HONBRIDGE HOLDINGS LIMITED

洪 橋 集 團 有 限 公 司

(Stock Code: 8137)

2014 ANNUAL REPORT

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

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

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

Qualified battery cells stored systematically in a warehouse of Shandong Forever New Energy Co., Ltd.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. He Xuechu *(Chairman)*
Mr. Liu Wei, William *(Chief Executive Officer)*
Mr. Shi Lixin

Non-Executive Directors
Mr. Yan Weimin
Mr. Ang Siu Lun, Lawrence

Independent Non-Executive Directors
Mr. Chan Chun Wai, Tony
Mr. Fok Hon
Mr. Ma Gang

COMPLIANCE OFFICER
Mr. Liu Wei, William

COMPANY SECRETARY
Mr. Yeung Ho Ming, CPA (HK)

AUTHORISED REPRESENTATIVES
Mr. Liu Wei, William
Mr. Yeung Ho Ming

AUDIT COMMITTEE
Mr. Chan Chun Wai, Tony *(Committee Chairman)*
Mr. Fok Hon
Mr. Ma Gang

REMUNERATION COMMITTEE
Mr. Fok Hon *(Committee Chairman)*
Mr. Ma Gang
Mr. Chan Chun Wai, Tony
Mr. He Xuechu
Mr. Liu Wei, William

NOMINATION COMMITTEE
Mr. Chan Chun Wai, Tony *(Committee Chairman)*
Mr. Liu Wei, William
Mr. Ang Siu Lun, Lawrence
Mr. Fok Hon
Mr. Ma Gang

AUDITOR
BDO Limited

PRINCIPAL BANKER
Standard Chartered Bank (Hong Kong) Limited

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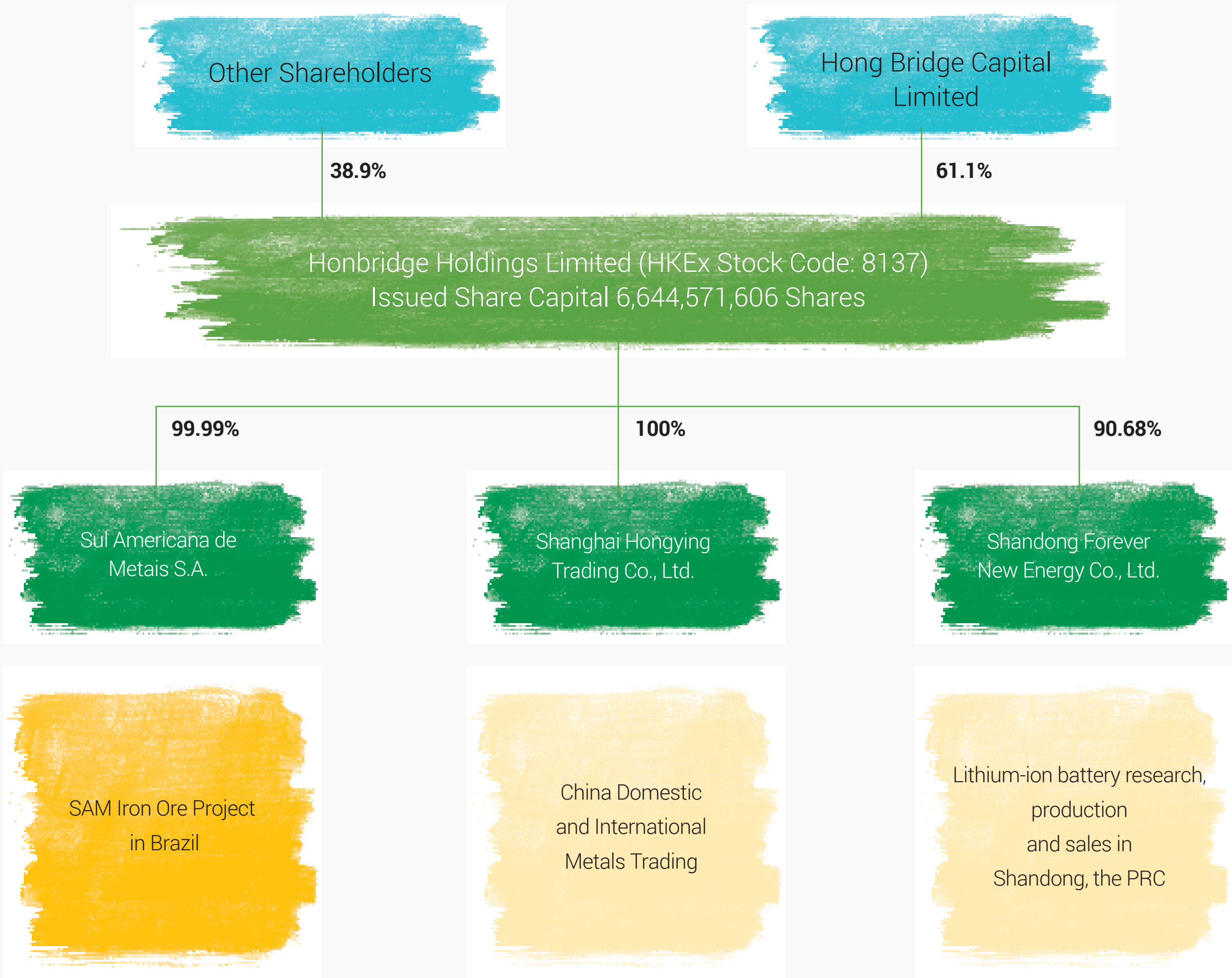
Hong Kong

STOCK CODE
8137

COMPANY WEBSITE
www.8137.hk

Corporate Structure



Chairman's Statement

I report the activities of the Honbridge Holdings Limited (the "Company") and its subsidiaries (together "the Group") for the year ended 31 December 2014.

BUSINESS REVIEW

Due to the relatively low market price of the highly purified silicon products in the past few years, the Group has disposed the highly purified silicon business in January 2014.

The total revenue recorded by the Group was HK$73.5 million in 2014 financial year. Though the Group only acquired Triumphant Glory Group in September, the lithium-ion battery business already contributed HK$70.0 million revenue to the Group. The remaining revenue came from the mineral resources and steel metal trading arm. Compared to 2013, trading segment revenue decreased from HK$8.2 million to HK$3.5 million which is mainly due to the decrease in average margin of transactions.

Group results changed from profit of HK$9,180 million in 2013 to a loss of HK$3,242 million in 2014. It was mainly due to the recognition of HK$9,277 million bargain purchase gain from acquisition of Sul Americana de Metais S.A. ("SAM") in 2013. While in current year, an impairment loss of HK$4,474 million on exploration and evaluation assets is recognised mainly due to the substantial decrease in iron ore concentrates price in current year. Excluding impairment of exploration and evaluation assets of HK$4,474 million and the related deferred tax adjustment of HK$1,521million, a loss of HK$288.9 million was recorded by the Group for the year ended 31 December 2014.

PROSPECTS

In January 2014, the Group disposed the loss-making photovoltaic business. It will be difficult for SAM Iron Mine Project, which is still under preliminary work, to contribute actual earning in the coming years. Limited by the scale of investment and complicated domestic and overseas trading environment, it will be hard for Shanghai Hongying Trading Limited to expand its business extensively. Therefore, the Group has to identify projects with promising prospects for acquisition.

Thanks to 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. The Group is determined to develop in new energy vehicles industry and is looking for acquisition and investment target which is engaged in battery, motor, vehicle management system as well as new energy vehicle manufacturing business. Our strategy is to conduct industry integration by mergers and acquisitions globally in order to obtain the world's cutting-edge techniques and to integrate creativity, and to industrialize the production of new energy vehicles and related core components in China. The Company entered the lithium-ion power batteries field after the acquisition of Shandong Forever New Energy Co., Ltd. in September 2014. In October 2014, the Company has also entered into a cooperation framework agreement with the New District Administrative Committee of Wuxi Municipal People's Government and Sunbase International (Holdings) Limited, so as to establish a new energy automobile production base with an annual production capacity of 200,000 new energy vehicles in the New District of Wuxi. The Company has signed a memorandum of understanding in January 2015 with Protean Holdings Corporation, an award-winning technology company that has developed an in-wheel electric drive system for vehicles, for a potential acquisition. Since August 2014, the Company has under negotiation with another target company which 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.

Chairman's Statement

In early March 2015, the Company entered into a memorandum of understanding with New Hope Group Co., Ltd. ("New Hope Group") for the proposed issue of convertible bonds and options. If New Hope Group fully exercises its right in respect of the convertible bonds and share option, approximately HK$1.379–1.595 billion will be injected into Honbridge, and New Hope Group will hold 15.8% of the enlarged issued share capital, becoming one of the most important strategic shareholders of Honbridge. The two parties have also entered into preliminary cooperation in relation to the cooperation on new energy vehicle related businesses.

For the resource sector, the iron ore market has experienced a difficult year with weaker demand and increasing supply. Nevertheless, the Group continued to achieve progress on the 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.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our shareholders, customers and cooperative partners for their continued support during 2014 and all staff for their hard work.

He Xuechu
Chairman

Hong Kong
26 March 2015

Management Discussion and Analysis

NEW ENERGY VEHICLES-RELATED BUSINESS

In order to cope with the worsening environmental pollution and global climate change, governments of different countries have launched a series of regulations and policies to stimulate the development and consumption of new energy vehicles industry.

In the past, as various complicated factors such as costs, security, driving range, consumer psychology and investment, especially the factors of cost and weight of battery, new energy vehicles have been in the experimental stage without launching into the market in large-scale. With the encouraging investment and subsidies from the government in the early stage, new energy vehicles industry is expected to enter into a massive development stage. Core cost will significantly decrease when scaling up and new energy vehicles will gradually occupy the market share of traditional fuel vehicles and eventually replacing the vast majority of traditional fuel vehicles.

Based on the above background, the Group is determined to enter the field of new energy vehicles and intended to acquire all the core technology such as battery, battery pack, battery management system ("BMS"), electric motor, inverter, high power charger, energy regeneration system and vehicle control module by acquisition. Through integration of technology and innovation, ultimately, produce new energy vehicles and following this direction, a series of industrial layout were set out below.

ACQUISITION OF TRIUMPHANT GLORY GROUP

On 2 July 2014, the Company (as purchaser) and Geely International (Hong Kong) Limited, Good Cheer Holdings Limited and Leads Top Limited (as Vendors) entered into an acquisition agreement pursuant to which the Company conditionally agreed to acquire and accept the assignment of, and the Vendors conditionally agreed to sell and assign, the Sale Shares and the Sale Loan at the Consideration of HK$634,760,000. The Sale Shares represent 90.68% of the issued share capital of Triumphant Glory Investments Limited. The Sale Loan represents the aggregate amount owing by Triumphant Glory Investments Limited and its wholly owned subsidiary, Shandong Forever New Energy Co., Ltd. ("Shandong Forever New Energy") (collectively as "Triumphant Glory Group") to Vendors, which amounts to approximately HK$157,922,000. The acquisition was completed on 26 September 2014 and marks a milestone to the Group in entering new energy sector.

Shandong Forever New Energy is a company established in 2010 in Zoucheng, Shandong Province, the People's Republic of China (the "PRC"), principally engaged in lithium battery research, production and sales in the PRC. It commenced trial production in mid-2012 and mass production from late 2013.

Management Discussion and Analysis

衡远新能源
FORENERGY

The Rationale of the Brand New Logo Design of Shandong Forever New Energy

The entire logo visually shows the shape of a runway, which provides a sense of running. The logo represents a young, powerful, masculine and positive image, combining green and blue. Green has a symbolic meaning of vitality, natural, healthy and environmental friendliness, possessing the characteristics of its industry, while blue has a symbolic meaning of broad, sensibility and calm, showing the vast space for development and a stable development trend.

The letter "F" represents the first letter of "FOR", while the letter "E" represents the first letter of "ENERGY". The phrase "FORENERGY" means "Devoted effort on new energy development". The phrase represents the industry in which Shandong Forever New Energy belongs to and its entrepreneurial and enthusiastic spirit.

Currently, the production plant of Shandong Forever New Energy covers a total area of approximately 130,000 square meters and its current factory and office facilities covers 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. Subject to the availability of the necessary funding, the Company plans to build new production line in Shandong Forever New Energy to expand its annual production capacity from 150,000 kWh to about 300,000 kWh in or around mid-2015. It is expected that such new production line could commence production by mid-2016. It is estimated that the capital expenditure for building such new production line would amount to approximately RMB180 million.

The products of Shandong Forever New Energy mainly includes 10Ah, 20Ah, 22Ah, 50Ah, 66Ah and 100Ah lithium battery cells. By using its battery cells, Shandong Forever New Energy also provides battery pack assembly service in accordance with specifications and requirements set out by customers, and such products can be used in electric vehicle, or serve as electricity storage units in wind and solar power plants and power grids, power back up in communication base station and various kinds of mobile devices. The production of Shandong Forever New Energy has attained consistency with scrap rate of less than 3%, and the battery products of Shandong Forever New Energy has reached 106 Wh/kg (for lithium iron phosphate battery) and 160 Wh/kg (for LiCoMnNi ternary battery) in terms of power density and 3,000 times in terms of life cycle. Shandong Forever New Energy will continue to focus on research and development to maintain the competitiveness of products.

Management Discussion and Analysis

Battery Pack: Single integration of BMS cells

The products of Shandong Forever New Energy are mainly sold to Kandi Electric Vehicles Group Co., Ltd. ("Zhejiang Kandi") and Jinhua Kandi New Energy Vehicle Co., Ltd. ("Kandi New Energy") for their production of electric and hybrid vehicles. Zhejiang Kandi is a joint venture company between the Geely Automobile Holdings Limited and the Kandi Group, and Zhejiang Kandi is principally engaged in the investment, research and development, production, marketing and sales of electric vehicles in the PRC with the "KANDI" brand. Kandi New Energy is a 50% owned company of Kandi Technologies Group, Inc., and is principally engaged in research and development, production and sales of electric vehicles in the PRC. Apart from Zhejiang Kandi and Kandi New Energy, Shandong Forever New Energy's products have also passed testing conducted by certain other automobile companies. In order to keep pace with the market and broaden the customer base, Shandong Forever will continue to work closely with other companies and provide potential customers samples. Shandong Forever New Energy has delivered 11,500 battery packs in 2014. Furthermore, Shandong Forever New Energy has received purchase orders for not less than 750,000 and 1,250,000 lithium iron phosphate battery cells for the years ending 31 December 2015 and 2016, respectively. The then contract values will be determined with reference to the prevailing market price after negotiation. Assuming the unit price in 2015 and 2016 is the same as that of purchase order in 2014, for indication purpose only, the contract values for the years ending 31 December 2015 and 2016 will be approximately RMB317 million (inclusive of 17% VAT amounting to RMB46.0 million) and approximately RMB528 million (inclusive of 17% VAT amounting to RMB76.7 million), respectively.

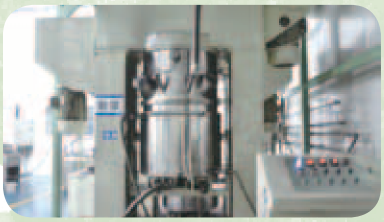
Shandong Forever New Energy has contributed HK$70.0 million revenue, HK$7.2 million profit before depreciation and amortisation and HK$6.6 million loss after tax to the Group during the period ended 31 December 2014 since acquisition.

Management Discussion and Analysis

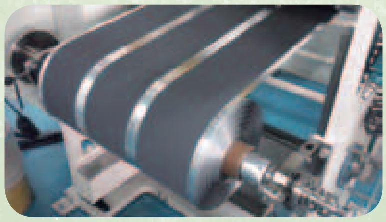
LITHIUM BATTERY PRODUCTION PROCESS IN SHANDONG FOREVER NEW ENERGY

The qualified rate of production is over 97%.

1. Mixing

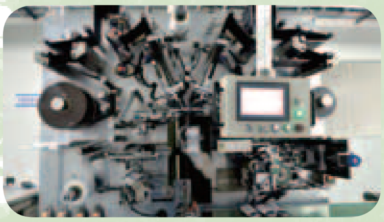


2. Coating



3. Compressing & Slitting

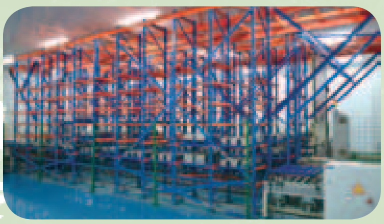
4. Winding



5. Assemble

6. Filling

7. Precipitation



8. Testing

9. Packing

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. The negotiation is still ongoing as at the date of this report.

Management Discussion and Analysis

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 signing of the Cooperation Framework Agreement, the Company and the other two parties had conducted several discussions and negotiations. If consensus is reached on all major terms, the signing of a formal agreement will be arranged.

MEMORANDUM OF UNDERSTANDING ("MOU") FOR THE PROPOSED ACQUISITION OF PROTEAN HOLDINGS CORPORATION

On 23 January 2015, the Company signed a non legally-binding MOU with Protean Holdings Corporation ("Protean") and its major shareholder, Oak Investments Partners (the "Vendor"), for the proposed acquisition of Protean.

Protean is an award-winning technology company that has developed an in-wheel electric drive system for hybrid, plug-in hybrid and battery electric light-duty vehicles. The Protean Drive™ system can improve vehicle fuel economy, add torque, increase power and enable improved vehicle handling to both new and existing vehicles. The headquarter of the Protean is located in Michigan in the United States of America and conducts its research and development activities in its founding place at Farnham in England. Protean also set up its PRC headquarter in Shanghai. Protean has employed more than 40 engineers. Besides, 47 patents have been awarded with another 116 filings covering 55 inventions.

According to the MOU, two weeks after satisfactorily completing the due diligence by the Company, at least USD 3 million bridge loan (the "Bridge Loan") will be provided to Protean. The Bridge Loan will be convertible into equity interest of Protean and other terms of the Bridge Loan shall be subject to further negotiation between the Company and Protean. Protean and the Vendor agreed to offer favorable terms to the Company in return for accepting such Bridge Loan, including but not limit to conversion to preferred shares, warrant to acquire common shares as a result of winning potential businesses. As more time is required for the Company to perform data analysis, the due diligence has not been completed at the date of this report. The consideration for the proposed acquisition, including the consideration amount and the way of settlement, shall be subject to further negotiation between the Company and the Vendor and the terms and conditions of a formal agreement.

POSSIBLE COOPERATION WITH NEW HOPE GROUP CO. LTD ("NEW HOPE GROUP")

The Company and New Hope Group have entered into preliminary negotiations in relation to the cooperation on new energy vehicle related businesses, including but not limited to, the research and development, and production and sales of electric batteries, motors and vehicle management systems.

The details, mode, and terms of the possible cooperation shall be subject to further negotiations between the Company and New Hope Group. By applying the lithium-ion battery technology of Shandong Forever New Energy, the Company and New Hope Group intend to conduct a feasibility study on further and actual cooperation of certain models. The scale of production, investment and the proportion of investment have not yet been determined.

MEMORANDUM OF UNDERSTANDING WITH NEW HOPE GROUP

In order to strengthen the relationships between the Company and New Hope Group, on 9 March 2015, the Company and New Hope Group entered into a memorandum of understanding (the "New Hope MOU") pursuant to which, it is proposed that the Company will issue a convertible bonds and grant an options to New Hope Group.

