



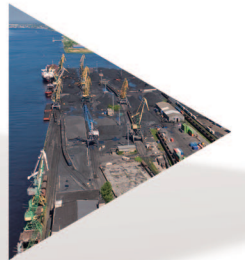
HONBRIDGE HOLDINGS LIMITED
洪橋集團有限公司

(Stock Code: 8137)



2013

Third Quarterly Report



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

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This report, 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 report 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 report 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 and nine months ended 30 September 2013, together with the comparative unaudited figures for the corresponding periods in 2012, as follows:

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

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000 (Restated)
Turnover	2	2,696	1,885	8,850	410,608
Direct operating expenses		(1,425)	(2,340)	(2,669)	(409,043)
Other operating income	3	103	4,935	5,101	14,262
Selling and distribution costs		(11)	(23)	(409)	(107)
Administrative expenses		(9,895)	(6,326)	(28,752)	(20,900)
Other expenses		(1,745)	–	(25,860)	–
Share-based payment expenses	4	–	–	–	(25,111)
Operating losses	5	(10,277)	(1,869)	(43,739)	(30,291)
Finance costs	6	(14,987)	(11,350)	(52,370)	(40,561)
Gain on bargain purchase		–	–	15,983,738	–
Gain on disposal of subsidiaries		–	–	73,188	–
Profit (loss) before income tax		(25,264)	(13,219)	15,960,817	(70,852)
Income tax expense	7	–	(2)	–	(258)
Profit (loss) for the period		(25,264)	(13,221)	15,960,817	(71,110)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Exchange loss on translation of financial statements of foreign operations		(143,927)	(206)	(1,956,154)	(1,298)
Total comprehensive income for the period		(169,191)	(13,427)	14,004,663	(72,408)
Profit (loss) for the period attributable to:					
Owners of the Company		(25,067)	(13,149)	15,961,441	(70,946)
Non-controlling interests		(197)	(72)	(624)	(164)
		(25,264)	(13,221)	15,960,817	(71,110)
Total comprehensive income attributable to:					
Owners of the Company		(168,946)	(13,352)	14,015,979	(72,240)
Non-controlling interests		(245)	(75)	(11,316)	(168)
		(169,191)	(13,427)	14,004,663	(72,408)
Earnings (loss) per share	9				
— Basic		HK(0.40) cent	HK(0.21) cent	HK256.79 cents	HK(1.14) cent
— Diluted		N/A	N/A	HK218.98 cents	N/A

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements for the three months and nine months ended 30 September 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 ("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 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 nine months ended 30 September 2012, gross sales and purchase amounts of these transactions were presented as approximately HK\$1,721,529,000 revenue and approximately HK\$1,719,324,000 direct operating expenses respectively in the Company's quarterly report. These are now restated to present in net amount of approximately HK\$2,205,000 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\$6,718,000 with gross sales and purchase amount of approximately HK\$2,151,086,000 and approximately HK\$2,144,368,000 respectively.

3. OTHER OPERATING INCOME

	Nine months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
Bank Interest income	29	69
Imputed interest on loans to an acquiring business	3,624	13,863
Sundry income	1,448	330
	5,101	14,262

4. SHARE-BASED PAYMENT EXPENSES

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

5. OPERATING LOSS

	Nine months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
		(Restated)
Operating loss is arrived at after charging:		
Convertible bonds settlement expenses	12,684	–
Fair value loss on initial recognition of loans to an acquiring company	5,049	–
Fair value loss on derivatives financial assets	2,626	–
Acquisition related expenses	2,328	–
Cost of inventories recognised as expense	2,669	409,043
Share-based payment expenses	–	25,111
Depreciation and amortisation	1,215	2,588

6. FINANCE COSTS

	Nine months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
Interest charges on other borrowings wholly repayable within five years	2,650	209
Imputed interest on convertible bonds	38,072	31,926
Imputed interest on loans from ultimate holding company	11,648	8,276
Imputed interest on loan from a minority equity holder of a subsidiary	–	150
	52,370	40,561

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 and nine months ended 30 September 2013 (three months and nine months ended 30 September 2012: Nil).

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.

8. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of basic loss per share for the three months and basic earnings per share for the nine months ended 30 September 2013 are based on the loss of approximately HK\$25,067,000 and earnings of approximately HK\$15,961,441,000 attributable to the owners of the Company respectively (three months and nine months ended 30 September 2012: loss of approximately HK\$13,149,000 and HK\$70,946,000) and on the weighted average number of 6,215,679,716 shares in issue (three months and nine months ended 30 September 2012: weighted average number of 6,215,679,716 and 6,211,482,636 shares in issue respectively).

For diluted earnings per share for the nine months ended 30 September 2013, 7,306,453,163 weighted average number of shares and adjusted profit of approximately HK\$15,999,513,000 were 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 30 September 2013, three months and nine months ended 30 September 2012 because the impact of the share options and convertible bonds was anti-dilutive.

10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — UNAUDITED

	Equity attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Other reserve	Share-based payment reserve	Translation reserve	Convertible bonds				
						equity reserve	Accumulated profit (loss)			
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
2013										
At 1 January 2013	6,216	679,331	45,475	357,381	(99,740)	363,304	(1,047,228)	304,739	279,188	583,927
Lapse of share options	-	-	-	(7,695)	-	-	7,695	-	-	-
Issue of convertible bonds	-	-	-	-	-	258,836	-	258,836	-	258,836
Disposal of subsidiaries	-	-	-	-	123,560	(363,304)	321,307	81,563	(275,016)	(193,453)
Transaction with owners	-	-	-	(7,695)	123,560	(104,468)	329,002	340,399	(275,016)	65,383
Profit for the period	-	-	-	-	-	-	15,961,441	15,961,441	(624)	15,960,817
Other comprehensive income										
Currency translation	-	-	-	-	(1,945,462)	-	-	(1,945,462)	(10,692)	(1,956,154)
Total comprehensive income	-	-	-	-	(1,945,462)	-	15,961,441	14,015,979	(11,316)	14,004,663
At 30 September 2013	6,216	679,331	45,475	349,686	(1,921,642)	258,836	15,243,215	14,661,117	(7,144)	14,653,973
At 1 January 2012	6,206	651,041	38,451	365,042	(37,977)	363,304	(828,870)	557,197	360,419	917,616
Employee share-based compensation	-	-	-	25,111	-	-	-	25,111	-	25,111
Transactions with owners	-	-	-	25,111	-	-	-	25,111	-	25,111
Loss for the period	-	-	-	-	-	-	(70,946)	(70,946)	(164)	(71,110)
Other comprehensive income										
Currency translation	-	-	-	-	(1,294)	-	-	(1,294)	(4)	(1,298)
Total comprehensive income	-	-	-	-	(1,294)	-	(70,946)	(72,240)	(168)	(72,408)
At 30 September 2012	6,206	651,041	38,451	390,153	(39,271)	363,304	(899,816)	510,068	360,251	870,319

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the nine months ended 30 September 2013, the Group's turnover decreased from HK\$410.6 million to HK\$8.9 million compared to the same period in prior year, which was mainly attributable to change of the Group's trading pattern and revenue from most of the sales transactions in current period was recognised in net basis in compliance with the accounting standard.

Our silicon business achieved a turnover of HK\$2.1 million (2012: HK\$1.3 million), the increase was mainly due to the increase in sales of existing stocks. The turnover remain at low level as a results of cutting production in a worldwide flooded silicon market.

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 30 September 2013, the Group had net current liabilities of HK\$690.3 million (30 June 2013: net current liabilities of HK\$597.7 million).

Current assets comprised bank balances and cash of HK\$106.0 million, trade and bill receivables of HK\$175.5 million, promissory note of HK\$96.7 million (current portion), restricted bank deposits of HK\$32.7 million and prepayments and other receivables of HK\$10.1 million and inventories of HK\$2.1 million. Current liabilities comprised contingent consideration of HK\$786.3 million, trade and bill payables of HK\$174.7 million, derivatives financial liabilities of HK\$77.1 million, other payables, accrued expenses and receipts in advance of HK\$33.2 million, borrowings of HK\$32.7 million and loan from non-controlling interest of a subsidiary of HK\$6.8 million.

The increase in net current liabilities by approximately HK\$92.6 million during the three months ended 30 September 2013 was mainly due to the decrease in cash and cash equivalent of HK\$136.1 million to repay substantial shareholder's loan and for other working capital. Their impact on net current liabilities was partially net-off by the decrease in current portion of contingent consideration by HK\$37.3 million after the Group decide not to exercise the early payment option for the third instalment payment for SAM.

