HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

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The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This Announcement, for which the directors (the "Directors") of Honbridge Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Announcement misleading; and (iii) all opinions expressed in this Announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This Announcement will remain on the "Latest Company Announcements" page of the GEM website www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.8137.hk.

GROUP RESULTS

The board of directors (the "Board") of Honbridge Holdings Limited (the "Company") announced the annual consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009 together with the comparative audited figures for last financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	4	**32,592**	55,091
Direct operating expenses		**(20,567)**	(39,864)
Other operating revenue		**342**	480
Selling and distribution costs		**(5,904)**	(7,101)
Administrative expenses		**(17,270)**	(15,095)
Other operating expenses		**(3,309)**	(10,880)
Impairment of goodwill		**(35,686)**	–
Operating loss		**(49,802)**	(17,369)
Finance costs		**(3,918)**	(2,575)
Loss before income tax	5	**(53,720)**	(19,944)
Income tax expense	7	**–**	–
Loss for the year		**(53,720)**	(19,944)
Other comprehensive income, including reclassification adjustments			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(4)**	123
Other comprehensive income for the year, net of tax		**(4)**	123
Total comprehensive income for the year		**(53,724)**	(19,821)
Loss for the year attributable to:			
Owners of the Company		**(50,136)**	(15,729)
Minority interest		**(3,584)**	(4,215)
		(53,720)	(19,944)
Total comprehensive income attributable to:			
Owners of the Company		**(50,138)**	(15,655)
Minority interest		**(3,586)**	(4,166)
		(53,724)	(19,821)
Loss per share for loss attributable to the owners of the Company during the year	9		
– Basic		**HK(1.21) cent**	HK(0.46) cent
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**33,094**	27,178
Prepaid land lease payments		**20,840**	21,285
Goodwill		**–**	35,686
Deposits		**407**	3,460
		54,341	87,609
Current assets			
Inventories		**6,024**	14,069
Trade and bills receivables	*10*	**7,129**	6,152
Prepayments and other receivables		**10,470**	9,100
Cash and cash equivalents		**16,240**	20,776
		39,863	50,097
Current liabilities			
Trade payables	*11*	**8,545**	7,510
Other payables, accrued expenses and receipts in advance		**21,906**	22,349
Borrowings		**14,375**	18,112
Convertible bonds		**–**	14,001
		44,826	61,972
Net current liabilities		**(4,963)**	(11,875)
Total assets less current liabilities		**49,378**	75,734
Non-current liabilities			
Borrowings		**597**	937
Loans from ultimate holding company		**49,026**	43,292
Loan from a minority equity holder of a subsidiary		**5,933**	–
Deferred tax liabilities		**693**	693
		56,249	44,922
Net (liabilities)/assets		**(6,871)**	30,812
EQUITY			
Equity attributable to owners of the Company			
Share capital		**5,513**	3,413
Reserves		**(28,854)**	7,713
		(23,341)	11,126
Minority interest		**16,470**	19,686
Total equity		**(6,871)**	30,812

NOTES:

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 Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands and the Company's principal place of business is Suite 2703, 27th Floor, Great Eagle Centre, 23 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 subsidiaries are principally engaged in the production and sale of highly purified silicon and is also engaged in publication of magazines. The Company and its subsidiaries are together defined to as the "Group" hereinafter. The directors of the Company consider ultimate holding company to be Hong Bridge Capital Limited ("Hong Bridge"), a company incorporated in the British Virgin Islands with limited liability. During the year, there were no significant changes in the Group's operations.

The consolidated financial statements of the Group 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 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 of Hong Kong Limited (the "GEM Listing Rules").

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group have applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments

Various – Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income such as currency translation. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly this statement is not presented.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

New or amended HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group for the year ended 31 December 2009.

HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[6]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standard – Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters[2]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishment Financial Liabilities with Equity Instruments[2]
Various	Annual Improvements to HKFRSs 2009 [7]

Notes:

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013
6 Effective for annual periods beginning on or after 1 February 2010
7 Generally effective for annual periods beginning on or after 1 July 2009 or 1 January 2010 unless otherwise stated in the specific HKFRS, as appropriate

2. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

New or amended HKFRSs that have been issued but are not yet effective (continued)

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. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3 BASIS OF PREPARATION

In preparing the financial statements for the year ended 31 December 2009, the directors of the Company have given considerations to the future financial positions of the Group in light of the net current liabilities of approximately HK$4,963,000 (2008: HK$11,875,000) and the net liabilities of approximately HK$6,871,000 (2008: net assets: HK$30,812,000) as at 31 December 2009 and the Group's loss attributable to owners of the Company for the year of approximately HK$50,136,000 for the year ended 31 December 2009 (2008: HK$15,729,000). The directors of the Company are taking active steps to improve the financial positions of the Group as described below.