Pursuant to the New Hope MOU, the Company shall (i) issue convertible bonds with aggregate principal amount of no less than HK$240,870,000 and no more than HK$1,379,730,000; and (ii) grant options to New Hope Group pursuant to which no more than 1,026,000,000 option shares to be allotted and issued to New Hope Group. In any event, the aggregate number of the share of the Company to be held by New Hope Group upon conversion of the convertible bonds and exercise of the options shall not exceed 1,243,000,000 shares of the Company, which represents (i) approximately 18.7% of the total issued share capital of the Company as at the date of this report; and (ii) approximately 15.8% of the total issued share capital of the Company as enlarged by the issuance of shares upon full conversion of the convertible bonds and the issuance of option shares upon exercise of the options.

According to the New Hope MOU, in the event the Company and New Hope Group or its affiliate enter into formal agreements in respect of the possible cooperation pursuant to which both parties agree to establish a lithium-ion battery joint venture, and the establishment and operations of such joint venture have successfully received approvals from relevant government and regulatory authorities, New Hope Group will be subject to compulsory conversion of all outstanding convertible bonds into shares of the Company.

Prospects for new energy vehicles-related business

The Group is already a lithium battery company and will become an electric vehicle systems company if the proposed acquisition is completed. If further acquire an electric vehicle manufacturer and the complete construction of Production Base, the Group will become an electric vehicles company that owns all high-end core technology. The initial target is a production capacity with annual production of 3 million kWh lithium battery cells, 200,000 sets of electric motor system and electronic vehicle control module and 200,000 new energy vehicles.

PROGRESS OF SAM

Mineral resources of SAM are distributed over 9 blocks (Block 5, 6, 7, 8, 9, 10, 11, 12 and 13). As at the date of this report, SAM held 19 exploration rights covering a total area of approximately 24,500 hectares. SAM has submitted application for mining rights for the 2 exploration rights of Block 8, covering an area of approximately 2,600 hectares. Besides, SAM has submitted applications for 42 additional Exploration Rights covering an area of approximately 52,400 hectares, subject to the approval of National Department of Mineral Production ("DNPM") in Brazil. Lastly, SAM have filed bid for 19 Exploration Rights covering an area of approximately 30,000 hectares and is pending tender results.

SAM is devoted to develop Block 8 as phase I of operation with an annual production capacity of 25 million tons (with a possibility to expand it to 27.5 million tons) of 66.5% or above iron concentrate. The project will have an integrated system comprised an open-pit mine, a beneficiation plant, a 480km underground slurry pipeline, filtering plant and port for product export. The measured and indicated iron ore reserves of Block 8 are estimated at 2.6 billion tons with average 19.7% Fe at a Fe cut-off of 14% based on JORC Code. The ore body is shallow buried, outcrops on the present surface and inclines slightly with an average dip angle of not more than 15° which translates into approximately 640 million tons of iron concentrate for a lifespan of around 26 years. The Initial Scope of Work in Block 8 includes obtaining the required licenses and approvals for starting the construction and preparation of a bankable feasibility study ("BFS") in accordance with the relevant requirement. According to local topographic features, Block 8 was named as Vale do Rio Pardo.

Management Discussion and Analysis

The detailed exploration work for three exploration rights of Block 7 was completed and the final exploration report was submitted to DNPM on 17 May, 28 May 2013 and 7 March 2014 respectively. It is estimated that measured and indicated iron ore resources of Block 7 could be up to approximately 4.5 billion tons in accordance with the Brazilian mining standards (non-JORC standard).

As at 31 December 2014, SAM has 42 staff in Brazil, and has engaged over 20 professional consultancies, research institutes and laboratories in Brazil, China, Chile and USA to assist in research and analysis.

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. Once detailed engineering design commenced, 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 half of 2016, the mine is expected to commence operation by 2019.

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.

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. Pending final review and granting of license.

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. As at the date of this report, Federal Public Ministry is yet issued its opinion 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.

Management Discussion and Analysis

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.

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: The LP and LI were granted to the Porto Sul by IBAMA in November 2012 and September 2014 respectively. 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.

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.

Bahia Government is now seeking to scale down the whole Porto Sul and give priority to build iron ore exclusive pier. Bahia Government is presently appointing a famous investment bank of Brazil, to optimize the Porto Sul scheme and financial model, which they believe will improve the port financially and bring the interested investors and users more confidence.

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

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 Vale do Rio Pardo's construction work based on the PRC industry standards and regulatory requirements. The report was prepared by China ENFI Engineering Corporation ("ENFI"), an affiliate of NFC. NFC and ENFI has reviewed the information and has conducted an on-site survey in Brazil. The feasibility study report has been completed during the period. The report has confirmed the feasibility of the SAM iron ore project and provided many important data which will be valuable for the project to move forward.

ENFI's expert team conducting an on-site survey in Brazil

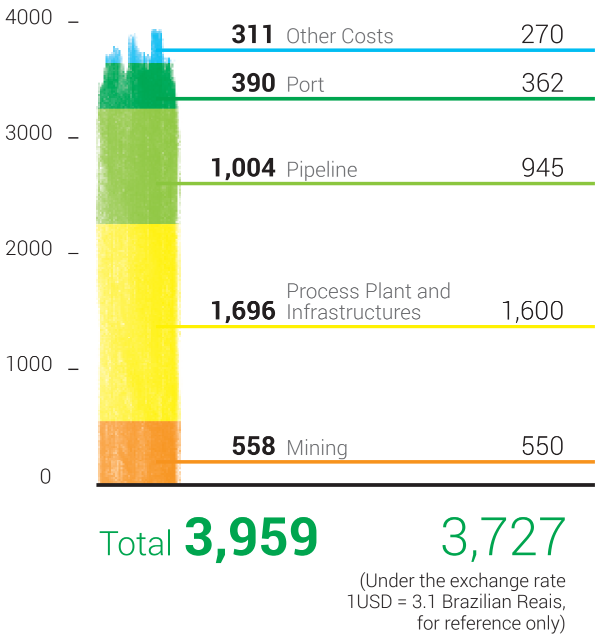
ENFI's expert team visit the laboratory of a consultant of SAM

Management Discussion and Analysis

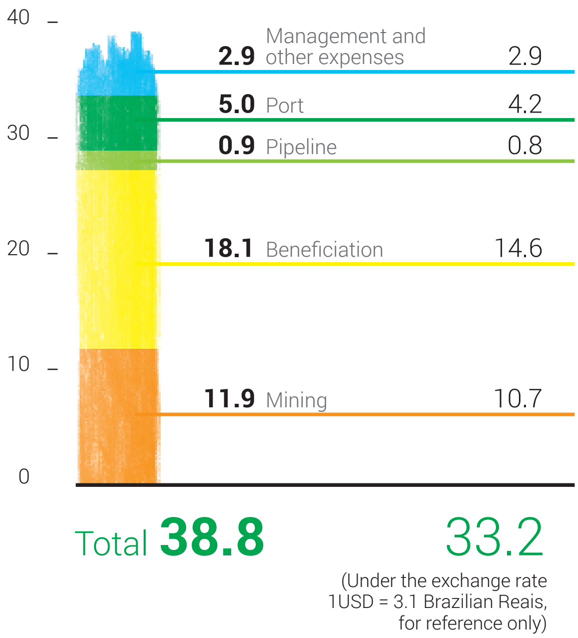
4. CAPEX and OPEX

Under the assumption 1USD = 2.25 Brazilian Reais, the latest estimated capital expenditure ("CAPEX") is approximately USD3.96 billion (2013: USD3.8 billion) while F.O.B. operating cost ("OPEX") (per ton of iron concentrate) is approximately USD38.8 (2013: USD32.5) for Vale do Rio Pardo.

CAPEX (US$'million)



OPEX/ton (US$)



The Brazilian Reais has been depreciated against USD in recent months. According to the preliminary analysis by ENFI and just for reference only, the CAPEX and OPEX will be decreased to USD3,727 million and USD33.2/ton respectively under the exchange rate 1USD = 3.1 Brazilian Reais.

The professional team engaged by 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. Although the price of iron ore has decreased substantially in 2014, high grade iron concentrate products of Vale do Rio Pardo are still competitive in terms of costs based on latest estimation.

5. Others

On 21 October 2014, the Ministry of Mines and Energy of Brazil (MME) issued a permit that allow SAM to connect to the national power grid at the Irape Dam, SAM will continue to work on the electricity supply related engineering design and environmental studies.

Previously, Vale do Rio Pardo project made much progress with resources identification, technology and technique under the guidance of the mining technical committee, which laid a solid foundation for the project. Consequently, the mining technical committee has successfully accomplished its mission. At next stage, the internal professional team of SAM will join hands with other professional institutes and consultants to continue the project advancement. The management would like to express its gratitude to the members of mining technical committee for their contribution in the past.

As of the date of this report, the Group has provided funding with principal amount of approximately USD60 million to SAM through shareholders' loans and increase of registered capital in SAM and it is expected that approximately USD42 million would be required for the preliminary works from now until all approvals are obtained.

IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

As disclosed in the Company's 2013 annual report, based on a JORC compliant iron mineral resources report of SAM, the valuation of SAM's exploration rights estimated by an independent professional valuer, Roma Appraisal Limited, was approximately USD2,279.0 million (equivalent to approximately HK$17,688.5 million) as at 31 December 2013.

A revaluation on SAM's exploration and evaluation assets has been performed as at year end date 31 December 2014 and the recent iron ore concentrate price in the market has been considered in the revaluation. Additionally, based on the latest studies, an updated USD3.96 billion CAPEX (2013: USD3.8 billion) and USD38.8 per tonnes OPEX (2013: USD32.5 per tonnes) were applied in the revaluation. Additionally, SAM is planned to produce iron concentrate at an average grading of 66.5% instead of 65%. Regarding the project timeline, the new operation commencement date is expected to be mid-2019 as it requires more time for relevant government authorities in reviewing applications. Other major assumptions used have been set out in the note 16 of the financial statements.

After the revaluation, the exploration rights, revaluated by an independent professional valuer, Roma Appraisal Limited, were valued at approximately USD1,147.0 million (equivalent to approximately HK$8,900.7 million). An impairment loss of USD576.5 million (equivalent to approximately HK$4,474.1 million) on exploration and evaluation assets has been recognised in current year accordingly.

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. As at the date of this report, the parties have not yet reached a mutually agreeable commercial resolution and the Company is currently seeking the formal commencement of an arbitration to resolve the abovementioned disputes.

Formal dispute resolution is an inherently uncertain process and in the event if one of the parties were to initiate the arbitration, Infinite Sky would vigorously prosecute its claims or defences. If Infinite Sky 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 Infinite Sky, and Infinite Sky would not need to pay the remaining USD315 million instalments consideration (namely the Approvals Payment, and those payable on Port Operation Commencement and Mining Production Commencement) under the SPA (as amended by the Supplemental SPA). In the event VNN were to prevail, a possible outcome would be that Infinite Sky would need to continue to perform the terms of SPA (as amended by the Supplemental SPA) as if no termination notice had been served.

Management Discussion and Analysis

DISPOSAL OF DIVINE MISSION HOLDINGS LIMITED

On 17 January 2014, the Company disposed Divine Mission Holdings Limited, a wholly owned subsidiary, to an independent third party for a cash consideration of HK$3,600,000. Divine Mission Holdings Limited indirectly held 60% equity interest in Jining Kailun Sog-Si Materials Co., Ltd. which is engaged in production and research of highly purified silicon. Approximately HK$18.2 million gain on disposal was recognised for the year ended 31 December 2014.

BUSINESS REVIEW

For the year ended 31 December 2014, the Group recorded a turnover of HK$73.5 million which comprised HK$3.5 million from mineral resources and steel metal trading and HK$70.0 million from the sale of lithium-ion batteries. Group results changed from profit of HK$9,180 million to loss of HK$3,242 million in current year. This is mainly due to the recognition of HK$9,277 million bargain purchase gain in acquisition of SAM and HK$73.2 million gain on disposal of Hill Talent Group in 2013. Besides, HK$4,474 million impairment loss on exploration and evaluation assets was recorded in 2014 while no such loss and expenses in last year. Excluding impairment of exploration and evaluation assets of HK$4,474 million and the related deferred tax adjustment of HK$1,521 million, a loss of HK$288.9 million was recorded by the Group for the year ended 31 December 2014.

LIQUIDITY AND THE USE OF PROCEEDS FROM CONVERTIBLE BONDS

During the year ended 31 December 2014, the operation of the Group was mainly financed by the proceeds received from issuance of convertible bonds, the loans from the substantial shareholder of the Company and the proceeds received from sale of treasury shares. For the HK$740 million proceed raised from the convertible bonds issued on 6 June 2013, approximately HK$500 million was used to repay a short term loan which was borrowed to settle the HK$504.9 million second instalment payment for the acquisition of SAM. Besides, HK$52 million and HK$110 million was used as a working capital of the SAM iron ore project and repayment of loans from ultimate holding company respectively for the period ended 31 December 2013. For the current year ended 31 December 2014, an additional HK$59.3 million working capital was provided to SAM. Except the specific usage mentioned above, the remaining proceeds were used as general working capital of the Group for the period ended 31 December 2013 and 2014.

As at 31 December 2014, the Group had net current assets of HK$132.1 million (31 December 2013: HK$22.8 million). Current assets mainly comprised of bank balances and cash of HK$57.1 million, restricted bank deposits of HK$15.3 million, trade and bill receivables of HK$359.5 million, prepayments, deposits and other receivables of HK$50.9 million and inventories of HK$31.3 million. Current liabilities mainly comprised of trade and bill payables of HK$324.2 million, other payables and accrued expenses and receipts in advance of HK$57.7 million.

The increase in current assets was mainly due to the increase in trade and bill receivables for HK$108.7 million and increase in prepayments, deposits and other receivables for HK$43.3 million. Besides, from Shandong Forever New Energy there was inventories of HK$31.3 million where there was no inventory as at last year end date. Besides, HK$23.1 million other payables and receipt in advance, HK$6.8 million loan from non-controlling interest of a subsidiary and HK$2.7 million borrowings was disposed along with Divine Mission Group. Their impact was mainly net-off by the increase in trade and bill payables of HK$87.1 million.

As at 31 December 2014, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 0.17 (31 December 2013: 0.09).

SIGNIFICANT INVESTMENT PLANS

Save as disclosed above, as at 31 December 2014, the Group did not have any significant investment plans.

CAPITAL COMMITMENTS

As at 31 December 2014, the Group has contracted but not provided for capital commitments in relation to property, plant and equipment amounted to approximately HK$3.2 million.

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 31 December 2014, 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 valuation of the contingent consideration as mentioned above for the third to fifth instalments payment were carried out by an independent valuer and their fair value as at 31 December 2014 was approximately USD229.0 million (equivalent to approximately HK$1,780.6 million).

For financial reporting and valuation for the year ended 31 December 2014, it is considered that termination of SPA has no material impact on contingent consideration. The Company will assess the situation continuously.

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

EMPLOYEES

The number of employees increased significantly after acquisition of Shandong Forever New Energy in September 2014. As at 31 December 2014, the total number of employees of the Group was 428 (2013: 107). Employees' cost (including directors' emoluments) amounted to HK$34.3 million for the year (2013: HK$34.7 million).

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

Management Discussion and Analysis

PROSPECT

Benefited from the increasing public awareness of environmental protection and various incentive policies implemented by different governments from time to time, new energy vehicles, especially electric vehicles, are currently facing a historic opportunity for rapid development. The core technologies of electric vehicles include power battery system, motor drive system and vehicle electronic control module. The acquisition of the lithium battery project enables the Group to possess one of the core technologies of electric vehicles and secure return from this thriving industry by providing the power system to electric automobile enterprises.

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 Company will continue to manage the progress of SAM Iron Ore Project and will seek to obtain all licenses and approvals for commencement of construction in the first half of 2016. If all licenses and approvals for starting the construction are obtained in the first half of 2016, the mine is expected to commence operation by 2019. The FOB operating cost (per ton of iron concentrate) of Vale do Rio Pardo is estimated to be approximately USD38.8. Regardless of the trend in global iron ore demand, iron concentrate products of SAM is highly competitive in terms of costs. The Directors expect that SAM Iron Ore Project could enhance the growth potential of the Group.

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. He Xuechu, aged 52, is the Chairman of the Company. Mr. He has extensive experience in financial management and in the investment field, is principally responsible for the Group's strategic planning and positioning. Mr. He graduated from 安徽財貿學院 (Anhui Finance and Trade College), the PRC in 1983. Since then, he has worked in 中華人民共和國商業部 (the Domestic Trade Ministry of the PRC), and China Resources (Holdings) Co. Ltd. During the period from 2001 to 2005, Mr. He was a director and shareholder of a number of companies, the shares of which are listed on the Stock Exchange, including Shanghai Zendai Property Limited (stock code: 0755) and Geely Automobile Holdings Limited (stock code: 0175). Mr. He is also director of Infinite Sky Investments Limited, New Trinity Holdings Limited, Triumphant Glory Investments Limited and Shandong Forever New Energy Co., Ltd., all being subsidiaries of the Company.

Mr. Liu Wei, William, aged 50, is the Chief Executive Officer of the Company. Mr. Liu has over 10 years of experience in corporate banking and corporate finance, including his previous employment with The Hongkong Chinese Bank Ltd. and Lippo Group. During the period from 2004 to 2006, Mr. Liu was a director of Hans Energy Company Limited (stock code: 0554), the shares of which are listed on the Stock Exchange. Mr. Liu was also a director of China Metal and Technologies (H.K.) Limited, a private company engaged in the trading of non-ferrous metal. He was the managing director of a private company engaged in media business. Mr. Liu was experienced in the publication business and was involved in the publication of 世界經濟論壇 (World Economic Review), 今日健康生活 (Healthy Life Today) and 中國新聞周刊 (China News Weekly) during his tenure with the above private company. Mr. Liu holds a master degree in business administration from the University of San Francisco. Mr. Liu is also director of Infinite Sky Investments Limited, New Trinity Holdings Limited, Sul Americana de Metais S.A, Honbridge International Trading Company Limited, 上海洪鷹貿易有限公司 (Shanghai Hongying Trading Co. Ltd.), Triumphant Glory Investments Limited and Shandong Forever New Energy Co., Ltd., all being subsidiaries of the Company. Mr. Liu is also a director of New Potential Development Limited, a company principally engaged in the after sale services of automobiles.

Mr. Shi Lixin, aged 47, a postgraduate diploma holder in business administration from the University of Wales College, Newport, has experience in mergers and acquisitions and project finance. Mr. Shi is the chief executive officer of 萬博港工業品超市有限公司 (Wanbo Industrial Provision & Exposition Co., Ltd.) since 2003 and was once the special assistant to the chairman of 湖南投資集團股份有限公司 (Hunan Investment (Group) Corporation). Mr. Shi was also the chief executive officer of a company which was involved in the business procurement of 湘潭高新技術產業開發區 (Xiangtang Hi-Tech Industrial Development Zone), which in turn contains the 湘潭(德國)工業園 (Xiangtang (Germany) Industrial Park). Mr. Shi is also director of 上海洪鷹貿易有限公司 (Shanghai Hongying Trading Co. Ltd.), a subsidiary of the Company.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Ang Siu Lun, Lawrence, aged 54, holds a Bachelor of Science degree in physics and computer science and a Master Business Administration degree from the Chinese University of Hong Kong. Prior to joining the Group, Mr. Ang worked in a number of major international investment banks for seventeen years with extensive experience in equity research, investment banking and financial analysis, focusing on China asset market, automobile industry and investment banking business. Mr. Ang is an executive director of Geely Automobile Holdings Limited (HK Stock Code: 175) and an independent non-executive director of Genvon Group Limited (HK Stock Code: 2389). Mr. Ang assists the Group's capital market activities and investor relations.