As at 30 September 2013, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 0.02 (30 June 2013: 0.02).

Capital Commitments

As at 30 September 2013, the Group has contracted but not provided for capital commitments in relation to the acquisition of property, plant and equipment and exploration and evaluation assets of approximately HK\$9.0 million.

Contingent Consideration and Liabilities

In relation to the Share Purchase Agreement for the acquisition of SAM, Lit Mining and VNN (as the sellers), Esperento and Mineral Ventures (wholly-owned by VNN), Infinite Sky and New Trinity (wholly-owned by the Company and as the buyers) entered into a supplemental agreement on 7 February 2013. If the buyers settle the Approvals Payment (the "third instalment payment") worth US\$115,000,000 on or before the six-month anniversary of the date of the Closing (i.e. 28 September 2013) (the "Early Approvals Payment Date"); the Port Operation Payment (the "fourth instalment payment") will be reduced to US\$40,000,000, which shall be payable by the Company on the tenth Business Day following the Port Operation Commencement Date; and the Mining Production Payment (the "fifth instalment payment") will be reduced to US\$40,000,000, which also shall be payable by the Company on the tenth Business Day following the Port Operation Commencement Date.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Contingent Consideration and Liabilities — Continued

But after careful consideration by the Board of the Company, the Company elects not to settle the third instalment payment on or before the Early Approvals Payment Date. As such, Infinite Sky or New Trinity shall make the third instalment payment in accordance with the original payment structure and the fourth and fifth instalment payment will each remain as US\$100,000,000, which shall be payable on the tenth Business Day following the Port Operation Commencement Date and Mining Production Commencement Date respectively.

The valuation of the contingent consideration for the third to fifth instalments payment were adjusted accordingly and their fair value was approximately USD232.8 million (equivalent to approximately HK\$1,807.3 million).

As at period ended 30 September 2013, saved as disclosed above the Group did not have any significant contingent liabilities.

Progress of SAM

As of the date of this report, SAM held 50 Exploration Rights in 9 blocks (Block 5, 6, 7, 8, 9, 10, 11, 12 and 13) covering an area of approximately 72,000 hectares. SAM also submitted application for exploitation permit for 2 exploration rights in Block 8, covering an area of 2,600 hectares. Besides, SAM has submitted application for 6 additional Exploration Rights and 2 will be transferred to SAM from SAM's affiliates, subject to the approval of National Department of Mineral Production ("DNPM") in Brazil. Lastly, SAM have filed bid for 19 Exploration Rights and is pending tender results.

SAM plans to construct a beneficiation plant (phase I) with an annual capacity of 25 million tons of 65% or above Fe concentrate in Block 8, which mainly includes infrastructure facilities such as mining and beneficiation facilities, utilities, slurry pipelines and port for iron ore. Block 8 contains approximately 2,600 million tons of measured and indicated run-of-mine ("ROM") based on the JORC standard, which translates into approximately 720 million tons of iron concentrate for a lifespan of over 27 years. The Initial Scope of Work underway in Block 8 includes the obtaining of the required licenses and approvals for starting the construction and preparation of a bankable feasibility study ("BFS") level of feasibility study.

The detailed exploration drilling for two exploration rights of Block 7 has completed and the final exploration report was submitted to DNPM on 17 May and 28 May 2013 respectively. It is estimated that potential resources level in Block 7 could be up to approximately 4,800 million tons of ROM in accordance with the Brazilian mining standards (non-JORC standard).

Geographic map of a new licensed exploration area north to Block 8 shows that the estimated potential resources level could reach up to approximately 2,300 million tons of ROM.

SAM will commence the geological work for the other 7 blocks in accordance with Brazilian laws and extend the terms of exploration rights for those with resources potential and will surrender those exploration rights with no resources potential when they fall due.

SAM has approximately 70 staff in Brazil, and has engaged over 20 professional consultancies and laboratories in Brazil, China, Chile and USA to assist in its initial scope research and analysis.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Progress of SAM — Continued

1. Licenses and Approvals for Commencement of Construction

Construction of Block 8 (phase I) shall obtain 8 major approvals according to the Brazilian laws, including:

Vegetation Suppression License (“ASV”): owners of the mines and lands along the pipelines have confirmed that, SAM may apply to the government for the permit after they have agreed on the acquisition, usage and road crossing issues with the owners.