The financial statements have been prepared on the assumption that the Group will continue to operate as a going concern notwithstanding these conditions prevailing as at 31 December 2009 and subsequently thereto up to the date of approval of these financial statements. In order to improve the Group's financial positions, immediate liquidity and cash flows, the directors of the Company have adopted several measures together with other measures in progress at the date of approval of these consolidated financial statements which include, but not limited to, the following:

(i) Hong Bridge the Company's ultimate holding company, provides continuing financial support to the Group and expresses its willingness to provide adequate funds for the Group to meet its liabilities and obligations as and when they fall due for the period at least up to 15 March 2011; and

(ii) The directors of the Company anticipate that the Group will generate positive cash flows from its silicon business.

As such, the directors of the Company are satisfied that the Group will be able to meet in full their financial obligations as they fall due for the foreseeable future without significant curtailments of operations. Accordingly, the financial statements have been prepared on a going concern basis.

Should these measures be failed or insufficient, or should the going concern basis be inappropriate, adjustments would have to be made to the financial statements to write down the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of the potential adjustments has not been reflected in the financial statements.

4. REVENUE

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and income from provision of services. Revenue recognised during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Sale of silicon products	**10,079**	29,626
Sale of magazines	**2,673**	3,283
Advertising income	**9,279**	12,598
Promotion and marketing income	**10,561**	9,584
	32,592	55,091

5. LOSS BEFORE INCOME TAX

For the year ended 31 December 2009, loss before income tax is arrived at after charging cost of inventories recognised as expense of HK$7,631,000 (2008: HK$26,170,000), impairment of property, plant and equipment of HK$Nil (2008: HK$5,349,000), reversal of impairment of inventories of HK$810,000 (2008: impairment of inventories of HK$5,139,000) and depreciation of HK$2,730,000 (2008: HK$1,639,000).

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 product and service in Hong Kong and Mainland China market.

The Company is an investment holding company and the principal place of the Group's operation is in service in Hong Kong and Mainland China. For the purpose of segment information disclosures under HKFRS 8, the Group regarded service in Hong Kong and Mainland China the PRC as its country of domicile. Over 90% of the Group's revenue, expenses, results, assets and liabilities and capital expenditures are attributable to a single geographical region, which is the PRC.

Information regarding the Group's reportable segments provided to the Group's most senior management is set out below:

	Silicon products	**Publications**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2009			
Reportable segment revenue (external customers)	**10,079**	**22,513**	**32,592**
Reportable segment loss	**(44,648)**	**(1,021)**	**(45,669)**
Reportable segment assets	**84,277**	**7,601**	**91,878**
Reportable segment liabilities	**42,901**	**8,291**	**51,192**
Capital expenditure	**5,549**	**22**	**5,571**
Interest income	**(125)**	**–**	**(125)**
Interest expense	**1,070**	**–**	**1,070**
Depreciation	**2,422**	**88**	**2,510**
Amortisation charge	**445**	**–**	**445**
Impairment of goodwill	**35,686**	**–**	**35,686**
Impairment and written off of receivables	**–**	**198**	**198**
Reversal of Impairment of inventories	**(810)**	**–**	**(810)**

6. SEGMENT INFORMATION (continued)

	Silicon products *HK$'000*	Publications *HK$'000*	Total *HK$'000*
Year ended 31 December 2008			
Reportable segment revenue (external customers)	29,626	25,465	55,091
Reportable segment (loss)/profit	(10,538)	39	(10,499)
Reportable segment assets	126,960	8,058	135,018
Reportable segment liabilities	41,858	7,726	49,584
Capital expenditure	53,848	112	53,960
Interest income	(45)	(8)	(53)
Interest expense	574	–	574
Depreciation	1,342	83	1,425
Amortisation charge	259	–	259
Impairment of property, plant and equipment	5,349	–	5,349
Reversal of impairment and written off of receivables	–	(52)	(52)
Impairment of inventories	5,139	–	5,139
Loss on disposals of property, plant and equipment	1	–	1

Reportable segment revenue represented turnover of the Group. 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:

	2009 ***HK$'000***	2008 *HK$'000*
Reportable segment loss	**(45,669)**	(10,499)
Other operating revenue	**100**	160
Administrative expenses	**(5,303)**	(7,604)
Finance costs	**(2,848)**	(2,001)
	(53,720)	(19,944)
Reportable segment assets	**91,878**	135,018
Property, plant and equipment	**623**	817
Prepayments and other receivables	**596**	191
Cash and cash equivalents	**1,107**	1,680
	94,204	137,706
Reportable segment liabilities	**51,192**	49,584
Other payables, accrued expenses and receipts in advance	**857**	17
Convertible bonds	**–**	14,001
Loans from ultimate holding company	**49,026**	43,292
	101,075	106,894

6. **SEGMENT INFORMATION (continued)**

The Group's revenues from external customers and its non-current assets (other than goodwill) are divided into the following geographical areas:

	2009	2008
	HK$'000	*HK$'000*
Revenues from external customers		
Hong Kong	**22,513**	25,465
Mainland China	**10,079**	29,626
	32,592	55,091
Non-current assets		
Hong Kong	**2,962**	3,089
Mainland China	**50,756**	48,017
	53,718	51,106

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset.

7. **INCOME TAX EXPENSE**

During the year ended 31 December 2009, no provision for tax has been provided by the Group as the Group had no estimated assessable profit arising in or derived from Hong Kong.

During the year ended 31 December 2008, no provision for Hong Kong profits tax has been provided in the financial statements as the Group has tax losses brought forward from previous years to offset against the assessable profit derived from Hong Kong.

Taxation on profits assessable elsewhere have been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during both years.

With the effect of the PRC enterprise income tax on 1 January 2008, enterprise income tax rates for domestic and foreign enterprises were unified at 25%. Upon expiry of the tax holiday and tax relief, the new PRC corporate income tax rate of 25% is applicable to 濟寧凱倫光伏材料有限公司 ("Kailun PV (Jining)"), being a subsidiary of the Group established as wholly foreign-owned enterprise in the PRC.

8. **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

9. **LOSS PER SHARE**

(a) **Basic loss per share**

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$50,136,000 (2008: HK$15,729,000) and on the weighted average of approximately 4,149,487,000 (2008: 3,412,720,000) ordinary shares in issue during the year.

(b) **Dilutive loss per share**

For the year ended 31 December 2009 and 2008, diluted loss per share was not presented because the impact of the exercise of the share options and convertible bonds was anti-dilutive.

10. TRADE AND BILLS RECEIVABLES

The Group allows a credit period from 30 days to 120 days to its trade customers. The following is an aged analysis of net trade and bills receivables at the reporting date:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**3,883**	2,518
31 – 60 days	**1,733**	1,455
61 – 90 days	**1,235**	469
91 to 180 days	**198**	1,495
Over 180 days	**80**	215
	7,129	6,152

11. TRADE PAYABLES

The credit terms of trade payables vary according to the terms agreed with different suppliers. The following is an aged analysis of trade payables at the reporting date:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**1,247**	363
31 – 60 days	**683**	694
61 – 90 days	**512**	2,054
91 – 180 days	**1,767**	1,894
Over 180 days	**4,336**	2,505
	8,545	7,510

12. MOVEMENT OF EQUITY

	2009	2008
	HK$'000	*HK$'000*
At beginning of the year	**30,812**	19,198
Loss for the year	**(53,720)**	(19,944)
Currency translation	**(4)**	123
Total comprehensive income	**(53,724)**	(19,821)
Arising from acquisition of subsidiaries	**–**	23,852
Arising from loan from ultimate holding company	**415**	4,877
Arising from loan from a minority equity holder of a subsidiary	**926**	–
Conversion of convertible bonds	**14,700**	–
Recognition of equity-settled share-based compensation	**–**	2,706
At end of the year	**(6,871)**	30,812

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2009, the Group's turnover decreased by 41% to HK$32.6 million. Loss for the year was increased from HK$19.9 million in 2008 to HK$53.7 million in 2009, which was mainly due to the full impairment on goodwill of HK$35.7 million for the year. Although the silicon prices were gradually recovered from its lowest at the outbreak of the financial crisis in 2008 to a rather steady level in 2009, the future unpredictable prices of silicon which are influenced substantially by the marco-economic factors are beyond the control of the Company. As such, the Directors decided to provide a full impairment on the goodwill in 2009.

Our silicon business achieved a turnover of HK$10.1 million in 2009, representing a 66% decrease compared to 2008. Segment loss for the year was increased by 324% to HK$44.6 million, which was mainly due to the full impairment on goodwill of HK$35.7 million as mentioned above.

Our publication business accounted for a turnover of HK$22.5 million in 2009, representing a 12% decrease compared to 2008. Segment loss for the year was HK$1.0 million as compared to a profit of HK$0.4 million last year, which was mainly due to the continuing increase in competitiveness of the publication business in Hong Kong and the reduction in advertising income.