Mr. Yan Weimin, aged 48, graduated from Central South University in 1989 majoring in automation. He also holds an EMBA degree of United Business Institutes (UBI) in Belgium. Mr. Yan has 20 years experience in the trading of mineral products. He has served in Shanghai Guohong Trading Co. Ltd. as the general manager and Shanghai Yingyue Industrial Co. Ltd as the chairman. Mr. Yan is responsible as the Group's contact person for Mainland China's steel conglomerates, mining corporations, and port and mining construction enterprises. He is also a director and the chairman of 上海洪鷹貿易有限公司 (Shanghai Hongying Trading Co. Ltd.), a subsidiary of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chun Wai, Tony, aged 43, joined the Company as Independent Non-Executive Director in October 2007. Mr. Chan is a Certified Public Accountant and owns a CPA practice. He has extensive experience in general assurance and business advisory services in both Hong Kong and the PRC. Moreover, Mr. Chan has extensive experience in public listings in Hong Kong and Singapore, mergers and acquisitions as well as corporate finance. He holds a Master degree in Business Administration from the Manchester Business School. Mr. Chan is now the independent non-executive director of Hans Energy Company Limited and Wai Chun Mining Industry Group Company Limited, the shares of which are listed on the Hong Kong Stock Exchange.

Mr. Fok Hon, aged 57, is a director for several companies in Hong Kong including All Leaders Publication Group Ltd., which is engaged in media and publishing business, including publication of financial monthly "All Asian Leaders", commercial forum and seminar relevant services, e-commerce platform "Chinese- No.1.com" which only serves global high-end Chinese business leaders, and etc..

Mr. Ma Gang, aged 58, graduated from Anhui Finance and Trade College, the PRC in 1983 with a Bachelor degree in Economics. Between 2004 and 2006, Mr. Ma was employed as the vice managing director of Shanghai HongYe Real Estate Development Co. Ltd. which is principally engaged in properties development business.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Yeung Ho Ming, aged 31, is a Certified Public Accountant in Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung has extensive listed companies assurance and advisory experience in an international accounting firm. Before joining the Company in March 2013 as chief financial officer and company secretary, he also worked in a managerial position in an initial public offering project.

Mr. Yang Xuankun, aged 62, graduated from Harbin Shipbuilding Engineering Institute (the former Military Engineering Institute in Harbin). He once worked at the head office of China State Shipbuilding Corporation. He worked at Xianyang Pianzhuan Co., Ltd since 1988. Starting from 1999, became the deputy general manager and chief engineer of Xianyang Pianzhuan Group, which he began the research of lithium power battery. From 2006 to 2009, he had worked with more than 20 companies such as GAC China, Zhengzhou Nissan, Great Wall, Chery, Geely and Haima together to develop power systems for electric vehicles. The battery, jointly developed by Mr. Yang Xuankun was awarded the Provincial Progress prize in scientific and collective technology in 2007. Mr. Yang also has a number of personal patents related to power battery.

Joining Zhejiang Geely Holding Group Company Limited in September 2009, he was responsible for the setting up and manage Shandong Forever New Energy Co., Ltd.'s power battery project, and worked as the general manager of Shandong Forever from the period 2010 to 2013. Mr. Yang Xuankun is currently a director and research and development department's chief engineer of Shandong Forever New Energy Co., Ltd..

Mr. Zhang Lei, aged 35, obtained a degree in Mechanical Engineering from Yangzhou University in 2001 and a master degree in Management for Auto Companies from Zhejiang Automotive Engineering Institute in 2010. From 2006 to 2010, Mr. Zhang served as the assistant to the president of Zhejiang Geely Automobile Research Institute Limited. Later, Mr. Zhang Lei has worked as the deputy general manager of Zhejiang Kingkong Automobile Company Limited, Englon Automobile Company Limited and Lanzhou Geely Automobile Company Limited respectively, and was responsible for the methanol automotive operation of Geely. He had years of experience in material molding, control engineering and management of auto companies. He joined Shandong Forever New Energy Co., Ltd. as general manager in July 2014.

Dr. Eder de Silvio, aged 52, graduated from The Polytechnic School of the University of Sao Paulo with an Engineering degree in 1984 and awarded a Doctorate degree on Mineral Engineering in 2001, based on a process research and engineering for a heavy mineral project (tin, tantalum, niobium, and rare earth).

Dr. Eder de Silvio is experienced in process research, mineral project engineering design, equipment selection and acquisition and infrastructure construction. He has worked several years in two mine sites at the Amazon region, responsible for the engineering, construction and operation. He also worked as an engineering leader in a major Brazilian engineering company, served some of the world largest companies in the mining industry such as Vale, BHP Billiton, RTZ Mining and Exploration Limited, Anglo American plc, Manabi and others, being involved in some of the large projects such as Brucutu, Mirabela, Anglo's Minas Rio, Ferro Amapá, Itabiritos de Conceição and Samarco P4P which some had commenced production recently while some will start production soon.

Dr. Eder de Silvio also worked in Ferrous Resources Limited as an operations director focusing on engineering, construction and production increase.

Dr. Eder de Silvio has been SAM's Director of Engineering since 2012, worked on process research and engineering concepts design.

Biographical Details of Directors and Senior Management

Mr. Jin Yongshi, aged 35, holds a Bachelor's degree in Mineral Processing Engineering and a Master's degree in Ferrous Metallurgy Engineering from the School of Mineral Processing and Bioengineering of Central South University in China. Mr. Jin has nearly ten years experience in participating varieties of mine projects in China and abroad. Prior to joining the Group, he worked in China ENFI Engineering Corporation (formerly China Nonferrous Engineering and Research Institute) as a design manager of mine projects and also a senior engineer in Mineral Processing, he once provided consulting and engineering design service for lots of large-scale mine projects. Moreover, Mr. Jin also has extensive experience in purchasing worldwide mine properties, he once worked as a technical adviser for a Chinese listed company which was involved in international mine business. He has been assistant to the Chief Executive Officer and project manager of SAM since joining the Company in March 2014.

Directors' Report

The Directors of the Company present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 19 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 41 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

FINANCIAL SUMMARY

A summary of the results of the Group for the last five financial years is set out on page 116 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 35 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Director:

Mr. He Xuechu *(Chairman)*
Mr. Liu Wei, William *(Chief Executive Officer)*
Mr. Shi Lixin

Non-Executive Director:

Mr. Yan Weimin
Mr. Ang Siu Lun, Lawrence

Independent Non-Executive Director:

Mr. Chan Chun Wai, Tony
Mr. Fok Hon
Mr. Ma Gang

In accordance with Article 116 of the Articles of Association of the Company, Mr. Liu Wei, William, Mr. Shi Lixin, Mr. Ang Siu Lun, Lawrence will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. All other remaining Directors continue in office.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors entered into a service contract with the Company which shall continue thereafter unless and until terminated by either party serving to the other not less than three months' notice in writing.

None of the Directors has entered into any service contract or has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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

As at 31 December 2014, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, relating to the required standards of dealing by directors of listed issuers, to be notified to the Company and the Stock Exchange were as follows:

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	62.39
LIU Wei, William	–	–	–	40,000,000	40,000,000	0.60
SHI Lixin	–	–	–	30,000,000	30,000,000	0.45
YAN Weimin	30,000,000	–	–	30,000,000	60,000,000	0.90
ANG Siu Lun, Lawrence	–	–	–	15,000,000	15,000,000	0.22
CHAN Chun Wai, Tony	–	–	–	3,000,000	3,000,000	0.05
FOK Hon	–	–	–	3,000,000	3,000,000	0.05
MA Gang	–	–	–	3,000,000	3,000,000	0.05

Notes:

1. The 4,065,000,000 shares were held by Hong Bridge Capital Limited ("Hong Bridge"). Mr. HE Xuechu is the controlling shareholder and director holding 68% equity interest of Hong Bridge.

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 December 2014, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from each of the Independent Non-Executive Directors, Mr. Chan Chun Wai, Tony, Mr. Fok Hon and Mr. Ma Gang, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers all of the Independent Non-Executive Directors to be independent.

SHARE OPTION SCHEME

The Company's existing share option scheme (the "Scheme") was adopted on 21 May 2012 and became effective on the same date. Particulars of the Scheme as required under the GEM Listing Rules are set out below:

(i) Summary of the Scheme

1. Purpose of the Scheme

The purpose of the Scheme is to recognise and motivate the contribution of the Employees (as defined in subsection headed "Participants of the Scheme" below) and other person(s) who may make a contribution to the Group and to provide incentives and help the Company in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

2. Participants of the Scheme

The Board of Directors of the Company or a duly authorised committee thereof (the "Board"), may, at its discretion, makes offers to any full time or part time employee (including any executive and non-executive director or proposed executive and non-executive director) of the Group (the "Employees"), adviser, consultant, contractor, client or supplier who have contributed to the Group (collectively the "Participants"), to take up options to subscribe for shares of HK$0.001 each in the share capital of the Company ("Shares") in accordance with the provisions of the Scheme.

3. Total number of Shares available for issue under the Scheme

Pursuant to the letter issued by the Stock Exchange on 21 May 2012, the total number of Shares available for issue under options which may be granted under the Scheme is 621,567,971 Shares, being 10% of the issued share capital immediately following adoption of the Scheme on 21 May 2012.

As at 31 December 2014, an aggregate of 130,000,000 Shares were issuable pursuant to share options granted. For the year ended 31 December 2014, no share option was granted and no options were exercised by the grantee and no options were lapsed pursuant to the Scheme.

As at 31 December 2014, the total number of Shares available for issue pursuant to the grant of further options under the Scheme was 600,567,971, representing approximately 9.0% of the issued share capital of the Company as at 31 December 2014.

Directors' Report

4. **Maximum entitlement of each participant**
   No Participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12 month period up to the date of grant to such Participant would exceed 1% of the Shares for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates (as defined in the GEM Listing Rules) abstaining from voting.

5. **Period within which the Shares must be taken up under an option**
   An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an option during the period an option may be exercised.

6. **Minimum period, if any, for which an option must be held before it can be exercised**
   At the time of granting an option, the Board may, at its discretion, specify the minimum period(s), if any, for which an option must be held before it can be exercised.

7. **Amount payable upon acceptance of the option and the period within which the payment must be made**
   HK$1.00 shall be paid within 5 business days from the date of offer of the option.

8. **Basis of determining the exercise price of the option**
   The exercise price for Shares under the Scheme shall be a price determined by the Board, but in any case will not be less than the higher of:

   (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a trading day;

   (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer; or

   (c) the nominal value of a Share.

9. **Remaining life of the Scheme**
   Subject to early termination of the Scheme pursuant to the terms thereof, the Scheme shall be valid and effective for a period of 10 years commencing from the date on which the Scheme becomes effective, i.e. 21 May 2012 and ending on 20 May 2022.

   Details of the principal terms of the Scheme are summarised under the sub-section headed "SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME" in Appendix III to the Circular of the Company dated 16 April 2012.

Directors' Report

(ii) Details of options granted

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

Name or category of participant	Number of share options: Outstanding as at 01/01/2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 31/12/2014	Date of grant of share options (Note a)	Exercise period of share option	Exercise price per share option HK$	Price immediately preceding the grant date of share options (Note b) HK$	Price immediately preceding the exercise date of share options HK$
Director											
LIU Wei, William	30,000,000	–	–	–	–	30,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
	10,000,000	–	–	–	–	10,000,000	28/05/2012	28/05/2012 – 27/05/2020	0.95	0.91	N/A
SHI Lixin	20,000,000	–	–	–	–	20,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
	10,000,000	–	–	–	–	10,000,000	28/05/2012	28/05/2012 – 27/05/2020	0.95	0.91	N/A
YAN Weimin	30,000,000	–	–	–	–	30,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
ANG Siu Lun, Lawrence	15,000,000	–	–	–	–	15,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
CHAN Chun Wai, Tony	3,000,000	–	–	–	–	3,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
FOK Hon	3,000,000	–	–	–	–	3,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
MA Gang	3,000,000	–	–	–	–	3,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
Sub-total	124,000,000	–	–	–	–	124,000,000					
Employee	5,000,000	–	–	–	–	5,000,000	06/05/2010	06/05/2011 – 05/05/2018	2.60	2.13	N/A
	1,000,000	–	–	–	–	1,000,000	28/05/2012	28/05/2012 – 27/05/2020	0.95	0.91	N/A
Total	130,000,000	–	–	–	–	130,000,000					

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 under the Share Option Scheme are exercisable in whole on the date of grant of the share options.

(b) The price of the Shares disclosed as immediately preceding the grant date of the share options is the Exchange closing price on the trading day immediately prior to the date of the grant of the share options.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 December 2014, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the chief executive, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

Directors' Report

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

As at 31 December 2014, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

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

	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	61.17
HE Xuechu (Note 2)	57,939,189	22,460,000	4,065,000,000 (Note 1)	4,145,399,189	62.39
FOO Yatyan (Note 2)	22,460,000	4,122,939,189	–	4,145,399,189	62.39
LI Xing Xing	–	–	4,065,000,000 (Note 3)	4,065,000,000	61.17
Geely International (Hong Kong) Limited	2,250,675,675 (Note 4)	–	–	2,250,675,675	33.87
Zhejiang Geely Holding Group Co., Ltd. (Note 5)	–	–	2,250,675,675	2,250,675,675	33.87
LI Shufu (Note 6)	103,064,000	–	2,250,675,675	2,353,739,675	35.42

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.

Save as disclosed above, as at 31 December 2014, the Company had not been notified by any other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Report

CONNECTED TRANSACTIONS

As at 31 December 2014, Hong Bridge Capital Limited, the ultimate holding company of the Company, provided loans in principal amount aggregating HK$199.4 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 year ended 31 December 2014, the Group has interest on loans from ultimate holding company of approximately HK$11.3 million.

On 26 September 2014, the Company (as purchaser) acquired 90.68% issued shares and HK$157,922,000 Sale Loan of Triumphant Glory Investments Limited from Geely International (Hong Kong) Limited, Good Cheer Holdings Limited and Leads Top Limited (collectively as Vendors) for a Consideration of HK$634,760,000. Mr. He Xue Chu ("Mr. He"), being an Executive Director and a controlling shareholder of Hong Bridge Capital Limited, owns 35% interest in Good Cheer Holdings Limited. As such, Good Cheer Holdings Limited is an associate of Mr. He and is a connected person of the Company. Accordingly, this acquisition constitutes a connected transaction for the Company.

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 year ended 31 December 2014.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme are set out in note 3.20 to the consolidated financial statements.

CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, the five largest customers of the Group accounted for 99% of the Group's total turnover and the five largest suppliers of the Group accounted for 47% of the Group's total purchases.

None of the Directors, their associates, or shareholders (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest suppliers and customers as at 31 December 2014.

Directors' Report

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

During the year ended 31 December 2014, neither the Company, its ultimate holding company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the GEM Listing Rules for the year ended 31 December 2014 and up to the date hereof.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board
He Xuechu
Chairman

Hong Kong
26 March 2015

Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance practices and procedures. The corporate governance principles of the Company emphasizes accountability and transparency and are adopted in the best interests of the Company and its shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company complied with the corporate governance code in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2014 with the exception that the Articles of Association of the Company does not provide that (a) every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting of the Company after their appointment, and (c) deviation from code provision E.1.2. In view of good corporate governance practices, all Directors have agreed to comply with the GEM Listing Rules and that their term of appointment will be limited accordingly. Furthermore, every director of the Company, including those appointed for a specific term, voluntarily retires from his office by rotation at least once every three years notwithstanding that he is not required to do so by the Articles of Association of the Company.

Under the Corporate governance code E.1.2, the chairman of the Board should attend the annual general meeting of the Company. The chairman of the Board did not attend the 2014 annual general meeting due to urgent business engagement. Other Directors and senior management were available to answer questions at 2014 annual general meeting.

BOARD COMPOSITION

The Board of Directors (the "Board") of the Company composed of eight Directors, including the Chairman and the Chief Executive Officer who are Executive Directors, another Executive Director, two Non-Executive Directors and three Independent Non-Executive Directors. Over one third of the Board are Independent Non-Executive Directors who have appropriate professional qualifications in accounting or related financial management expertise. Their biographies are set out in the Biographical Details of Directors and Senior Management Section on pages 21 to 22 of this annual report.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies of the Company, monitoring the financial performance and internal control of the Company and monitoring the performance of senior executives.

There is in place a directors liabilities insurance cover in respect of legal action against directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-Executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All Independent Non-Executive Directors possess appropriate academic, professional qualifications or related financial management experience.

Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all Independent Non-Executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are exercised by separate individuals with a view to reinforce their independence and accountability.

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive committee, comprising all of the Executive Directors along with other senior executives. They report periodically to the Board their work and business decisions.

BOARD MEETINGS

Four Board meetings were held during the financial year ended 31 December 2014 and the attendance records of the Directors are as follows:

	Attendance
Executive Director	
He Xuechu *(Chairman)*	4/4
Liu Wei, William *(Chief Executive Officer)*	4/4
Shi Lixin	4/4
Non-Executive Director	
Yan Weimin	4/4
Ang Siu Lun, Lawrence	4/4
Independent Non-Executive Director	
Chan Chun Wai, Tony	4/4
Fok Hon	4/4
Ma Gang	4/4

Formal notice of at least 14 days are given to the Directors for board meetings. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Articles of Association of the Company. The Company Secretary ensures that the procedure and all applicable rules and regulations are strictly and fully complied with. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are available for inspection at any reasonable time on reasonable notice by any Directors.

Director shall have full access to information of the Group and are able to obtain independent professional advice whenever deemed necessary by the Directors.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

A formal written procedure and policy has been adopted by the Board for the appointment of new directors. According to the Articles of Association of the Company, one-third, and not exceeding one-third of Directors are subject to re-election. The corporate governance code states that all Directors must rotate at least once every three years. Despite the non-provision of the clause in the Articles of Association of the Company, every director of the Company, including those appointed for a specific term, voluntarily retires from his office by rotation at least once every three years notwithstanding that he is not required to do so by the Articles of Association of the Company.

Corporate Governance Report

The Company may by ordinary resolution at any time remove a Director before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of the Board, the Company has adopted a board diversity policy (the "Policy") which sets out the approach to achieve diversity on the Board. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, professional experience, skills and knowledge.

The Board will review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Policy from time to time to ensure its continued effectiveness. Although all existing Board members are male, they are coming from a variety of business and professional background, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business.

TRAINING

During the year ended 31 December 2014, the Company provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 year ended 31 December 2014.

INTERNAL CONTROL

Recognising that a well-designed and effective system of internal control is crucial to safeguard the assets of the Company and the shareholders' investment and maintaining proper accounts to ensure the reliability of financial reporting as well as compliance with the relevant requirement of GEM Listing Rules, the Directors also acknowledge that they have overall responsibility for the Company's internal control, financial control and risk management and shall monitor its effectiveness from time to time. Therefore, regular review of financial statements of subsidiaries are carried out by the qualified accountant of the Company.

