	51.71
HE Xuechu (Note 2)	57,939,189	22,460,000	4,065,000,000 (Note 1)	4,145,399,189	52.73
FOO Yatyan (Note 2)	22,460,000	4,122,939,189	–	4,145,399,189	52.73
LI Xing Xing	–	–	4,065,000,000 (Note 3)	4,065,000,000	51.71
Geely International (Hong Kong) Limited	2,250,675,675 (Note 4)	–	–	2,250,675,675	28.63
Zhejiang Geely Holding Group Co., Ltd. (Note 5)	–	–	2,250,675,675	2,250,675,675	28.63
LI Shufu (Note 6)	103,064,000	–	2,250,675,675	2,353,739,675	29.94
Shagang International (Hong Kong) Co., Ltd.	446,000,000	–	–	446,000,000	5.67
Jiangsu Shagang Group Co., Ltd. (Note 7)	–	–	446,000,000	446,000,000	5.67
Shen Wenrong (Note 8)	–	–	446,000,000	446,000,000	5.67
Yue Xiu Great China Fixed Income Fund II LP	694,000,000	–	–	694,000,000	8.83
Yue Xiu Investment Management Limited (Note 9)	–	–	694,000,000	694,000,000	8.83
Yue Xiu Investment Consultants Limited (Note 10)	–	–	694,000,000	694,000,000	8.83
Yue Xiu Securities Holdings Limited (Note 11)	–	–	694,000,000	694,000,000	8.83
Yue Xiu Enterprises (Holdings) Limited (Note 12)	–	–	694,000,000	694,000,000	8.83
Guangzhou Yuexiu Holdings Limited (Note 13)	–	–	694,000,000	694,000,000	8.83

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

Long positions of Substantial Shareholders in the ordinary shares of HK$0.001 each of the Company — continued

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 2,250,675,675 shares held by Geely International (Hong Kong) Limited represent 2,000,000,000 shares through a HK$740,000,000 convertible notes with a conversion price of HK$0.37 per conversion share of the Company and the remaining 250,675,675 represents ordinary shares held.

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.

7. Jiangsu Shagang Group Co., Ltd. holds 100% equity interest of Shagang International (Hong Kong) Co., Ltd.

8. Mr. Shen Wenrong is the controlling shareholder holding 46.99% equity interest of Jiangsu Shagang Group Co., Ltd.

9. Yue Xiu Investment Management Limited holds 100% equity interest of Yue Xiu Great China Fixed Income Fund II LP.

10. Yue Xiu Investment Consultants Limited holds 100% equity interest of Yue Xiu Investment Management Limited.

11. Yue Xiu Securities Holdings Limited holds 100% equity interest of Yue Xiu Investment Consultants Limited.

12. Yue Xiu Enterprises (Holdings) Limited holds 100% equity interest of Yue Xiu Securities Holdings Limited.

13. Guangzhou Yuexiu Holdings Limited holds 100% equity interest of Yue Xiu Enterprises (Holdings) Limited.

Save as disclosed above, as at 30 September 2015, 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.

CONNECTED TRANSACTIONS

For the nine months ended 30 September 2015, the loans from ultimate holding company were fully repaid after settlement of HK$204.4 million principal and HK$19.7 million interests during the period.

INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling 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 nine months ended 30 September 2015.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the required standard of dealings set out in Rules 5.46 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 nine months ended 30 September 2015.

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. MA Gang and Mr. HA Chun, who are Independent Non-Executive Directors of the Company.

The Group's unaudited results for the nine months ended 30 September 2015 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.

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

During the nine months ended 30 September 2015, 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. MA Gang and Mr. HA Chun as Independent Non-Executive Directors.

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

Hong Kong, 10 November 2015