PROSPECTS

Apart from the goodwill impairment, the Group's silicon business stays healthy and steady at the beginning of 2010. Technology of the 4-5N silicon production is improved and the production cost per unit is under control. The Group is actively looking for potential buyers for large scale production.

On the other hand, the Group plans to expand its business in the energy and resources sector. The first move is to acquire a 66% stake in Xianglan Do Brasil Mineracao Ltda., a company engaged in the exploration of manganese resources in Brazil. Details of the acquisition are contained in the Company's circular dated 24 February 2010. The next step is to acquire an iron ore exploration company, Sul Americana de Metais S.A. (SAM) in Brazil. A Memorandum of Understanding has been entered into between the Group and Votorantim Novos Negocios Ltda. (VNN), the holding company of SAM and one of the largest industrial conglomerates in Latin America. The progress of the SAM acquisition has been disclosed in the Company's announcement on 18 November 2009, 18 December 2009, 29 January 2010 and 3 March 2010. Further information will be announced in due course.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2009, the Group's operation was mainly financed by the internal financial resources of the Group and the loan from the ultimate holding company.

As at 31 December 2009, the Group had net current liabilities of HK$5.0 million (2008: HK$11.9 million). The current assets comprised cash and cash equivalents of HK$16.2 million, trade and bills receivables of HK$7.1 million, prepayment and other receivables of HK$10.5 million and inventories of HK$6.0 million. The current liabilities comprised trade payables of HK$8.5 million, other payables, accrued expenses and receipts in advance of HK$21.9 million and borrowings of HK$14.4 million.

As at 31 December 2009, the gearing ratio of the Group is not available as the Group has a negative equity (2008: total borrowings to total equity was 2.0).

As at 31 December 2009, (i) the Group had no significant exposure to fluctuations in exchange rates and any related hedges; (ii) the Group had no charges on its assets; and (iii) the Group had no significant investment held.

MAJOR ACQUISITION

On 7 November 2009, the Company entered into an equity transfer agreement between Brilliant People Limited and Shandong Zhi Zhang Trading Limited to acquire a 66% equity interest of Xianglan Do Brasil Mineracao Ltda., a company incorporated in Brazil and engaged in the exploration of magnesium resources in Brazil (the "Xianglan Acquisition"). Details of the Xianglan Acquisition have been disclosed in a circular of the Company on 24 February 2010.

As at 31 December 2009, the Xianglan Acquisition has not been completed and pending for the approval by the shareholders of the Company in an extraordinary general meeting on 15 March 2010.

On 17 November 2009, the Company entered into a Memorandum of Understanding with Votorantim Novos Negocios Ltda. to acquire 100% of the equity interest of Sul Americana de Metais S.A., a company incorporated in Brazil and engaged in the exploration of iron resources in Brazil (the "SAM MOU"). Details of the SAM MOU have been disclosed in the Company's announcements on 18 November 2009, 18 December 2009, 29 January 2010 and 3 March 2010.

SIGNIFICANT INVESTMENT PLANS

Save as disclosed above, as at 31 December 2009, the Group did not have any significant investment plans.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 December 2009, the total number of employees of the Group was 172 (2008: 177). Employees' cost (including directors' emoluments) amounted to HK$11.8 million for the year (2008: HK$16.6 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 all 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 at the end of each year based on performance. Share options have also been granted to certain employees of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the Code on Corporate Governance Practices (the "CG Code") of the GEM Listing Rules throughout the year ended 31 December 2009 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; and (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. 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. Amendments to the Articles of Association of the Company have been proposed at the forthcoming Annual General Meeting in order to bring the Articles of Association of the Company in line with the changes brought about by the amendments to GEM Listing Rules as well as the provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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. In addition, the Board has established similar guidelines for relevant employees who are likely in possession of unpublished price sensitive information in relation to the Group or its securities.

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 2009.

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

During the year ended 31 December 2009, neither the Company, its ultimate holding company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company had established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting and internal control procedures of the Group. The audit committee comprises 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 2008 annual report, 2009 half-yearly report and quarterly reports as well as the Company's internal control procedures.

The Group's annual results for the year ended 31 December 2009 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.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our shareholders for their continued support during 2009 and all staff for their hard work.

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. HE Xuechu *(Chairman)*
Mr. LIU Wei, William *(Chief Executive Officer)*
Mr. SHI Lixin

Independent Non-Executive Directors:
Mr. CHAN Chun Wai, Tony
Mr. FOK Hon
Mr. MA Gang

On behalf of the Board
LIU Wei, William
Director & CEO

Hong Kong, 15 March 2010