COMPANY SECRETARY

The company secretary of the Company assists the Board by ensuring the Board policy and procedures are followed. The company secretary is also responsible for advising the Board on corporate governance matters. As an employee of the Company, the company secretary has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 39 to 40 of this annual report.

AUDITORS' REMUNERATION

For the year ended 31 December 2014, the Auditors of the Company received approximately HK$1,900,000 for audit services and HK$80,000 for non-audit services.

AUDIT COMMITTEE

The Company had established an audit committee with written terms of reference in compliance with Rule 5.28 and corporate governance code C.3.3 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. Other duties of the audit committee are set out in its specific terms of reference, which are posted on the website of the Company and the Stock Exchange respectively. The audit committee comprises Mr. Chan Chun Wai, Tony (Committee Chairman), Mr. Fok Hon and Mr. Ma Gang, who are Independent Non-Executive Directors of the Company.

During the year, the audit committee held four meetings to review and comment on the Company's 2013 annual report, 2014 half-yearly report and quarterly reports as well as the Company's internal control procedures. Full attendance was recorded for the four meetings.

The Group's annual report for the year ended 31 December 2014 were reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in 2005. The Committee members comprise Mr. Fok Hon (Chairman of the Committee), Mr. Ma Gang, Mr. Chan Chun Wai, Tony, Mr. He Xuechu and Mr. Liu Wei, William. The Committee met once in 2014 and was attended by all Committee members. The policy for the remuneration of Executive Directors and the Senior Management was reviewed by the Committee. Remuneration, including basic salary, performance bonus, grant of share options, if any, of the Executive Directors and Senior Management is based on skills, knowledge, involvement and performance of the individuals by reference to the Company's performance and profitability, as well as industry practice. Granting share options is considered as one of the means for giving long term benefits to and retaining staff.

Remuneration, comprising directors' fees, of Independent Non-Executive Directors is subject to annual assessment for shareholders' approval at the annual general meeting. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at board meetings and committee meetings. The details of remuneration payable to directors and senior managements of the Company is set out in Note 14 to the financial statements.

Corporate Governance Report

NOMINATION COMMITTEE

Nomination Committee was set up in 2012. Current Committee members are Mr. CHAN Chun Wai, Tony (Chairman of the Committee), Mr. LIU Wei, William, Mr. ANG Siu Lun, Lawrence, Mr. FOK Hon and Mr. MA Gang. The Committee meets at least once every year and additional meetings shall be held as the work of the Committee demands. The Committee met once in 2014 and was attended by all Committee members.

The primary duties of nomination committee is to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; (ii) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of, individuals nominated or directorships; (iii) assess the independence of independent non-executive directors; and (iv) make recommendations to the board on relevant matters relating to the appointment or reappointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

INVESTOR RELATIONS

The Group continues to promote and strengthen its relationship with investors and potential investors. The Group meets regularly with analysts and participates in investor conferences. As a channel to further enhance communications, the Company will disseminate announcements, corporate notice, and other financial and non-financial information through the Company's website in a timely manner.

SHAREHOLDERS' RIGHTS

Annual report, interim report and quarterly reports offer comprehensive information to the Shareholders whereas annual general meetings provide a forum for the Shareholders to exchange views directly with the Board.

Pursuant to Articles 72 of the Company's Articles of Association, an extraordinary general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the shareholders, provided that such shareholders held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within twenty one days from the date of deposit of the requisition proceed duly to convene the meeting, the shareholders themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the shareholders as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders may at any time send their enquiries to the Board by sending the same to the Company at the principal office of the Company in Hong Kong and for the attention of the Company Secretary.

Independent Auditor's Report

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To the shareholders of Honbridge Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Honbridge Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 41 to 115, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 26 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000
Turnover	5	**73,481**	10,365
Cost of sales		**(51,996)**	(2,778)
Gross profit		**21,485**	7,587
Other operating income	7	**4,086**	6,971
Selling and distribution costs		**(959)**	(432)
Administrative expenses		**(78,912)**	(60,143)
Other operating expenses	9	**(3,008)**	(54,924)
Impairment of exploration and evaluation assets	16	**(4,474,063)**	–
Fair value gain on derivative financial liabilities	33	**8,812**	–
Fair value loss on contingent consideration payables	40	**(190,295)**	–
Gain on disposals of subsidiaries	41	**18,161**	73,188
Gain on bargain purchase	42(b)	**–**	9,277,141
Finance costs	8	**(67,327)**	(69,539)
(Loss)/Profit before income tax	9	**(4,762,020)**	9,179,849
Income tax credit	10	**1,520,225**	–
(Loss)/Profit for the year		**(3,241,795)**	9,179,849
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations	37	**(1,165,934)**	(1,754,454)
Release of translation reserve upon disposals of subsidiaries	41	**(1,920)**	123,560
Other comprehensive income for the year, net of tax		**(1,167,854)**	(1,630,894)
Total comprehensive income for the year		**(4,409,649)**	7,548,955
(Loss)/Profit for the year attributable to:			
Owners of the Company	11	**(3,241,459)**	9,182,596
Non-controlling interests		**(336)**	(2,747)
		(3,241,795)	9,179,849
Total comprehensive income attributable to:			
Owners of the Company		**(4,409,313)**	7,562,432
Non-controlling interests		**(336)**	(13,477)
		(4,409,649)	7,548,955
(Losses)/Earnings per share	12		
— Basic		**HK(53.09) cents**	HK150.88 cents
— Diluted		**N/A**	HK124.71 cents

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**141,615**	6,793
Exploration and evaluation assets	16	**8,900,720**	15,140,419
Prepaid land lease payments	17	**54,482**	22,184
Other intangible assets	18	**348,825**	–
Deferred tax assets	34	**896**	–
Goodwill	20	**186,166**	–
		9,632,704	15,169,396
Current assets			
Inventories	21	**31,268**	–
Trade and bill receivables	22	**359,480**	250,779
Prepayments, deposits and other receivables	23	**50,912**	7,662
Restricted bank deposits	25	**15,294**	–
Cash and cash equivalents	25	**57,080**	86,142
Total current assets		**514,034**	344,583
Current liabilities			
Trade and bill payables	26	**324,176**	237,032
Other payables, accrued expenses, deposits received and receipts in advance	27	**57,719**	75,295
Borrowings	28	**–**	2,691
Current tax liabilities		**67**	–
Loans from non-controlling interest of a subsidiary	29	**–**	6,800
Total current liabilities		**381,962**	321,818
Net current assets		**132,072**	22,765
Total assets less current liabilities		**9,764,776**	15,192,161

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Derivative financial liabilities	30	**83,699**	92,511
Loans from ultimate holding company	31	**220,138**	228,794
Deferred income	32	**133,279**	–
Convertible bonds	33	**489,436**	433,660
Deferred tax liabilities	34	**2,985,150**	5,044,761
Contingent consideration payables	40	**1,780,569**	1,590,274
		5,692,271	7,390,000
Net assets		**4,072,505**	7,802,161
EQUITY			
Equity attributable to the owners of the Company			
Share capital	35	**6,645**	6,216
Reserves	37	**4,041,118**	7,805,250
		4,047,763	7,811,466
Non-controlling interests		**24,742**	(9,305)
Total equity		**4,072,505**	7,802,161

He Xuechu
Chairman

Liu Wei, William
Director

Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**679**	1,035
Investments in subsidiaries	19	**431,239**	1,136
		431,918	2,171
Current assets			
Deposits and other receivables	23	**1,066**	5,319
Amounts due from subsidiaries	24	**1,212,342**	1,002,279
Cash and cash equivalents	25	**30,545**	70,094
		1,243,953	1,077,692
Current liabilities			
Other payables and accrued expenses		**4,545**	1,141
Amounts due to subsidiaries	24	**–**	89
		4,545	1,230
Net current assets		**1,239,408**	1,076,462
Total assets less current liabilities		**1,671,326**	1,078,633
Non-current liabilities			
Derivative financial liabilities	30	**83,699**	92,511
Loans from ultimate holding company	31	**220,138**	228,794
Convertible bonds	33	**489,436**	433,660
		793,273	754,965
Net assets		**878,053**	323,668
EQUITY			
Share capital	35	**6,645**	6,216
Reserves	37	**871,408**	317,452
Total equity		**878,053**	323,668

He Xuechu
Chairman

Liu Wei, William
Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(4,762,020)**	9,179,849
Adjustments for:			
Depreciation of property, plant and equipment	15	**5,036**	1,363
Amortisation of prepaid land lease payments	17	**328**	500
Amortisation of other intangible assets	18	**10,343**	–
Impairment of exploration and evaluation assets	16	**4,474,063**	–
Impairment of trade receivables	9	**–**	12,820
Write-off of other receivables	9	**–**	3,215
Write-down of inventories	9	**1,266**	369
Interest expense on bank and other borrowings	8	**208**	2,657
Imputed interest expense on convertible bonds	8	**55,776**	50,994
Interest expense on loans from ultimate holding company	8	**11,343**	15,888
Fair value loss on initial recognition of loans to an acquiring business	9	**–**	5,049
Fair value loss on derivative financial assets	9	**–**	2,626
Fair value (gain)/loss on derivative financial liabilities	33	**(8,812)**	15,454
Fair value loss on contingent consideration payables	40	**190,295**	–
Loss on de-recognition of liability component of convertible bonds	9	**–**	12,684
Bank interest income	7	**(292)**	(1,130)
Interest income on loans to an acquiring business	7	**–**	(3,625)
Loss on disposals of property, plant and equipment	9	**142**	–
Government grant	32	**(2,801)**	–
Gain on bargain purchase	42(b)	**–**	(9,277,141)
Gain on disposals of subsidiaries	41	**(18,161)**	(73,188)
Operating loss before working capital changes		**(43,286)**	(51,616)
Decrease in inventories		**10,055**	2,408
Increase in trade and bill receivables		**(36,735)**	(2,162)
(Increase)/Decrease in prepayments, deposits and other receivables		**(23,409)**	86,655
Increase/(Decrease) in trade and bill payables		**22,838**	(30,823)
(Decrease)/Increase in other payables, accrued expenses and receipts in advance		**(4,366)**	28,346
Cash (used in)/generated from operations		**(74,903)**	32,808
Income tax paid		**(117)**	–
Net cash (used in)/generated from operating activities		**(75,020)**	32,808

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from investing activities			
Interest received	7	**292**	1,130
Purchases of property, plant and equipment	15	**(713)**	(5,243)
Additions of prepaid land lease payments	17	**–**	(647)
Additions of exploration and evaluation assets	16	**(25,366)**	(37,904)
Proceeds from disposals of property, plant and equipment		**399**	–
Decrease in restricted bank deposits		**8,985**	40,341
Disposals of subsidiaries, net of cash disposed	41	**3,565**	110,588
Loans to an acquiring business		**–**	(54,309)
Acquisition of subsidiaries, net of cash acquired	42	**47,353**	(501,046)
Net cash generated from/(used in) investing activities		**34,515**	(447,090)
Cash flows from financing activities			
Interest paid on bank and other borrowings		**(208)**	(2,657)
Drawdown of loans from ultimate holding company		**–**	36,500
Repayments of borrowings		**(25,200)**	(125,828)
Repayments of loans from ultimate holding company		**(20,000)**	(150,000)
Proceeds from sales of treasury shares	37	**58,028**	–
Proceeds from issue of convertible bonds		**–**	740,000
Net cash generated from financing activities		**12,620**	498,015
Net (decrease)/increase in cash and cash equivalents		**(27,885)**	83,733
Cash and cash equivalents at 1 January		**86,142**	2,360
Effect of foreign exchange rate changes		**(1,177)**	49
Cash and cash equivalents at 31 December		**57,080**	86,142
Analysis of cash and cash equivalents			
Cash at banks and in hand		**57,080**	86,142

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to the 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 bond equity reserve***	**(Accumulated losses)/ Retained earnings***	**Total**		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
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
Arising from loans from ultimate holding company (note 31)	–	–	–	3,788	–	–	–	–	3,788	–	3,788
Issue of convertible bonds (note 33)	–	–	–	–	–	–	258,836	–	258,836	–	258,836
Disposals of subsidiaries (note 41(b))	–	–	(276,332)	–	–	–	(41,997)	–	(318,329)	(275,016)	(593,345)
Lapse of share options (note 36)	–	–	–	–	(220,508)	–	–	220,508	–	–	–
Transactions with owners	–	–	(276,332)	3,788	(220,508)	–	216,839	220,508	(55,705)	(275,016)	(330,721)
Profit for the year	–	–	–	–	–	–	–	9,182,596	9,182,596	(2,747)	9,179,849
Other comprehensive income											
Currency translation	–	–	–	–	–	(1,743,724)	–	–	(1,743,724)	(10,730)	(1,754,454)
Release of translation reserve upon disposals of subsidiaries	–	–	–	–	–	123,560	–	–	123,560	–	123,560
Total comprehensive income	–	–	–	–	–	(1,620,164)	–	9,182,596	7,562,432	(13,477)	7,548,955
Transfer of reserves	–	–	–	–	–	–	(321,307)	321,307	–	–	–
At 31 December 2013 and 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
Sales of treasury shares	–	–	73,200	–	–	–	–	(15,172)	58,028	–	58,028
Acquisition of subsidiaries (note 42(a))	–	–	–	–	–	–	–	–	–	25,078	25,078
Disposals of subsidiaries (note 41(a))	–	–	–	(555)	–	–	–	555	–	9,305	9,305
Share issued for acquisition of subsidiaries (note 42(a))	429	587,153	–	–	–	–	–	–	587,582	–	587,582
Transactions with owners	429	587,153	73,200	(555)	–	–	–	(14,617)	645,610	34,383	679,993
Loss for the year	–	–	–	–	–	–	–	(3,241,459)	(3,241,459)	(336)	(3,241,795)
Other comprehensive income											
Currency translation	–	–	–	–	–	(1,165,934)	–	–	(1,165,934)	–	(1,165,934)
Release of translation reserve upon disposals of subsidiaries	–	–	–	–	–	(1,920)	–	–	(1,920)	–	(1,920)
Total comprehensive income	–	–	–	–	–	(1,167,854)	–	(3,241,459)	(4,409,313)	(336)	(4,409,649)
At 31 December 2014	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

* The aggregate amount of these balances of approximately HK$4,041,118,000 (2013: HK$7,805,250,000) is included as reserves in the consolidated statement of financial position.

Notes to the Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

Honbridge Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Revision) of the Cayman Islands. The address of the Company's registered office is 4th Floor, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112 , Cayman Islands and the Company's principal place of business is Suite 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 19. The Company and its subsidiaries are collectively referred to as the "Group" hereinafter. The directors of the Company (the "Directors") consider the ultimate holding company as Hong Bridge Capital Limited ("Hong Bridge"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability.

Other than the disposal of Divine Mission Holdings Limited ("Divine Mission"), a 60% owned subsidiary of the Group as detailed in note 41(a) and the acquisition of Triumphant Glory Investments Limited ("Triumphant Glory") as detailed in note 42(a), there were no significant changes in the Group's operations during the year.

The financial statements on pages 41 to 115 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as described in note 3. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange (the "GEM Listing Rules").

The financial statements are presented in Hong Kong Dollars ("HK$") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000"), except when otherwise indicated.

2. ADOPTION OF NEW OR AMENDED HKFRSs

During the year, the Group has adopted all the amended HKFRSs which are first effective for the reporting year and relevant to the Group. The adoption of these amended HKFRSs did not result in material changes to the Group's accounting policies.

At the date of this report, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

For the year ended 31 December 2014

2. ADOPTION OF NEW OR AMENDED HKFRSs — CONTINUED

HKFRS 9 (2014) — Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The standard is effective for accounting periods beginning on or after 1 January 2017. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

The financial statements have been prepared under historical cost convention except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The consolidated financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group suffered a loss of HK$288,915,000 (excluding impairment of exploration and evaluation assets of HK$4,474,063,000 and the related deferred tax adjustment of HK$1,521,183,000) for the year ended 31 December 2014.

The going concern basis has been adopted on the following basis:

1. During the year, the holder of the convertible bonds has given its written confirmation that it will not call for redemption/repayment until 2016. Accordingly, the derivative and liability component of the convertible bonds of HK$83,699,000 and HK$489,436,000 were classified as non-current liabilities.

2. On 9 March 2015, the Company signed Memorandum of Understanding ("MOU") with an independent third party, New Hope Group Co., Limited ("New Hope"), a limited liability company incorporated in the People's Republic of China (the "PRC"). It is proposed that the Company will issue convertible bonds with aggregate principal amount of no less than HK$240,870,000 and no more than HK$1,379,730,000 and grant no more than 1,026,000,000 share options to New Hope. The aggregate number of the shares of the Company to be held by New Hope upon conversion of the convertible bonds and exercise of the share options shall not exceed 1,243,000,000 shares of the Company.

3. As stated in note 16, the estimated total capital expenditure for the mineral resources exploration business in Brazil, which is operated by Sul Americana de Metais S.A. ("SAM"), a subsidiary of the Group, is approximately US$3,959 million. The Company has signed certain MOU and framework agreement with its strategic partners to obtain funding for the future construction cost and operations of SAM, which will be commenced when mining licenses are granted by the Brazilian authorities. The directors of the Company reviewed the financial position of the Group, the estimated capital expenditure for the construction and operation of SAM and the signed MOU, the directors are satisfied that the Group will be able to provide sufficient financing to the operations of SAM.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.1 Basis of preparation — continued

4. In addition, the Company's ultimate holding company, Hong Bridge, and its two shareholders have undertaken to provide financial support to the Group to meet its liabilities as they fall due and to maintain the Group as a going concern for a period at least up to 31 March 2016.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. These adjustments have not yet been reflected in the financial statements.

3.2 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.2 Business combination and basis of consolidation — continued

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in those non-controlling interest having a deficit balance.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is disposed of, such exchange differences are reclassified from equity to profit or loss as part of the disposal gain or loss.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.5 Revenue recognition

Revenue comprises the fair value for the sale of goods, net of value added tax ("VAT"), and rendering of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

— Sale of goods is recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

— Revenue from trading commodity contracts is recognised on settlement.

— Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

— Interest income is recognised on time-proportion basis using effective interest method.

3.6 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGU") that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of goodwill allocated to the unit first, and then to other assets of the unit on the pro-rata basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.7 Property, plant and equipment

Property, plant and equipment, other than construction in progress ("CIP"), are stated at acquisition cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Land is not subject to depreciation. Depreciation on other property, plant and equipment, other than CIP, is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method, at the following rates per annum:

Leasehold buildings	3.33% or over the lease term, whichever is shorter
Leasehold improvements	20% or over the lease term, whichever is shorter
Plant and machinery	10% to 20%
Furniture and office equipment	10% to 20%
Computer software	20%
Motor vehicles	10% to 20%

The assets' estimated residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

CIP represents leasehold buildings, plant and machinery under construction and is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3.8 Prepaid land lease payments

Prepaid land lease payments represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on straight-line method as an expense.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.9 Other intangible assets (other than goodwill) and research and development activities

Acquired intangible assets are recognised initially at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line method over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Patents	9 years
Customers relationship	4 years

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs, including technical know-how are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in direct operating expenses, if any.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

3.10 Exploration and evaluation assets

Exploration and evaluation assets acquired in business combination are initially recognised at fair value and subsequently stated at cost less any impairment losses.