Preliminary License (“LP”): Environmental impact assessment (“EIA”) has been submitted to Brazilian Institute of Environment and Renewable Natural Resources (“IBAMA”) on 3 July 2012 and was accepted on 21 August 2012. The hearing was completed in January 2013, pending final review and granting of license.

Installation License (“LI”): SAM is in the process of preparing the basic environment plan (PBA)

Mining License (“PL”): Economic exploitation plan report was submitted on 6 March 2013, pending review and granting of license.

Landowners Expropriation Authorization: The relevant governmental authorities are in the process of final approval.

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 pre-construction work for the dam in Vacaria is in progress. Either of the licenses will satisfy the requirement.

ANTAQ Port Operating License: The license was granted in November 2012. SAM is in the process of preparing the PBA together with other local corporates. The negotiation between the consortium comprising SAM and a number of local corporates and the government regarding the construction and operation of the port has reached the final stage.

SAM will seek to obtain all licenses and approvals for commencement of construction by the end of 2013 or in the first quarter of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS — CONTINUED

Progress of SAM — Continued

2. **Construction Phase I**

For the construction of Block 8 (phase I), following completion of detailed exploration drilling in January 2011, beneficiation test has been duly completed in February 2013. Detailed engineering design for mining, beneficiation, water supply, electricity supply, pipelines and ports will commence. Following completion of the BFS, tender for the construction project and large-scale construction work will commence. 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.

Based on the latest study, the latest estimation by the management on the capital expenditure (“CAPEX”) is approximately USD3.8 billion and operational expenditure (“OPEX”) (per ton of iron concentrate) is approximately USD32 in construction project phase I.

The Group has analyzed the CAPEX of a number of comparable mines and OPEX (per ton of iron concentrate) of over 300 operating iron ore mines. Relatively, construction phase I of Block 8 is highly competitive in terms of both estimated CAPEX and OPEX. Regardless of the trend in global iron ore demand, iron concentrate products of SAM will be highly competitive in terms of costs based on latest estimation.

3. **Feasibility Study Report**

The Group has engaged China Nonferrous Metal Industry’s Foreign Engineering and Construction Co., Ltd. (“NFC”) to prepare a feasibility study report on the phase I construction work based on the PRC industry standards and regulatory requirements. NFC has reviewed the information and has conducted an on-site survey in Brazil. It is expected that the feasibility study report will be completed prior to the end of this year.

As of the date of this report, the Group has provided funding with principal amount of approximately USD51 million to SAM.

Prospect

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 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.

Corporate Governance

From January to August 2013, 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 as stated under Code Provision C.1.2 outweighs its benefits to the board, the Company and its shareholders as a whole. However, as part of the Company’s commitment to high standards of corporate governance, from September 2013 the Company has complied with Code Provision C.1.2 and thus complied with all Code Provisions and, where appropriate, adopted the Recommended Best Practices as set out in Appendix 15 of the GEM Listing Rules.

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

As at 30 September 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 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.

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 2013 were as follows:

Name or category of participant	Number of share options					Outstanding as at 30/9/2013	Date of grant of share options (Note a)	Exercise period of share option	Exercise price per share option (Note b) HK\$	Price immediately preceding the grant date of share options (Note c) HK\$	Price immediately preceding the exercise date of share options 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 30 September 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 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 2013, the following persons, other than Directors or chief executives of the Company, 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 were as follows:

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 30 September 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 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

On 4 June 2013, convertible bonds of HK\$740 million with conversion price of HK\$0.37 per conversion share of the Company were issued.

On 6 June 2013, the convertible bonds issued on 24 March 2010 were repurchased and cancelled as part of the consideration received for disposal of Hill Talent Limited.

During the nine months ended 30 September 2013, there was no conversion of the Company's outstanding convertible bonds.

CONNECTED TRANSACTIONS

In 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. The whole amount was settled as part of the consideration of convertible bonds issued on 4 June 2013.

As at 30 September 2013, 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 in the third year.

For the nine months ended 30 September 2013, the Group has imputed interest on loans from ultimate holding company of approximately HK\$11.6 million.

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 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 nine months ended 30 September 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 and nine months ended 30 September 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.

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

During the nine months ended 30 September 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, 1 November 2013