Exploration and evaluation assets include topographical and geological surveys, exploratory drillings, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ores and to expand the capacity of a mine. Expenditure incurred prior to obtaining the legal rights to explore an area is written off as incurred.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.10 Exploration and evaluation assets — continued

When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible and intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the exploration and evaluation stage, the related exploration and evaluation assets thereon will be written off to profit or loss.

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKFRS 6 "Exploration for and Evaluation of Mineral Resources" and HKAS 36 "Impairment of Assets" whenever one of the following events or changes in facts and circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

(i) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and

(iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped into each area of interest for which exploration activities are undertaken.

3.11 Impairment of non-financial assets (other than goodwill)

Property, plant and equipment, prepaid land lease payments, other intangible assets and investments in subsidiaries are subject to impairment testing. These are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.11 Impairment of non-financial assets (other than goodwill) — continued

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 Financial assets

The Group's financial assets are classified into loans and receivables. Management determines the classification of its financial assets at initial recognition, depending on the purpose for which the asset was acquired and where allowed and appropriate, re-evaluates this designation at each reporting date. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using effective interest method, less any identified impairment losses.

Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— Significant financial difficulty of the debtor;

— A breach of contracts, such as a default or delinquency in interest or principal payments;

— It becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.12 Financial assets — continued

Impairment of financial assets — continued

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of loss is recognised in profit or loss for the period in which the impairment occurs.

If, in subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

De-recognition

The Group de-recognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for de-recognition in accordance with HKAS 39.

3.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and in case of work-in-progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.14 Cash and cash equivalents

For the purpose of the statement of financial position and the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and at banks, which are not restricted as to use.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.15 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent these are incremental costs directly attributable to the equity transaction.

Where the Company purchases its own equity share capital, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

3.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Total rentals payable under the operating leases are recognised in profit or loss on straight-line method over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.17 Financial liabilities

The Group's financial liabilities include trade and bill payables, other payables, accrued expenses and deposits received, borrowings, convertible bonds, loans from ultimate holding company, loans from non-controlling interest of a subsidiary, derivative financial liabilities, contingent consideration payables and amounts due to subsidiaries.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in profit or loss.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.17 Financial liabilities — continued

Financial liabilities at fair value through profit or loss

These include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Borrowings, loans from non-controlling interest of a subsidiary, loans from ultimate holding company and amounts due to subsidiaries are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss/other reserve over the respective period of borrowings/loans from non-controlling interest of a subsidiary and loans from ultimate holding company using effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible bond issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the call option for conversion of the bond into equity, is included in equity as convertible bond equity reserve.

Liability component is subsequently carried at amortised cost using effective interest method. Equity component will remain in equity until conversion or redemption of the bond.

When the bond is converted, the convertible bond equity reserve and the carrying value of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, repurchased or cancelled, the convertible bond equity reserve is released directly to accumulated losses/retained earnings.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.17 Financial liabilities — continued

Other financial liabilities

Other financial liabilities, including trade and bill payables, other payables, accrued expenses and deposits received are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method.

3.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised in profit or loss on straight line method over the expected lives of the related assets.

3.19 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.19 Accounting for income taxes — continued

Current tax assets and current tax liabilities are presented in net if, and only if, the Group has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, the entity has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.20 Retirement benefit costs and short-term employee benefits

Retirement benefits to employees are provided through several defined contribution plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contribution recognised in respect to defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group contributes to defined contribution retirement benefit schemes registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme"), which are available to its employees in Hong Kong. Contributions to the ORSO Scheme and MPF Scheme by the Group and employees are calculated as percentages of employees' basic salaries. Retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the ORSO Scheme and MPF Scheme. Assets of the ORSO Scheme and MPF Scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the governments in the PRC and Brazil, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There were no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.20 Retirement benefit costs and short-term employee benefits — continued

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.21 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in share-based payment reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

All employee services received in exchange for the grant of any share-based compensation are measured at fair values. These are indirectly determined by reference to the equity instruments awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to share-based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the vested share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses/retained earnings.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.22 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.23 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in business combination. These are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to executive directors are determined following the Group's major product and service lines. Each of operating segments is managed separately as each of the product and service lines requires different resources.

The Group has identified the following reportable segments:

(i) "Mineral resources exploration and trading" segment involves research and exploration of mineral resources and trading of copper and steel;

(ii) "Lithium battery production" segment involves production and sale of lithium battery (new segment during the year); and

(iii) "Silicon products" segment involves production and sale of silicon products. This segment has been disposed of during the year.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that corporate income and expenses which are not included in arriving at the operating results of the operating segment, which primarily applies to the Group's headquarter.

Segment assets and liabilities exclude corporate assets and liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to deferred tax assets/liabilities and the Group's headquarter.

3.25 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

3.25 Related parties — continued

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

Notes to the Financial Statements

For the year ended 31 December 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of exploration and evaluation assets

The carrying value of exploration and evaluation assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Directors consider all facts and circumstances occurred to judge whether these facts and circumstances would suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount (i.e. impaired). Management reassesses the impairment of exploration and evaluation assets at the reporting dates (note 16).

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.6. The recoverable amounts of CGU have been determined based on fair value less cost to sell calculations. These calculations require the use of estimates. When fair value less cost to sell calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of receivables

Management determines impairment of receivables on a regular basis. This estimate is based on the credit history of the customers/debtors and current market conditions. When management determines that there are indicators of significant financial difficulties of the trade customers/debtors such as default or delinquency in payments, impairment is estimated. When management determines the receivables are uncollectible, they are written off against impairment provision of receivables. Management reassesses the impairment of receivables at the reporting dates.

(iv) Impairment of non-financial assets (other than exploration and evaluation assets)

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the Directors take into consideration assumptions that are mainly based on market conditions existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

Notes to the Financial Statements

For the year ended 31 December 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS — CONTINUED

(v) Depreciation and amortisation

The Group depreciates/amortises its property, plant and equipment, prepaid land lease payments and other intangible assets in accordance with the accounting policies stated in notes 3.7, 3.8 and 3.9 respectively. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets.

(vi) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees/consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 36.

(vii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (including contingent consideration payables).

(viii) Contractual obligations of financial liabilities

The Group determined the issued convertible bonds contained a liability component on the basis that on settlement, the Group will deliver either cash or another financial asset, or its own shares whose value is determined to exceed substantially the value of the cash or other financial assets. Although the Group does not have an explicit obligation to deliver cash or another financial asset, the holder of the asset has in substance been guaranteed a minimum amount equal to at least the cash/other financial asset settlement amount.

Notes to the Financial Statements

For the year ended 31 December 2014

5. 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 year are as follows:

	2014	2013
	HK$'000	HK$'000
Sale of lithium batteries	**69,977**	–
Revenue from trading commodity contracts (note)	**3,504**	8,208
Sale of silicon products	**–**	2,157
	73,481	10,365

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 HK$2,970 million (2013: HK$2,923 million) during the year.

6. SEGMENT INFORMATION

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

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

The Company is an investment holding company. Principal places of the Group's operations are Hong Kong, the PRC and Brazil. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its country of domicile.

For the year ended 31 December 2014

6. SEGMENT INFORMATION — CONTINUED

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

	Mineral resources exploration and trading HK$'000	Lithium battery production HK$'000	Silicon products HK$'000	Total HK$'000
Year ended 31 December 2014				
Reportable segment turnover (external customers)	**3,504**	**69,977**	**–**	**73,481**
Reportable segment losses	**(4,498,175)**	**(6,621)**	**–**	**(4,504,796)**
Reportable segment assets	**9,191,473**	**922,975**	**–**	**10,114,448**
Reportable segment liabilities	**1,909,423**	**381,842**	**–**	**2,291,265**
Capital expenditure	**64**	**549**	**–**	**613**
Impairment loss on exploration and evaluation assets	**4,474,063**	**–**	**–**	**4,474,063**
Write-down of inventories	**–**	**1,266**	**–**	**1,266**
Interest income	**(129)**	**(160)**	**–**	**(289)**
Interest expense	**–**	**208**	**–**	**208**
Depreciation	**1,410**	**3,191**	**–**	**4,601**
Amortisation charge	**–**	**10,671**	**–**	**10,671**
Year ended 31 December 2013				
Reportable segment turnover (external customers)	8,208	–	2,157	10,365
Reportable segment profit/(loss)	9,306,080	–	(6,741)	9,299,339
Reportable segment assets	15,415,311	–	22,219	15,437,530
Reportable segment liabilities	1,867,230	–	43,721	1,910,951
Capital expenditure	3,961	–	–	3,961
Impairment of trade receivables	12,782	–	38	12,820
Write-off of other receivables	–	–	3,215	3,215
Write-down of inventories	–	–	369	369
Gain on bargain purchase	(9,277,141)	–	–	(9,277,141)
Gain on disposals of subsidiaries	(73,188)	–	–	(73,188)
Interest income	(1,121)	–	–	(1,121)
Interest expense	2,657	–	–	2,657
Depreciation	1,115	–	–	1,115
Amortisation charge	–	–	500	500

Notes to the Financial Statements

For the year ended 31 December 2014

6. SEGMENT INFORMATION — CONTINUED

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

	2014 HK$'000	2013 HK$'000
Reportable segment turnover	**73,481**	10,365
Reportable segment (loss)/profit	**(4,504,796)**	9,299,339
Other operating income	**703**	3,858
Administrative expenses	**(25,744)**	(18,325)
Other operating expenses	**(1,742)**	(38,141)
Fair value gain on derivative financial liabilities	**8,812**	–
Fair value loss on contingent consideration payables	**(190,295)**	–
Gain on disposals of subsidiaries	**18,161**	–
Finance costs	**(67,119)**	(66,882)
(Loss)/profit before income tax	**(4,762,020)**	9,179,849
Reportable segment assets	**10,114,448**	15,437,530
Property, plant and equipment	**679**	1,035
Prepayments and other receivables	**1,066**	5,320
Cash and cash equivalents	**30,545**	70,094
	10,146,738	15,513,979
Reportable segment liabilities	**2,291,265**	1,910,951
Other payables and accrued expenses	**4,545**	1,141
Derivative financial liabilities	**83,699**	92,511
Loans from ultimate holding company	**220,138**	228,794
Convertible bonds	**489,436**	433,660
Deferred tax liabilities	**2,985,150**	5,044,761
	6,074,233	7,711,818

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For the year ended 31 December 2014

6. SEGMENT INFORMATION — CONTINUED

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

	2014 HK$'000	2013 HK$'000
Turnover from external customers		
PRC	**73,481**	10,365
Reportable segment turnover	**73,481**	10,365
Non-current assets (excluding deferred tax assets)		
Hong Kong	**679**	1,035
PRC	**726,941**	22,939
Brazil	**8,904,188**	15,145,422
Reportable segment non-current assets	**9,631,808**	15,169,396

Geographical location of customers is based on the location at which the goods are delivered whilst geographical location of non-current assets is determined based on (1) the physical location of the asset (for property, plant and equipment and prepaid land lease payments) and (2) location of operations (for exploration and evaluation assets, other intangible assets and goodwill).

During the year ended 31 December 2014, over 94% of the Group's turnover was derived from 1 major customer in lithium battery production segment and turnover generated from this customer is HK$69,448,000.

During the year ended 31 December 2013, over 57% of the Group's turnover was derived from 2 major customers in the mineral resources exploration and trading segment and 1 major customer in silicon products segment. Turnover generated from these 2 major customers in mineral resources exploration and trading segment were HK$2,586,000 and HK$1,862,000 and turnover generated from the major customer in the silicon products segment was HK$1,449,000.

7. OTHER OPERATING INCOME

	2014 HK$'000	2013 HK$'000
Bank Interest income	**292**	1,130
Government grant (note 32)	**2,801**	–
Imputed interest on loans to an acquiring business	**–**	3,625
Rental income	**700**	–
Sundry income	**293**	2,216
	4,086	6,971

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For the year ended 31 December 2014

8. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest charges on bank and other borrowings wholly repayable within five years	**208**	2,657
Imputed interest on convertible bonds (note 33)	**55,776**	50,994
Interests on loans from ultimate holding company	**11,343**	15,888
	67,327	69,539

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax are arrived at after charging:

	2014 HK$'000	2013 HK$'000
Auditor's remuneration	**1,963**	1,700
Cost of inventories recognised as cost of sales	**51,996**	2,778
Depreciation	**5,036**	1,363
Amortisation of prepaid land lease payments	**328**	500
Amortisation of other intangible assets	**10,343**	–
Loss on disposals of property, plant and equipment	**142**	–
Minimum lease payments paid under operating leases in respect of rental premises	**6,787**	7,625
Net foreign exchange loss	**13**	–
Research and development costs	**6,248**	–
Other operating expenses:		
— Fair value losses on initial recognition of loans to an acquiring business	**–**	5,049
— Fair value losses on derivative financial assets	**–**	2,626
— Impairment of trade receivables	**–**	12,820
— Write-down of other receivables	**–**	3,215
— Write-down of inventories	**1,266**	369
— Loss on de-recognition of liability component of convertible bond	**–**	12,684
— Related costs for business combination during the year	**1,722**	2,328
— Fair value loss on derivative financial liabilities (note 33)	**–**	15,454
— Others	**20**	379
	3,008	54,924

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10. INCOME TAX CREDIT

	2014 HK$'000	2013 HK$'000
Overseas tax		
Current year	**183**	–
Deferred tax (note 34)	**(1,520,408)**	–
Income tax credit	**(1,520,225)**	–

During the years ended 31 December 2014 and 31 December 2013, 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 year at the rates of taxation prevailing in the countries in which the Group operates.

During the year, the PRC corporate income tax rate of 25% (2013: 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 PRC.

During the year, corporate income tax rates in Brazil of 34% (2013: 34%) is applicable to Sul Americana de Metais S.A. ("SAM"), being the Group's subsidiary established in Brazil.

Reconciliation between income tax credit and accounting (loss)/profit at applicable tax rates:

	2014 HK$'000	2013 HK$'000
(Loss)/Profit before income tax	**(4,762,020)**	9,179,849
Tax on (loss)/profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	**(785,733)**	1,514,675
Tax effect of different tax rates of subsidiaries	**(787,449)**	(7,377)
Tax effect of non-deductible expenses	**49,899**	24,739
Tax effect of non-taxable revenue	**(5,178)**	(1,543,404)
Tax effect of tax losses not recognised	**8,187**	11,473
Tax effect on temporary difference not recognised	**49**	(106)
Income tax credit	**(1,520,225)**	–

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For the year ended 31 December 2014

11. (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated loss attributable to owners of the Company of approximately HK$3,241,459,000 (2013: consolidated profit of HK$9,182,596,000), loss of approximately HK$91,225,000 (2013: profit of HK$57,872,000) (note 37) has been dealt with in the financial statements of the Company.

12. (LOSSES)/EARNINGS PER SHARE

The calculation of basic (losses)/earnings per share is based on the loss attributable to owners of the Company of HK$3,241,459,000 (2013: profit of HK$9,182,596,000) and weighted average of 6,105,872,000 (2013: 6,085,985,000) ordinary shares in issue during the year.

For the year ended 31 December 2014, diluted losses per share attributable to owners of the Company were not presented because the impact of the exercise of share options and convertible bonds was anti-dilutive.

For the year ended 31 December 2013, the calculation of diluted earnings per share attributable to the owners of the Company was based on the following data:

	HK'000
Earnings for the purposes of basic earnings per share	9,182,596
Effect of dilutive potential ordinary shares:	
Interest on convertible bonds	50,994
Fair value loss on derivative financial assets	2,626
Loss on de-recognition of liability component of convertible bond	12,684
Fair value loss on derivative financial liabilities	15,454
Earnings for the purposes of diluted earnings per share	9,264,354

Number of shares	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	6,085,985
Effect of dilutive potential ordinary shares:	
— options	21,000
— convertible loan notes	1,321,644
Weighted average number of ordinary shares for the purposes of diluted earnings per share	7,428,629

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For the year ended 31 December 2014

13. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2014 HK$'000	2013 HK$'000
Wages and salaries	27,681	28,330
Contribution to defined contribution plans	6,598	6,346
	34,279	34,676

Included in staff costs are key management personnel compensation and comprises the following categories:

	2014 HK$'000	2013 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	8,958	6,223
Contribution to defined contribution plans	1,278	638
	10,236	6,861

14. DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Fees HK$'000	Salaries and allowances HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Year ended 31 December 2014				
Executive directors				
HE Xuechu	1,463	–	34	1,497
LIU Wei, William	1,351	–	34	1,385
SHI Lixin	–	1,039	–	1,039
Non-executive directors				
YAN Weimin	–	–	–	–
ANG Siu Lun, Lawrence	–	–	–	–
Independent non-executive directors				
CHAN Chun Wai, Tony	207	–	–	207
FOK Hon	207	–	–	207
MA Gang	207	–	–	207
	3,435	1,039	68	4,542

Notes to the Financial Statements

For the year ended 31 December 2014

14. DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS — CONTINUED

(a) Directors' emoluments — continued

	Fees HK$'000	Salaries and allowances HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Year ended 31 December 2013				
Executive directors				
HE Xuechu	1,385	–	15	1,400
LIU Wei, William	1,253	–	15	1,268
SHI Lixin	–	951	–	951
Non-executive directors				
YAN Weimin	–	–	–	–
ANG Siu Lun, Lawrence	–	–	–	–
Independent non-executive directors				
CHAN Chun Wai, Tony	171	–	–	171
FOK Hon	171	–	–	171
MA Gang	171	–	–	171
	3,151	951	30	4,132

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

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For the year ended 31 December 2014

14. DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS — CONTINUED

(b) Five highest paid individuals

The five individuals whose total emoluments including share-based payment expenses were the highest in the Group for the year included three (2013: two) directors whose emoluments are reflected in the analysis presented above. Emoluments payable to the remaining two (2013: three) individual during the year are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	3,098	5,825
Contribution to defined contribution plans	1,153	2,168
	4,251	7,993

The emoluments fell within the following bands:

	Number of individual	
	2014	2013
Emolument bands		
HK$3,500,001 — HK$4,000,000	–	1
HK$2,500,001 — HK$3,000,000	1	1
HK$1,500,001 — HK$2,000,000	–	1
HK$1,000,001 — HK$1,500,000	1	–
	2	3

During the year, no emoluments were paid by the Group to the directors or the two (2013: three) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture and office equipment	Motor vehicles	Computer software	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2013									
Cost	–	17,087	924	15,032	1,758	2,523	–	16,238	53,562
Accumulated depreciation and impairment	–	(17,087)	(924)	(15,032)	(1,537)	(1,525)	–	(16,238)	(52,343)
Net book amount	–	–	–	–	221	998	–	–	1,219
Year ended 31 December 2013									
Opening net book amount	–	–	–	–	221	998	–	–	1,219
Additions	–	–	3,312	–	504	904	523	–	5,243
Acquired through business combination (note 42(b))	207	–	135	–	1,469	–	357	–	2,168
Depreciation	–	–	(453)	–	(273)	(503)	(134)	–	(1,363)
Exchange realignment	(29)	–	(130)	–	(218)	(24)	(73)	–	(474)
Closing net book amount	178	–	2,864	–	1,703	1,375	673	–	6,793
At 31 December 2013									
Cost	178	17,593	3,305	15,477	3,544	3,447	799	16,866	61,209
Accumulated depreciation and impairment	–	(17,593)	(441)	(15,477)	(1,841)	(2,072)	(126)	(16,866)	(54,416)
Net book amount	178	–	2,864	–	1,703	1,375	673	–	6,793
Year ended 31 December 2014									
Opening net book amount	**178**	**–**	**2,864**	**–**	**1,703**	**1,375**	**673**	**–**	**6,793**
Additions	**–**	**36**	**–**	**295**	**183**	**146**	**53**	**–**	**713**
Acquired through business combination (note 42(a))	**–**	**48,107**	**–**	**89,603**	**1,867**	**614**	**4**	**–**	**140,195**
Disposals	**–**	**–**	**–**	**(2)**	**(29)**	**(489)**	**(21)**	**–**	**(541)**
Depreciation	**–**	**(500)**	**(899)**	**(2,541)**	**(459)**	**(458)**	**(179)**	**–**	**(5,036)**
Exchange realignment	**(22)**	**–**	**(172)**	**–**	**(170)**	**(83)**	**(62)**	**–**	**(509)**
Closing net book amount	**156**	**47,643**	**1,793**	**87,355**	**3,095**	**1,105**	**468**	**–**	**141,615**
At 31 December 2014									
Cost	**156**	**48,143**	**3,053**	**89,896**	**4,121**	**2,152**	**737**	**–**	**148,258**
Accumulated depreciation	**–**	**(500)**	**(1,260)**	**(2,541)**	**(1,026)**	**(1,047)**	**(269)**	**–**	**(6,643)**
Net book amount	**156**	**47,643**	**1,793**	**87,355**	**3,095**	**1,105**	**468**	**–**	**141,615**

Note:

The Group's land held as at 31 December 2014 and 2013, was a freehold land situated in the Brazil whilst the Group's leasehold land and buildings as at 31 December 2014 are situated in the PRC and held under medium term leases.

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For the year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT — CONTINUED

COMPANY

	Leasehold Improvements HK$'000	Furniture and office equipment HK$'000	Total HK$'000
At 1 January 2013			
Cost	924	193	1,117
Accumulated depreciation	(924)	(193)	(1,117)
Net book amount	–	–	–
Year ended 31 December 2013			
Opening net book amount	–	–	–
Additions	1,270	13	1,283
Depreciation	(247)	(1)	(248)
Closing net book amount	1,023	12	1,035
At 31 December 2013			
Cost	1,270	206	1,476
Accumulated depreciation	(247)	(194)	(441)
Net book amount	1,023	12	1,035
Year ended 31 December 2014			
Opening net book amount	**1,023**	**12**	**1,035**
Additions	**–**	**100**	**100**
Disposals	**–**	**(21)**	**(21)**
Depreciation	**(423)**	**(12)**	**(435)**
Net book amount	**600**	**79**	**679**
At 31 December 2014			
Cost	**1,270**	**285**	**1,555**
Accumulated depreciation	**(670)**	**(206)**	**(876)**
Net book amount	**600**	**79**	**679**

Notes to the Financial Statements

For the year ended 31 December 2014

16. EXPLORATION AND EVALUATION ASSETS

GROUP

	2014 HK$'000	2013 HK$'000
At 1 January		
Cost	15,140,419	–
Accumulated impairment	–	–
Net book amount	15,140,419	–
For the year ended 31 December		
Opening net book amount	15,140,419	–
Acquired through business combination (note 42(b))	–	17,688,504
Additions	25,366	37,904
Exchange realignments	(1,791,002)	(2,585,989)
Impairment losses	(4,474,063)	–
Net book amount	8,900,720	15,140,419
At 31 December		
Cost	13,374,783	15,140,419
Accumulated impairment	(4,474,063)	–
Net book amount	8,900,720	15,140,419

As at 31 December 2014 and 2013, exploration and evaluation assets represented the rights to explore and identify prospective deposits of mineral resources in the states of Minas Gerais and Bahia, Brazil and the expenditures incurred in the search for mineral resources.

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

During the year, the Directors reviewed the carrying amount of exploration and evaluation assets, impairment loss of HK$4,474,063,000 had been identified and recognised in the consolidated statement of profit or loss and other comprehensive income. The impairment is mainly due to (1) continuous drop in the selling price of iron ores for the year; (2) delay in the estimated commencement date of production and (3) increase in discount rate.

The recoverable amount of exploration and evaluation assets were valued by an independent valuer, Roma Appraisal Limited and based on the fair value less cost of disposal. The valuation was based on the income-based approach and the excess earning method is adopted. This method looks at the current values of the tangible assets and other intangible assets employed as the benchmark for an estimated rate of return. The fair values of exploration and evaluation assets are level 3 fair value measurement. There were no changes to the valuation techniques during the year.

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16. EXPLORATION AND EVALUATION ASSETS — CONTINUED

Assumptions and parameters of the valuation as at 31 December 2014 are as follows:

Approval of all required licenses	The first half of 2016 (2013: The first half of 2015)
Commencement of production	2019 (2013: 2018)
Annual production capacity	25 million tonnes (2013: 25 million tonnes) of iron concentrate
Resource estimates	Measured resources of 1,135 million tonnes (2013: 1,135 million tonnes) (20.57%) Indicated resources of 1,479 million tonnes (2013: 1,479 million tonnes) (19.64%)
Dilution rate	0% (2013: 0%)
Mining loss rate	6.66% (2013: 6.66%)
Processing recovery	87% (2013: 87%)
Average price of iron concentrate	US$85 per tonnes (2013: US$105 per tonnes)
Operating costs	US$38.8 per tonnes (2013: US$32.5 per tonnes)
Income tax rate	11–15% for the first ten years of operation 34% afterwards
Capital expenditures	US$3,959 million (2013: US$3,800 million) for the construction of infrastructure
Discount rate	19.26% (2013: 17.93%)

For illustrative purpose, should there be (1) delay in commencement of production by 1 year or (2) decrease in price of iron concentrate, operating costs and capital expenditures by 10%, there will be a decrease of the fair value of the exploration and evaluation assets by 15% and 8% respectively, assuming there are no changes in other parameters.

The Group had entered into various co-operation agreements, memorandum of understanding and framework agreement for funding and co-operation in the development of SAM. The Group is also under negotiations with various third parties for financing activities. Same as prior years, Hong Bridge, the ultimate holding company of the Company, and its two shareholders continue to undertake that they will render adequate financial support to the Group for the operations of SAM.

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17. PREPAID LAND LEASE PAYMENTS

GROUP

	2014 HK$'000	2013 HK$'000
At 1 January		
Cost	**24,999**	23,644
Accumulated amortisation	**(2,815)**	(2,241)
Net book amount	**22,184**	21,403
For the year ended 31 December		
Opening net book amount	**22,184**	21,403
Acquired through business combination (note 42(a))	**54,810**	–
Additions	**–**	647
Disposal of subsidiaries (note 41(a))	**(22,184)**	–
Amortisation	**(328)**	(500)
Exchange realignment	**–**	634
Net book amount	**54,482**	22,184
At 31 December		
Cost	**54,810**	24,999
Accumulated amortisation	**(328)**	(2,815)
Net book amount	**54,482**	22,184

Prepaid land lease payments represented up-front payments to acquire long-term interest in the usage of land situated in the PRC, which are held under medium term leases.

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18. OTHER INTANGIBLE ASSETS

	Patents	Customers relationship	Total
	HK$'000	HK$'000	HK$'000
Year ended 31 December 2014			
Acquired through business combination (note 42(a))	**348,085**	**11,083**	**359,168**
Amortisation	**(9,650)**	**(693)**	**(10,343)**
Closing net book amount	**338,435**	**10,390**	**348,825**
At 31 December 2014			
Cost	**348,085**	**11,083**	**359,168**
Accumulated amortisation	**(9,650)**	**(693)**	**(10,343)**
Net book amount	**338,435**	**10,390**	**348,825**

Patents and customers relationship acquired in a business combination are recognised at fair value at the acquisition date (note 42(a)). The fair values of other intangible assets as at the date of acquisition were valued by an independent valuer, Greater China Appraisal Limited. Their fair values are determined using multi-period excess earnings method, whereby the asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. Patent and customers relationship have finite useful life and are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using straight-line method over their expected lives.

19. INVESTMENTS IN SUBSIDIARIES

COMPANY

	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**431,239**	83,835
Less: Impairment loss recognised	**–**	(82,699)
	431,239	1,136

The change of investments in subsidiaries is represented by (1) investment of HK$430,161,000 for the acquisition of Triumphant Glory (note 42(a)) and (2) disposal of Divine Mission of HK$58,000 (after impairment of HK$82,699,000) (note 41(a)).

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19. INVESTMENTS IN SUBSIDIARIES — CONTINUED

Particulars of the principal subsidiaries at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation and kind of legal entity	Particulars of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities and place of operation
			Directly	Indirectly	
Shanghai Hongying	PRC, limited liability company	Registered capital of US$1,000,000	–	100%	Trading of copper and steel product, PRC
New Trinity Holdings Limited	BVI, limited liability company	10,000 ordinary shares of US$1 each	–	100%	Investment holding, Hong Kong
SAM	Brazil, limited liability company	10,000 ordinary shares in Reais ("R$") 5,266,604	–	99.99%	Research and exploration of iron ores, Brazil
Shandong Forever	PRC, limited liability company	Registered capital of US$10,000,000	–	90.68%	Research , production and sales of lithium battery, PRC

The financial statements of the above principal subsidiaries have been examined by BDO Limited or other member firm of BDO global network for statutory purpose or Group consolidation purpose.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Details of non-wholly owned subsidiary that has non-controlling interests

In addition, the Directors made an assessment as at the date of initial application of HKFRS 12 and at the end of the reporting period. In the opinion of the Directors, there are no subsidiaries that have non-controlling interests individually and are material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

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20. GOODWILL

GROUP

During the year, goodwill arose from the acquisition of Triumphant Glory Investment Limited and its subsidiary, namely Shandong Forever, which are engaged in the production and sales of lithium batteries during the year. Details please refer to note 42(a). The net carrying amount of goodwill can be analysed as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 January		
Gross carrying amount	**35,686**	66,737
Accumulated impairment	**(35,686)**	(66,737)
Net carrying amount	**–**	–
Carrying amount at 1 January	**–**	–
De-recognition upon disposals of subsidiaries	**(35,686)**	(31,051)
Accumulated impairment written back upon disposals of subsidiaries	**35,686**	31,051
Acquired through business combination (note 42(a))	**186,166**	–
Net carrying amount at 31 December	**186,166**	–
At 31 December		
Gross carrying amount	**186,166**	35,686
Accumulated impairment	**–**	(35,686)
Net carrying amount	**186,166**	–

As at 31 December 2014, goodwill is allocated to CGUs of lithium battery production segment. The recoverable amount for this CGU is determined based on fair value less cost of disposal calculation using discounted cash flow technique, covering detailed five-year budget plans, followed by an extrapolation of expected cash flows with growth rate of 3%. The post-tax discount rate used for fair value less cost of disposal calculation is 18.25% per annum, which reflects specific risks relating to the relevant CGU. As at 31 December 2013, goodwill is allocated to CGU of silicon business segment operated by Divine Mission, which was disposed of during the year.

The key assumptions for the fair value less cost of disposal calculation are those regarding the discount rate, growth rate and budgeted gross margin, which had been determined based on the market comparables and budgeted revenue, which had been determined based on the management's expectation for the market development and the production capacity of the CGU.

Apart from the considerations described above in determining the fair value less cost of disposal of the CGU, the Group's management is not currently aware of any other probable changes that would necessitate changes in their key assumptions. However, the estimate of recoverable amount of the Group's CGU is particularly sensitive to the discount rate applied.

The recoverable amount has been determined based on fair value less cost of disposal estimated by an independent professional valuer, Greater China Appraisal Limited with the discount cash flow approach. The fair value less cost of disposal of the CGU is classified as level 3 measurement.

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21. INVENTORIES

GROUP

	2014 HK$'000	2013 HK$'000
Raw materials	**8,699**	–
Work-in-progress	**2,141**	–
Finished goods	**21,694**	–
	32,534	–
Less: Write-down of inventories	**(1,266)**	–
	31,268	–

The Directors have assessed the net realisable values and condition of the Group's inventories as at 31 December 2014 and considered a write-down of inventories of approximately HK$1,266,000 be made in the consolidated statement of profit or loss and other comprehensive income.

22. TRADE AND BILL RECEIVABLES

GROUP

	2014 HK$'000	2013 HK$'000
Trade receivables, gross	**367,010**	263,599
Less: Impairment	**(12,570)**	(12,820)
Trade receivables, net	**354,440**	250,779
Bill receivables	**5,040**	–
Trade and bill receivables	**359,480**	250,779

All trade and bills receivables were denominated in RMB as at the reporting dates.

The Group allows a credit period from 0 day to 180 days (2013: 0 days to 180 days) to its trade customers. The following is ageing analysis of net trade and bill receivables at the reporting date:

	2014 HK$'000	2013 HK$'000
0 — 30 days	**180,140**	77,399
31 — 90 days	**97,276**	120,036
91 to 180 days	**29,608**	–
Over 180 days	**52,456**	53,344
	359,480	250,779

Notes to the Financial Statements

For the year ended 31 December 2014

22. TRADE AND BILL RECEIVABLES — CONTINUED

GROUP — continued

The below table reconciled the impairment of trade receivables for the year:

	2014 HK$'000	2013 HK$'000
At 1 January	**12,820**	–
Disposals of subsidiaries	**(38)**	–
Impairment of trade receivables	**–**	12,820
Exchange realignment	**(212)**	–
At 31 December	**12,570**	12,820

All trade receivables are subject to credit risk exposure. At each of the reporting dates, the Group reviews receivables for evidence of impairment on both individual and collective basis. As at 31 December 2014, the Group determined trade receivables of approximately HK$12,570,000 (2013: HK$12,820,000) as impaired. The impaired trade receivables are due from the customer experiencing financial difficulties.

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

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**307,024**	197,435
Over 180 days past due	**52,456**	53,344
	359,480	250,779

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

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

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

GROUP

	2014 HK$'000	2013 HK$'000
Deposits	**673**	5,871
Prepayments	**3,943**	–
Other receivables	**17,922**	57
Advances to suppliers	**28,374**	1,734
	50,912	7,662

Notes to the Financial Statements

For the year ended 31 December 2014

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES — CONTINUED

COMPANY

	2014 HK$'000	2013 HK$'000
Deposits	**645**	5,305
Other receivables	**421**	14
	1,066	5,319

24. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

COMPANY

These are unsecured, interest-free and repayable on demand.

25. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

All restricted bank deposits as at 31 December 2014 represented guaranteed deposits placed in the banks in the PRC as securities for the Group's bill payables and banking facilities. There were no restricted bank deposits as at 31 December 2013.

Restricted bank deposits and cash at bank earn interest at floating rates based on the daily bank deposit rates.

As at 31 December 2014, the Group had cash and bank balances denominated in Renminbi ("RMB") amounting to approximately HK$24,749,000 (2013: HK$5,600,000), which were deposited with the banks in the PRC and held in hand. RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

26. TRADE AND BILL PAYABLES

GROUP

	2014 HK$'000	2013 HK$'000
Trade payables	**308,882**	237,032
Bill payables	**15,294**	–
	324,176	237,032

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

	2014 HK$'000	2013 HK$'000
0 — 30 days	**34,344**	52,824
31 — 60 days	**46,562**	119,948
61 — 90 days	**32,678**	–
91 — 180 days	**110,249**	–
Over 180 days	**100,343**	64,260
	324,176	237,032

Notes to the Financial Statements

For the year ended 31 December 2014

27. OTHER PAYABLES, ACCRUED EXPENSES, DEPOSITS RECEIVED AND RECEIPTS IN ADVANCE

GROUP

	2014 HK$'000	2013 HK$'000
Other payables	18,046	35,890
Accrued expenses	5,442	4,690
Receipts in advance	33,721	34,715
Deposits received	510	–
	57,719	75,295

28. BORROWINGS

GROUP

	2014 HK$'000	2013 HK$'000
Government loans — unsecured	–	2,691

As at 31 December 2013, government loans were unsecured and interest-free. There is no government loan as at 31 December 2014 since the disposal of Divine Mission during the year.

29. LOANS FROM NON-CONTROLLING INTEREST OF A SUBSIDIARY

GROUP

The balance was unsecured, interest-free and repayable on demand.

30. DERIVATIVE FINANCIAL LIABILITIES

GROUP AND COMPANY

The balance represented embedded derivatives in convertible bonds (note 33). It is stated at fair value and is determined by the Directors with reference to the valuation performed by an independent firm of professional valuers on Trinomial option pricing model basis. The balance related to early redemption option for the convertible bonds issued on 4 June 2013.

For the year ended 31 December 2014

31. LOANS FROM ULTIMATE HOLDING COMPANY

GROUP AND COMPANY

The balances as at 31 December 2014 and 2013 are unsecured and not repayable within three years from the drawdown dates. The loans are interest-free in the first two years from drawdown dates and bear interest at prime rate minus 1.25% per annum in the third year. As Hong Bridge has confirmed that it would not demand for loan repayments from the Company at least 12 months from the financial statements approval date, the loans are classified as non-current liabilities.

Fair value of the liability was calculated using cash flows discounted at an estimated discounted rate of 5% (2013: 5%), which is reference to market interest rate. The difference between the fair value and the nominal value of the loans, amounting to HK$3,788,000, had been included in other reserve in equity for the year ended 31 December 2013.

Interest expense on these loans is calculated using effective interest method by applying effective interest rate of 5% (2013: 5%) to the liability.

32. DEFERRED INCOME

GROUP

	2014 **HK$'000**	2013 HK$'000
Acquisition of subsidiaries (note 42(a))	**136,080**	–
Government grant income recognised for the year	**(2,801)**	–
At 31 December	**133,279**	–

Deferred income represents government grants received by Shandong Forever in relation to its construction of the factory building and purchases of production facilities of lithium batteries in Shandong Province, the PRC. These production facilities with net book amount of HK$143,249,000 could not be pledged or disposed without the consent from the government authority. Such government grants are treated as deferred income and are recognised in profit or loss in accordance with the Group's accounting policies shown in note 3.18.

33. CONVERTIBLE BONDS

GROUP AND COMPANY

On 5 March 2013, the Company and Zhejiang Geely Holdings Group Company Limited ("Zhejiang Geely") entered into the subscription agreement pursuant to which the Company has conditionally agreed to issue to Zhejiang Geely convertible bonds in the principal amount of HK$740,000,000. The convertible bonds are interest-free, convertible into 2,000,000,000 ordinary shares of the Company and not redeemable by the Company. Zhejiang Geely has the discretion on redemption/repayment after the second anniversary of the date of issue of the convertible bonds, which is 4 June 2013. Zhejiang Geely has already given its written confirmation during the year that it will not call for redemption/repayment until 2016. Accordingly, the derivative and liability component of the convertible bonds are classified as non-current liabilities.

33. CONVERTIBLE BONDS — CONTINUED

GROUP AND COMPANY — continued

The conversion option embedded in the convertible bonds meets the definition of equity instrument of the Company, and is classified as equity and presented separately from the convertible bonds liability components. Other embedded derivative (i.e. the convertible bonds holder's early redemption option) is separated from the host debt because its economic characteristics and risks are not closely related to those of the host debt and is accounted for as financial liabilities at fair value through profit or loss.

The convertible bonds liability component is initially recognised at its fair value and is subsequently measured at amortised cost. Movements of the convertible bonds liability component in the consolidated and company's statement of financial position for the years ended of 31 December 2014 and 31 December 2013 are as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 January/date of issuance	**433,660**	404,107
Imputed interest expenses (notes 8)	**55,776**	29,553
At 31 December	**489,436**	433,660

For the years ended 31 December 2014 and 2013, interest expense on the convertible bonds is calculated using effective interest method at a rate of 12.86% per annum to the liability component.

Fair value movements in the derivative financial liabilities embedded in the convertible bonds, the holder's early redemption option, for the year ended of 31 December 2014 and 31 December 2013 are as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 January/date of issuance	**92,511**	77,057
Fair value (gain)/loss recognised in profit or loss	**(8,812)**	15,454
At 31 December	**83,699**	92,511

Notes to the Financial Statements

For the year ended 31 December 2014

34. DEFERRED TAX

GROUP

Deferred tax is calculated in full on temporary differences under liability method using the tax rates applicable in the tax jurisdiction concerned. The followings are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon during the current and prior reporting years.

	Fair value adjustments arising from				Tax losses	Total
	Exploration and evaluation assets	Prepaid land lease payments	Other intangible assets	Property, plant and equipment		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2013	–	693	–	–	–	693
Acquired through business combination (note 42(b))	5,906,774	–	–	–	–	5,906,774
Exchange realignment	(862,706)	–	–	–	–	(862,706)
At 31 December 2013 and 1 January 2014	**5,044,068**	**693**	**–**	**–**	**–**	**5,044,761**
Acquired through business combination (note 42(a))	**–**	**449**	**89,617**	**2,231**	**(4,277)**	**88,020**
Disposal of subsidiaries (note 41(a))	**–**	**(693)**	**–**	**–**	**–**	**(693)**
(Credited)/Charged to profit or loss	**(1,521,183)**	**–**	**(2,590)**	**(16)**	**3,381**	**(1,520,408)**
Exchange realignment	**(627,426)**	**–**	**–**	**–**	**–**	**(627,426)**
At 31 December 2014	**2,895,459**	**449**	**87,027**	**2,215**	**(896)**	**2,984,254**

The following is the analysis of deferred tax balances for financial reporting purposes:

	2014	2013
	HK$'000	HK$'000
Deferred tax assets	**(896)**	–
Deferred tax liabilities	**2,985,150**	5,044,761
	2,984,254	5,044,761

As at 31 December 2014, the Group has unused tax losses of HK$63,530,000 (2013: HK$39,451,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams and there was no taxable temporary difference related to accelerated tax depreciation as at year ended 31 December 2014. This tax loss has no expiry date.

Notes to the Financial Statements

For the year ended 31 December 2014

34. DEFERRED TAX — CONTINUED

COMPANY

No deferred tax has been provided in the financial statements of the Company as there are no material temporary differences (2013: Nil).

35. SHARE CAPITAL

	Number of shares '000	Total HK$'000
Authorised:		
Ordinary shares of HK$0.001 each at 31 December 2013 and 2014	1,000,000,000	1,000,000

	Number of shares '000	HK$'000
Issued and fully paid:		
At 1 January 2013 and 31 December 2013	6,215,680	6,216
Shares issued for acquisition of subsidiaries (note 42(a))	428,892	429
At 31 December 2014	**6,644,572**	**6,645**

Pursuant to the strategic cooperation agreement in relation to the provision of technical support (the "Strategic Cooperation Agreement") by Xinwen Mining Group Co. Ltd ("Xinwen"), an aggregate of 30,000,000 ordinary shares of the Company were to be issued to Xinwen in three tranches since 2010. Each tranche represented 10,000,000 shares, being consideration for the services provided by Xinwen to the Company. The first and second tranches of 10,000,000 ordinary shares of the Company each were issued to Xinwen in 2010 and 2012. The remaining 10,000,000 ordinary shares will be unconditionally issued to Xinwen in accordance with terms of the Strategic Cooperation Agreement.

On 26 September 2014, the Company issued 428,892,000 ordinary shares of the Company as the consideration for the acquisition of 90.68% equity interests in Triumphant Glory. Details of the acquisition are set out in note 42(a) to the financial statements.

All ordinary shares issued as at 31 December 2014 have the same rights.

36. SHARE OPTIONS

(a) Share Option Scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 20 December 2001 and became effective on 8 January 2002 for the primary purpose of providing incentives to directors and eligible employees. This share option scheme was expired on 7 January 2012. However, the outstanding share options granted under this share option scheme continues to be exercisable under the terms of issue.

The Company's new share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 21 May 2012. The Share Option Scheme shall be effective for a period of ten years commencing on 21 May 2012. The purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and providing benefits to any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Company, or any of its subsidiaries.

Total number of shares in respect of which options may be granted under the Share Option Scheme does not exceed 10% of the total number of shares in issue of the Company from 21 May 2012 onwards or at the renewal of such limit. Under the Share Option Scheme, the Company may obtain a fresh approval from its shareholders to refresh the above mentioned 10% limit.

Exercise price of the share options shall be determined by the Directors at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares of the Company on the offer date.

(b) Option Deed

The Company had issued share options to Xinwen pursuant to an option deed dated 26 March 2010 (the "Option Deed") and an aggregate of 300,000,000 share options were exercisable for 3 years with effective from the date of grant of share options on 25 November 2010. These share options were lapsed during year ended 31 December 2013.

At 31 December 2014, an aggregate of 130,000,000 (2013: 130,000,000) shares of the Company were issuable pursuant to share options granted, representing 2.0% (2013: 2.1%) of the shares of the Company in issue at that date.

As at 31 December 2014, total number of shares available for issue pursuant to the grant of further options under the Share Option Scheme was 600,567,971 (2013: 600,567,971), representing 9.0% (2013: 9.7%) of the issued share capital of the Company as at 31 December 2014.

The consideration payable on the grant of an option is HK$1 for each grant transaction. Options may be exercised at any time within the exercisable period.

Notes to the Financial Statements

For the year ended 31 December 2014

36. SHARE OPTIONS — CONTINUED

The following tables set out the movement in share options:

Year ended 31 December 2014:

Name or category of participant	Share option type	Outstanding at 1 January 2014	Lapsed during the year	Outstanding at 31 December 2014
(a) Share Option Schemes				
Share option for directors and employees				
Directors				
Executive directors				
LIU Wei, William	2010	**30,000,000**	–	**30,000,000**
	2012	**10,000,000**	–	**10,000,000**
SHI Lixin	2010	**20,000,000**	–	**20,000,000**
	2012	**10,000,000**	–	**10,000,000**
Non-executive directors				
Mr. Yan Wei Min	2010	**30,000,000**	–	**30,000,000**
Mr. Ang Siu Lun, Lawrence	2010	**15,000,000**	–	**15,000,000**
Independent non-executive directors				
Mr. Chan Chun Wai, Tony	2010	**3,000,000**	–	**3,000,000**
Mr. Fok Hon	2010	**3,000,000**	–	**3,000,000**
Mr. Ma Gang	2010	**3,000,000**	–	**3,000,000**
Sub-total		**124,000,000**	–	**124,000,000**
Employees				
In aggregate	2010	**5,000,000**	–	**5,000,000**
In aggregate	2012	**1,000,000**	–	**1,000,000**
Sub-total		**6,000,000**	–	**6,000,000**
Total — Share Option Scheme		**130,000,000**	–	**130,000,000**

Notes to the Financial Statements

For the year ended 31 December 2014

36. SHARE OPTIONS — CONTINUED

Year ended 31 December 2013:

Name or category of participant	Share option type	Outstanding at 1 January 2013	Lapsed during the year	Outstanding at 31 December 2013
(a) Share Option Schemes				
Share option for directors an employees				
Directors				
Executive directors				
LIU Wei, William	2010	30,000,000	–	30,000,000
	2012	10,000,000	–	10,000,000
SHI Lixin	2010	20,000,000	–	20,000,000
	2012	10,000,000	–	10,000,000
Non-executive directors				
Mr. Yan Wei Min	2010	30,000,000	–	30,000,000
Mr. Ang Siu Lun, Lawrence	2010	15,000,000	–	15,000,000
Independent non-executive directors				
Mr. Chan Chun Wai, Tony	2010	3,000,000	–	3,000,000
Mr. Fok Hon	2010	3,000,000	–	3,000,000
Mr. Ma Gang	2010	3,000,000	–	3,000,000
Sub-total		124,000,000	–	124,000,000
Employees				
In aggregate	2010	13,000,000	(8,000,000)	5,000,000
In aggregate	2012	1,000,000	–	1,000,000
Sub-total		14,000,000	(8,000,000)	6,000,000
Total — Share Option Scheme		138,000,000	(8,000,000)	130,000,000
(b) Option Deed				
Share option for the strategic cooperative partner				
Xinwen	2010	300,000,000	(300,000,000)	–
Total — Option Deed		300,000,000	(300,000,000)	–

For the year ended 31 December 2014

36. SHARE OPTIONS — CONTINUED

Details of the share options are as follows:

Share option type		Date of grant	Exercisable period	Exercise price
(a)	Share Option Scheme			
	2010 (a) (note i & ii)	6 May 2010	6 May 2011 to 5 May 2018	HK$2.60
	2010 (b) (note i & ii)	6 May 2010	6 May 2012 to 5 May 2018	HK$2.60
	2012 (note iii)	28 May 2012	28 May 2012 to 27 May 2020	HK$0.95
(b)	Option Deed			
	2010 (c)	25 November 2010	25 November 2010 to 24 November 2013	HK$3.15

Notes:

(i) On 6 May 2010, the Directors granted 127,700,000 share options to the Company's directors and employees at exercise price of HK$2.60 per share upon approvals from the independent non-executive directors on that date. Consideration of HK$13 in respect of these granted share options was received.

(ii) 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%

(iii) On 28 May 2012, the Directors granted 21,000,000 share options to the Company's directors and employees at exercise price of HK$0.95 per share upon approvals of the independent non-executive directors on that date. These share options are vested at the date of grant. The share options shall be valid and exercisable for 8 years with effective from the date of grant of share option on 28 May 2012. Consideration of HK$4 in respect of these granted share options was received.

(iv) No share options were exercised for the years ended 31 December 2013 and 2014.

(v) The fair values of options granted under the Share Option Scheme on Lots A and B on 6 May 2010, 28 May 2012, and the option granted to Xinwen on 25 November 2010, measured at the date of grant, were approximately HK$23,124,000, HK$93,637,000, HK$9,290,000 and HK$212,813,000 respectively. The following key assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

Date of grant	6 May 2010 Lot A	6 May 2010 Lot B	25 November 2010	28 May 2012
Expected volatility	69%	74%	68%	61%
Expected life (in years)	2.0	3.0	1.0	8.0
Risk-free interest rate	1%	1%	1%	1%
Expected dividend yield	Nil	Nil	Nil	Nil

The expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. The expected life used in the model has been adjusted based on management's best estimate.

Notes to the Financial Statements

For the year ended 31 December 2014

36. SHARE OPTIONS — CONTINUED

Notes: — continued

(vi) Share options and weighted average exercise prices are as follows for the reporting period presented:

	2014		2013	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at 1 January	**130,000,000**	**2.33**	438,000,000	2.90
Lapsed	**–**	**–**	(308,000,000)	3.13
Outstanding at 31 December	**130,000,000**	**2.33**	130,000,000	2.33

The share options outstanding at 31 December 2014 had exercise price of HK$0.95 or HK$2.60 (2013: HK$0.95 or HK$2.60) and a weighted average remaining contractual life of 4 years (2013: 5 years). There are 130,000,000 (2013: 130,000,000) share options exercisable as at 31 December 2014.

(vii) For the year ended 31 December 2013, share options lapsed were due to (1) the lapse of 300,000,000 share options issued to Xinwen under Option Deed and (2) the lapse of with 8,000,000 share options issued to an employee who resigned during the year. As a result of the lapse of share options during the year, an amount of HK$220,508,000 were debited from the share-based payment reserve and credited to retained earnings/accumulated losses.

37. RESERVES

Other reserve of the Company and the Group represented to recognise the difference between the fair value and the nominal value of the loans from ultimate holding company and loan from non-controlling interest of a subsidiary on initial recognition.

Share-based payment reserve of the Company and the Group represented to recognise the share-based payment expenses in statement of comprehensive income with a corresponding credit to share-based payment reserve.

Treasury shares reserve represented the fair value at the date of disposal of Hill Talent Limited and its subsidiaries (the "Hill Talent Group") of 226,500,000 ordinary shares of the Company held by the purchaser which were receivable as part of the consideration of the disposals of the Hill Talent Group (note 41(b)). During the year, 60,000,000 ordinary shares of the Company held by the purchaser were sold at the consideration of HK$58,028,000. As at 31 December 2014, there were 166,500,000 ordinary shares in treasury shares.

Exchange fluctuation reserve represented gains/losses arising on retranslating the net assets of overseas operations into HK$. The significant exchange loss on translation of approximately HK$1,165,934,000 (2013: HK$1,754,454,000) was mainly due to (1) the depreciation of Brazilian currency and (2) the translation of the significant net assets of SAM during the year.

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37. RESERVES — CONTINUED

Movements of the Group's reserves for the current and prior years are presented in the consolidated statement of changes in equity on page 47 of the consolidated financial statements.

COMPANY

	Share premium HK$'000	Treasury shares reserve HK$'000	Other reserve HK$'000	Share-based payment reserve HK$'000	Convertible bond equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	679,331	–	44,919	357,381	363,304	(1,129,650)	315,285
Arising from loans from ultimate holding company	–	–	3,788	–	–	–	3,788
Issuance of convertible bonds	–	–	–	–	258,836	–	258,836
Disposals of subsidiaries (note 41(b))	–	(276,332)	–	–	(41,997)	–	(318,329)
Lapse of share options	–	–	–	(220,508)	–	220,508	–
Transactions with owners	–	(276,332)	3,788	(220,508)	216,839	220,508	(55,705)
Profit for the year and total comprehensive income for the year	–	–	–	–	–	57,872	57,872
Transfer of reserves	–	–	–	–	(321,307)	321,307	–
At 31 December 2013 and 1 January 2014	**679,331**	**(276,332)**	**48,707**	**136,873**	**258,836**	**(529,963)**	**317,452**
Share issued for acquisition of subsidiaries (note 42(a))	**587,153**	**–**	**–**	**–**	**–**	**–**	**587,153**
Sales of treasury shares	**–**	**73,200**	**–**	**–**	**–**	**(15,172)**	**58,028**
Transactions with owners	**587,153**	**73,200**	**–**	**–**	**–**	**(15,172)**	**645,181**
Loss for the year and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(91,225)**	**(91,225)**
At 31 December 2014	**1,266,484**	**(203,132)**	**48,707**	**136,873**	**258,836**	**(636,360)**	**871,408**

For the year ended 31 December 2014

38. OPERATING LEASE COMMITMENTS

Operating leases — lessee

At 31 December 2014, total future minimum lease payments under non-cancellable operating leases are payable by the Group and the Company as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**4,971**	3,204	**2,173**	2,173
In the second to fifth year inclusive	**1,844**	2,717	**544**	2,717
	6,815	5,921	**2,717**	4,890

The Group leases a number of rented premises under operating leases. The leases run for an initial period of one to three years (2013: one to three years). None of the leases include contingent rentals.

Operating leases — lessor

At 31 December 2014, total future minimum lease receivables under non-cancellable operating leases are as follows:

	Group and Company	
	2014	2013
	HK$'000	HK$'000
Within one year	**600**	–

39. CAPITAL COMMITMENTS

GROUP

	2014	2013
	HK$'000	HK$'000
Contracted but not provided for		
Property, plant and equipment	**3,164**	1,940
Exploration and evaluation assets	**–**	6,978
	3,164	8,918

As at 31 December 2014, the estimated capital expenditures for the mineral resources exploration business in Brazil, which is operated by SAM, are stated in note 16.

As at 31 December 2014 and 2013, the Company had no capital commitments.

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For the year ended 31 December 2014

40. CONTINGENT CONSIDERATION PAYABLES

GROUP

	2014 **HK$'000**	2013 HK$'000
At 1 January	**1,590,274**	–
Acquisition of subsidiaries (note 42(b))	**–**	1,590,274
Fair value loss	**190,295**	–
At 31 December	**1,780,569**	1,590,274

Since the completion of the acquisition of SAM on 28 March 2013, the Group is committed to pay the consideration outstandings of third instalment of US$115 million, fourth instalment of US$100 million and fifth instalment of US$100 million upon completion of approvals of required licenses and permits, commencement of port operation and commencement of mining production respectively.

The contingent consideration payables represent the fair value of the obligation for the consideration payable in accordance with the share purchase agreement for the acquisition of SAM ("SAM Agreement") and are estimated by independent professional valuers. As at 31 December 2014, the fair value of the contingent consideration payables was estimated by applying income approach at a discount rate of 10.62% (2013: 14.75%) and the probability-weighted average of payouts associated with possible repayment schedules of SAM Agreement.

For the year ended 31 December 2014

41. DISPOSALS OF SUBSIDIARIES

(a) Divine Mission

On 17 January 2014, the Company disposed its equity interests in Divine Mission, a 60% owned subsidiary of the Group (the "Disposal"), to an independent third party for a cash consideration of HK$3,600,000. Divine Mission beneficially owned 100% of Kailun Photovoltaic Materials Investments Limited, which indirectly owns 100% of the issued share capital of Jining Kailun SogSi Materials Co., Ltd. (collectively referred as to the "Divine Mission Group"). The Divine Mission Group engaged in the production and sale of silicon products in the PRC. Net liabilities of the Divine Mission Group at the date of Disposal were as follows:

	HK$'000
Prepaid land lease payments	**22,184**
Cash and cash equivalents	**35**
Trade payables	**(10,917)**
Other payables and receipts in advance	**(23,064)**
Loans from non-controlling interest of a subsidiary	**(6,800)**
Borrowings	**(2,691)**
Deferred tax liabilities	**(693)**
	(21,946)
Non-controlling interests	**9,305**
Release of translation reserve upon disposals of Divine Mission Group to profit or loss	**(1,920)**
Gain on disposals of subsidiaries	**18,161**
Total consideration	**3,600**
Satisfied by:	
Cash consideration	**3,600**

An analysis of net inflow of cash and cash equivalents in respect of the Disposal was as follows:

	HK$'000
Cash consideration received	**3,600**
Cash and cash equivalents disposed of	**(35)**
Net inflow of cash and cash equivalents in respect of the disposal of the Divine Mission Group	**3,565**

Notes to the Financial Statements

For the year ended 31 December 2014

41. DISPOSALS OF SUBSIDIARIES — CONTINUED

(b) Hill Talent

On 6 June 2013, the Group disposed its entire share capital of Hill Talent and its subsidiaries (the "Hill Talent Group"). Net assets of the Hill Talent Group at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Exploration and evaluation assets	1,221,556
Property, plant and equipment	112
Prepayments, deposits and other receivables	1,309
Cash and cash equivalents	562
Other payables and accruals	(122)
Deferred tax liabilities	(415,313)
	808,104
Non-controlling interests	(275,016)
Release of translation reserve upon disposals of Hill Talent Group to profit or loss	123,560
Gain on disposals of subsidiaries	73,188
Total consideration	729,836
Satisfied by:	
Cash consideration	111,150
Repurchase and cancellation of convertible bonds (note (i))	342,354
Promissory note (note (ii))	276,332
	729,836

An analysis of net inflow of cash and cash equivalents in respect of the disposals of the Hill Talent Group was as follows:

	HK$'000
Cash consideration received	111,150
Cash and cash equivalents disposed of	(562)
Net inflow of cash and cash equivalents in respect of the disposals of the Hill Talent Group	110,588

Notes to the Financial Statements

For the year ended 31 December 2014

41. DISPOSALS OF SUBSIDIARIES — CONTINUED

(b) Hill Talent — continued

Notes:

(i) Convertible bonds were issued to Brilliant People Limited ("Brilliant People") on 24 March 2010 and can be converted into 400,000,000 ordinary shares of the Company per HK$1 bond at par. The convertible bonds were repurchased and cancelled upon the disposal. The fair values of derivative, liability and equity components of the convertible bonds are as follows:

	HK$'000
Derivative financial assets	(3,943)
Liability component	304,300
Equity component	41,997
	342,354

The fair value of convertible bonds as at disposal date had been determined with reference to the valuation performed by an independent valuer.

(ii) Brilliant People issued interest-free promissory note with principal amount of HK$203.85 million with a repayment term of three years. The promissory note was secured by 226,500,000 ordinary shares of the Company ("Charged Shares"), which were owned by Brilliant People. In accordance with the promissory note agreement, Brilliant People deposited the Charged Shares with an escrow agent and instructed the escrow agent to sell the Charged Shares on the open market and applied the proceeds of sale of the Charges Share for payment of the outstanding principal amount of the promissory note during the repayment term. Once Brilliant People deposited the Charged Shares with the escrow agent, Brilliant People was deemed to have discharged its entire payment obligation under the promissory note. The entire proceeds of sale of all the Charged Shares would be applied for payment of the principal amount of the promissory note. Whether the proceeds of sale of all the Charged Shares were higher or lower than the principal amount of the promissory note, the Company shall be entitled to the entire sale proceeds. Accordingly, the fair value of the Charged Shares at the date of disposal of HK$276,332,000 was recognised directly in the 'treasury shares reserve" in equity. As at 31 December 2013, no Charged Shares were sold.

42. BUSINESS COMBINATION

(a) Triumphant Glory

On 2 July 2014, the Company entered into an acquisition agreement with Geely International (Hong Kong) Limited, Good Cheer Holdings Limited ("Good Cheer") (Mr. He Xuechu, a director and controlling shareholder of the Company, held 35% equity interests in Good Cheer) and Leads Top Limited ("Vendors") to acquire 90.68% of the equity interests in Triumphant Glory and amounts due to Vendors of HK$157,922,000 for a total consideration of HK$634,760,000 (the "Acquisition"). The consideration was settled by the issue of 428,891,890 shares of the Company. Triumphant Glory beneficially owned 100% of the equity interest in Shandong Forever (collectively referred as to the "Triumphant Glory Group"). The Triumphant Glory Group is principally engaged in the production and sale of lithium batteries in the PRC. The Acquisition was completed on 26 September 2014. Details of the Acquisition were set out in the Company's circulars dated 1 September 2014. The Acquisition was made with the aims to explore the Group's new investment and cooperation opportunities in the new energy and resources section for electric vehicles in the PRC.

Notes to the Financial Statements

For the year ended 31 December 2014

42. BUSINESS COMBINATION — CONTINUED

(a) Triumphant Glory — continued

The fair value of identifiable assets and liabilities of the Triumphant Glory Group as at the date of Acquisition were:

	HK$'000	HK$'000
Property, plant and equipment	140,195	
Other intangible assets	359,168	
Prepaid land lease payments	54,810	
Deferred tax assets	4,277	
Inventories	42,589	
Trade receivables	71,817	
Prepayments, deposits and other receivables	19,938	
Restricted bank deposits	24,279	
Cash and cash equivalents	47,353	
Bank borrowings	(25,200)	
Trade and bill payables	(75,073)	
Other payables, accrued expenses, deposits received and receipts in advance	(9,282)	
Amounts due to Vendors	(157,420)	
Deferred income	(136,080)	
Deferred tax liabilities recognised upon fair value Adjustments	(92,297)	269,074
Less: Non-controlling interests		(25,078)
		243,996
Amounts due to Vendors assigned		157,420
Goodwill (note 20)		186,166
Consideration satisfied by shares of the Company		587,582
Cash and cash equivalents acquired		47,353
Cash inflow arising from the acquisition of the Triumphant Glory Group		47,353

The goodwill is attributable to the significant future prospect and the business value of the acquired production and sale of lithium battery business.

Since the Acquisition, the Triumphant Glory Group has contributed revenue of approximately HK$69,977,000 to the Group's turnover and loss of approximately HK$6,621,000 to the Group's loss for the year. Had the Acquisition been completed on 1 January 2014, total Group's turnover for the year would have been increased by approximately HK$102,842,000 and loss for the year would have been decreased by approximately HK$10,882,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results. The Acquisition's related costs of approximately HK$1,722,000 have been expensed and are included in other operating expenses (note 9).

Notes to the Financial Statements

For the year ended 31 December 2014

42. BUSINESS COMBINATION — CONTINUED

(a) Triumphant Glory — continued

The fair value of trade receivables, prepayments, deposits and other receivables at the date of acquisition amounted to HK$91,755,000 which was also the gross contractual amounts of these receivables acquired. None of the contractual cash flows of the above amount was estimated to be uncollectible.

(b) Acquisition of SAM ("SAM Acquisition")

On 28 March 2013, the Group obtained the control of the entire interests of SAM, a company incorporated in Brazil with principal activity of research and exploration of iron ore. The acquisition was made with the aims to explore the Group's new investment opportunities in the energy and resources sector. Details of the SAM Acquisition were set out in the Company's circulars dated 5 November 2010.

The fair value of identifiable assets and liabilities of SAM as at the date of acquisition were:

	HK$'000	HK$'000
Property, plant and equipment	2,168	
Exploration and evaluation assets	17,688,504	
Cash and cash equivalents	3,880	
Other receivables	1,166	
Other payables	(20,019)	
Loan from the Group	(315,319)	
Deferred tax liabilities recognised upon fair value adjustments	(5,906,774)	
		11,453,606
The fair value of consideration transfer:		
Deposits for acquisition of business	81,265	
Cash paid	504,926	
Contingent consideration payables	1,590,274	
		2,176,465
Gain on bargain purchase		9,277,141
Purchase consideration settled in cash		(504,926)
Cash and cash equivalents acquired		3,880
Cash outflow on acquisition of subsidiaries		(501,046)

42. BUSINESS COMBINATION — CONTINUED

(b) Acquisition of SAM ("SAM Acquisition") — continued

During the period of negotiation of the SAM Acquisition, there was lower level of mineral resources of SAM. Upon the completion of the SAM Acquisition, the level of mineral resources increased significantly when further drilling works performed and resulted in the gain on bargain purchase of HK$9,277,141,000, which was recognised in profit or loss in 2013. Details of the increase in mineral resources of SAM were set out in the Company's circular dated 5 November 2010 and announcement dated 4 April 2011.

SAM had not yet commenced production. Since the acquisition date, SAM had contributed no revenue to the Group's revenue and loss of HK$33,745,000 to the Group's profit for the year ended 31 December 2013. Had the SAM Acquisition been completed on 1 January 2013, total Group revenue for the year would have remained unchanged but profit for that year would have been decreased by approximately HK$6,700,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor was it intended to be a projection of future results. The SAM Acquisition's related costs of HK$2,300,000 had been expensed and were included in other operating expenses (note 9).

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities.

(i) Financial assets

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loans and receivables:				
Current assets				
Trade and bill receivables	**359,480**	250,779	**–**	–
Other receivables	**8,275**	57	**421**	14
Amount due from subsidiaries	**–**	–	**1,212,342**	1,002,279
Restricted bank deposits	**15,294**	–	**–**	–
Cash and bank balances	**57,080**	86,142	**30,545**	70,094
	440,129	336,978	**1,243,308**	1,072,387

Notes to the Financial Statements

For the year ended 31 December 2014

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY — CONTINUED

(ii) Financial liabilities

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities at fair value through profit or loss:				
Non-current liabilities				
Derivative financial liabilities	**83,699**	92,511	**83,699**	92,511
Contingent consideration payables	**1,780,569**	1,590,274	**–**	–
	1,864,268	1,682,785	**83,699**	92,511
Financial liabilities at amortised cost:				
Current liabilities				
Trade and bill payables	**324,176**	237,032	**–**	–
Other payables, accrued expenses and deposits received	**23,998**	40,580	**4,545**	1,141
Amounts due to subsidiaries	**–**	–	**–**	89
Borrowings	**–**	2,691	**–**	–
Loans from non-controlling interest of a subsidiary	**–**	6,800	**–**	–
	348,174	287,103	**4,545**	1,230
Non-current liabilities				
Loans from ultimate holding company	**220,138**	228,794	**220,138**	228,794
Convertible bonds	**489,436**	433,660	**489,436**	433,660
	709,574	662,454	**709,574**	662,454
	2,922,016	2,632,342	**797,818**	756,195

Notes to the Financial Statements

For the year ended 31 December 2014

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY — CONTINUED

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments that are measured at fair value in the statements of financial position:

Level 1: fair value measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: fair value measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets or liabilities are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

(i) Financial liabilities measured at fair value through profit or loss

Group

As at 31 December 2014	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Derivative financial liabilities	**–**	**–**	**83,699**	**83,699**
Contingent consideration payables	**–**	**–**	**1,780,569**	**1,780,569**
	–	**–**	**1,864,268**	**1,864,268**

As at 31 December 2013	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Derivative financial liabilities	–	–	92,511	92,511
Contingent consideration payables	–	–	1,590,274	1,590,274
	–	–	1,682,785	1,682,785

For the year ended 31 December 2014

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY — CONTINUED

(i) Financial liabilities measured at fair value through profit or loss — continued

Company

As at 31 December 2014	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Derivative financial liabilities	**–**	**–**	**83,699**	**83,699**

As at 31 December 2013	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Derivative financial liabilities	–	–	92,511	92,511

Information about level 3 fair value measurements

The fair value of the derivative financial liabilities, which is early redemption option embedded in the convertible bond, is estimated using the Black-Scholes model with Trinomial Tree method. The only significant unobservable input is historical volatility of share price of the Company. As at 31 December 2014, the historical volatility is 80.644% (2013: 78.206%). The higher the historical volatility, the higher the fair value.

The details of the valuation of the fair value of contingent consideration payables were disclosed in note 40.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk and interest risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long-term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. Management identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the Directors.

44.1 Foreign currency risk

The Group's exposure to currency exchange rates is minimal as the group companies usually hold most of their financial assets/liabilities in their own functional currencies. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

44.2 Interest rate risk

The Group's exposure to interest rate is minimal as the Group has no interest-bearing borrowings at floating rates as at 31 December 2014. The exposure to interest rates for the Group's bank deposits is considered immaterial.

For the year ended 31 December 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — CONTINUED

44.2 Interest rate risk— continued

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Directors are of the opinion that sensitivity of the Group's loss after tax and retained earnings to a reasonable change in the interest rates are assessed to be immaterial. Changes in interest rates have no impact on other components of equity.

44.3 Credit risk

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group has certain concentration of credit risk as 94% of the Group's turnover for the year was derived from 1 major customer and as at reporting date, 29% of the Group's trade and bill receivables was due from this customer. The Group continuously and actively evaluates the credit risk of this debtor.

The Group's management considers that the Group's financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade, bill and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

44.4 Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly.

The Group maintains mainly cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

As detailed in note 3.1, these financial statements have been prepared on the assumption that the Group and the Company will continue as a going concern. On the basis that (1) the Company has signed MOU with New Hope and proposed to issue convertible bonds with aggregate principal amount of no less than HK$240,870,000 and no more than HK$1,379,730,00 and grant no more than 1,026,000,000 share options to New Hope; (2) the Company has signed certain MOU and framework agreement with its strategic partners for the development of SAM if all required licences were obtained, additional funding will be obtained for the future capital expenditure and operations of SAM; and (3) Hong Bridge and its two shareholders provide financial support to the Group, the Directors are satisfied that both the Group and the Company will be able to meet in full their financial obligations as they fall due in the foreseeable future without significant curtailment of operations. Accordingly, the financial statements have been prepared on a going concern basis.

For the year ended 31 December 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — CONTINUED

44.4 Liquidity risk — continued

As at 31 December 2014 and 2013, the Group's financial liabilities have contractual maturities which are summarised below:

GROUP

	Within 1 month or on demand HK$'000	1 to 3 months HK$'000	4 to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted amount HK$'000	Total carrying amount HK$'000
At 31 December 2014						
Non-derivatives:						
Trade and bill payables	**324,176**	**–**	**–**	**–**	**324,176**	**324,176**
Other payables, accrued expenses and deposits received	**23,998**	**–**	**–**	**–**	**23,998**	**23,998**
Loans from ultimate holding company	**–**	**–**	**–**	**231,554**	**231,554**	**220,138**
Contingent consideration payables	**–**	**–**	**–**	**2,444,369**	**2,444,369**	**1,780,569**
Convertible bonds	**–**	**–**	**–**	**740,000**	**740,000**	**489,436**
	348,174	**–**	**–**	**3,415,923**	**3,764,097**	**2,838,317**
At 31 December 2013						
Non-derivatives:						
Trade and bills payables	237,032	–	–	–	237,032	237,032
Other payables and accrued expenses	40,580	–	–	–	40,580	40,580
Borrowings	2,691	–	–	–	2,691	2,691
Loans from ultimate holding company	–	–	–	236,992	236,992	228,794
Loans from non-controlling interest of a subsidiary	6,800	–	–	–	6,800	6,800
Contingent consideration payables	–	–	–	2,444,369	2,444,369	1,590,274
Convertible bonds	–	–	–	740,000	740,000	433,660
	287,103	–	–	3,421,361	3,708,464	2,539,831

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — CONTINUED

44.4 Liquidity risk — continued

COMPANY

	Within 1 month or on demand HK$'000	1 to 3 months HK$'000	4 to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted amount HK$'000	Total carrying amount HK$'000
At 31 December 2014						
Non-derivatives:						
Other payables and accrued expenses	**4,545**	**–**	**–**	**–**	**4,545**	**4,545**
Loans from ultimate holding company	**–**	**–**	**–**	**231,554**	**231,554**	**220,138**
Convertible bonds	**–**	**–**	**–**	**740,000**	**740,000**	**489,436**
	4,545	**–**	**–**	**971,554**	**976,099**	**714,119**
At 31 December 2013						
Non-derivatives:						
Other payables and accrued expenses	1,141	–	–	–	1,141	1,141
Amounts due to subsidiaries	89	–	–	–	89	89
Loans from ultimate holding company	–	–	–	236,992	236,992	228,794
Convertible bonds	–	–	–	740,000	740,000	433,660
	1,230	–	–	976,992	978,222	663,684

44.5 Other risk

For the purpose of impairment assessment of exploration and evaluation assets as at 31 December 2014, recoverable amount was valued by an independent valuer based on the fair value less cost of disposal. The valuation was based on the income-based approach and the excess earning method and subject to various assumptions and parameters. The sensitivity analysis of the change of major parameters on the fair value of exploration and evaluation assets is stated in note 16.

45. CAPITAL MANAGEMENT

The Group's objectives when managing capital include:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

45. CAPITAL MANAGEMENT — CONTINUED

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or raise new debts, or sell assets to reduce debt.

The capital-to-overall financing ratio at reporting date was as follows:

	2014 **HK$'000**	2013 HK$'000
Capital		
Total equity	**4,072,505**	7,802,161
Loans from ultimate holding company	**(48,708)**	(48,708)
Loans from non-controlling interest of a subsidiary	**–**	(555)
Convertible bonds — equity components	**(258,836)**	(258,836)
	3,764,961	7,494,062
Overall financing		
Borrowings	**–**	2,691
Loans from ultimate holding company	**268,846**	277,502
Loan from non-controlling interest of a subsidiary	**–**	7,355
Convertible bonds — equity and liability components	**748,272**	692,496
	1,017,118	980,044
Capital-to-overall financing ratio	**3.70 times**	7.65 times

46. RELATED PARTY TRANSACTIONS

Save as disclosed in note 42(a) for the acquisition of subsidiaries from a related party and note 13 for compensation of key management personnel, there are no other significant related party transactions during the year ended 31 December 2014 and 31 December 2013.

47. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2014 were approved for issue by the Board of Directors on 26 March 2015.

Financial Summary

FINANCIAL RESULTS

	Year ended 31 December				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
CONTINUING OPERATIONS					
Turnover	49,785	1,756,598	415,306	10,365	**73,481**
Direct operating expenses	(50,399)	(1,740,781)	(412,442)	(2,778)	**(51,996)**
Other operating revenue	4,321	9,678	8,190	6,971	**4,086**
Selling and distribution costs	(663)	(851)	(1,180)	(432)	**(959)**
Administrative expenses	(23,752)	(32,036)	(27,284)	(60,143)	**(78,912)**
Other operating expenses, net	(44,885)	(50,029)	(55,069)	(54,924)	**(3,008)**
Share-based payment expenses	(349,883)	(51,861)	(23,980)	–	**–**
Impairment of exploration and evaluation assets	–	(298,247)	(171,398)	–	**(4,474,063)**
Gain on disposals of subsidiaries	–	–	–	73,188	**18,161**
Gain on bargain purchase	–	–	–	9,277,141	**–**
Fair value gain on derivative financial liabilities	–	–	–	–	**8,812**
Fair value loss on contingent consideration payables	–	–	–	–	**(190,295)**
Impairment of goodwill	–	(31,051)	–	–	**–**
Finance costs	(32,397)	(52,373)	(61,200)	(69,539)	**(67,327)**
(Loss)/Profit before income tax	(447,873)	(490,953)	(329,057)	9,179,849	**(4,762,020)**
Income tax credit	–	101,404	58,767	–	**1,520,225**
(Loss)/Profit for the year from continuing operations	(447,873)	(389,549)	(270,290)	9,179,849	**(3,241,795)**
DISCONTINUED OPERATIONS					
(Loss)/Profit for the year from discontinued operations	(1,640)	3,001	–	–	**–**
(Loss)/Profit for the year	(449,513)	(386,548)	(270,290)	9,179,849	**(3,241,795)**
Attributable to:					
Owners of the Company	(445,650)	(304,839)	(221,699)	9,182,596	**(3,241,459)**
Non-controlling interests	(3,863)	(81,709)	(48,591)	(2,747)	**(336)**
(Loss)/Profit for the year	(449,513)	(386,548)	(270,290)	9,179,849	**(3,241,795)**

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Total assets	2,529,270	3,013,559	2,047,332	15,513,979	**10,146,738**
Total liabilities	(1,246,926)	(2,095,943)	(1,463,405)	(7,711,818)	**(6,074,233)**
Non-controlling interests	(495,588)	(360,419)	(279,188)	9,305	**(24,742)**
Equity attributable to owners of the Company	786,756	557,197	304,739	7,811,466	**4,047,763**