HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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.

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

This Announcement, for which the directors (the " Directors") of Honbridge Holdings Limited (the " Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the " GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, 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 2012 together with the comparative audited figures for last financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
CONTINUING OPERATIONS			
Turnover	4	**415,306**	1,756,598
Direct operating expenses		**(412,442)**	(1,740,781)
Other operating income		**8,190**	9,678
Selling and distribution costs		**(1,180)**	(851)
Administrative expenses		**(27,284)**	(32,036)
Other operating expenses		**(55,069)**	(50,029)
Share-based payment expenses		**(23,980)**	(51,861)
Impairment of exploration and evaluation assets	13	**(171,398)**	(298,247)
Impairment of goodwill	14	**–**	(31,051)
Operating losses		**(267,857)**	(438,580)
Finance costs		**(61,200)**	(52,373)
Losses before income tax		**(329,057)**	(490,953)
Income tax credit	6	**58,767**	101,404
Losses after income tax from continuing operations		**(270,290)**	(389,549)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**–**	3,001
Losses for the year		**(270,290)**	(386,548)
Other comprehensive income			
Exchange loss on translation of financial statements of foreign operations		**(94,403)**	(158,573)
Other comprehensive income for the year, net of tax		**(94,403)**	(158,573)
Total comprehensive income for the year		**(364,693)**	(545,121)

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Losses for the year attributable to:			
Owners of the Company		**(221,699)**	(304,839)
Non-controlling interests		**(48,591)**	(81,709)
		(270,290)	(386,548)
Total comprehensive income attributable to:			
Owners of the Company		**(283,462)**	(409,952)
Non-controlling interests		**(81,231)**	(135,169)
		(364,693)	(545,121)
Losses per share from continuing and discontinued operations	9(a)		
– Basic		**HK(3.57) cents**	HK(4.96) cents
– Diluted		**N/A**	N/A
Losses per share from continuing operations	9(b)		
– Basic		**HK(3.57) cents**	HK(5.01) cents
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,219**	26,757
Exploration and evaluation assets	13	**–**	1,581,000
Prepaid land lease payments		**21,403**	21,700
Goodwill	14	**–**	–
Deposits for acquisition of business		**81,265**	81,265
Loans to an acquiring business		**262,434**	219,808
		366,321	1,930,530
Current assets			
Inventories		**2,777**	17,918
Trade and bill receivables	10	**261,437**	262,138
Prepayments and other receivables		**96,366**	718,342
Derivative financial assets		**6,569**	11,295
Restricted bank deposits		**40,341**	37,498
Cash and cash equivalents		**2,360**	35,838
		409,850	1,083,029
Assets of disposal group classified as held for sale	8	**1,271,161**	–
Total current assets		**1,681,011**	1,083,029
Current liabilities			
Trade and bill payables	11	**267,855**	202,207
Other payables, accrued expenses and receipts in advance		**28,451**	701,917
Borrowings		**127,797**	157,678
Loans from non-controlling interest of a subsidiary		**6,800**	6,541
		430,903	1,068,343
Liabilities of disposal group classified as held for sale	8	**431,440**	–
Total current liabilities		**862,343**	1,068,343
Net current assets		**818,668**	14,686
Total assets less current liabilities		**1,184,989**	1,945,216

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Non-current liabilities			
Loans from ultimate holding company		**330,194**	262,390
Convertible bonds		**270,175**	226,485
Deferred tax liabilities		**693**	538,725
		601,062	1,027,600
Net assets		**583,927**	917,616
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**6,216**	6,206
Reserves		**298,523**	550,991
		304,739	557,197
Non-controlling interests		**279,188**	360,419
Total equity	12	**583,927**	917,616

NOTES:

1. GENERAL INFORMATION

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 GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are production and sale of highly purified silicon, exploration and trading of mineral resources and the trading of metal products. The Company and its subsidiaries are collectively referred to as the "Group" hereinafter. 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.

During the year, management intended to dispose of its equity interests in one of the Group's wholly-owned subsidiaries, Hill Talent Limited ("Hill Talent") as the Group would like to focus all its resource in another project and started looking for potential buyers. Hill Talent and its subsidiaries are collectively referred to as the "Hill Talent Group". On 4 January 2013, the Company entered into a conditional disposal agreement (the "Conditional Disposal Agreement") with Brilliant People Limited ("Brilliant People") to sell the entire issued share capital of Hill Talent (the "Disposal"). There were subsequent changes in the terms of the Conditional Disposal Agreement and a supplementary agreement was entered into by the Group on 1 February 2013 to amend the payment terms of the consideration. Details of the Disposal are set out in the Company's announcements dated 4 January 2013 and 1 February 2013. The Disposal constitutes a major transaction and is subject to the approval of shareholders in the extraordinary general meeting. As management considers that the Disposal is highly probable as at 31 December 2012, in accordance with HKFRS 5, the Group has reclassified the assets and liabilities of the Hill Talent Group as at 31 December 2012 as assets/liabilities of disposal group classified as held for sale in the Group's consolidated statement of financial position.

Other than the Disposal, there were no significant changes in the Group's operations during the year.

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 ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The consolidated 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. Except as explained below, the adoption of these amended HKFRSs did not result in material changes to the Group's accounting policies.

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

At the date of this announcement, 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.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

This standard is effective for accounting periods beginning on or after 1 July 2012. The amendments change the disclosure of items presented in other comprehensive income in the statement of comprehensive income and require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to "Statement of profit or loss and other comprehensive income". However, HKAS 1 permits entities to use other titles.

HKFRS 9 Financial instruments

This standard is effective for accounting periods beginning on or after 1 January 2015. Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that 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 10 Consolidated Financial Statements

This standard is effective for accounting periods beginning on or after 1 January 2013. HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

3. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared under historical cost convention except for certain financial instruments which are measured at fair values.

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 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 loss of HK$270,290,000 for the year ended 31 December 2012 (2011: HK$386,548,000). The going concern basis has been adopted on the basis that (1) the Company's 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 2014 and (2) the Directors have been taking active steps to improve the financial positions and working capital of the Group and the Company such as the Disposal (note 1) and issue of convertible bonds in March 2013.

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.

4. 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:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Sale of silicon products	**8,558**	58,727
Sale of copper and steel products	**400,623**	1,666,181
Sale of iron ore and manganese products	**1,173**	31,690
Revenue from on trading commodity contracts *(note)*	**4,952**	–
	415,306	1,756,598

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$2,458 million during the year.

During the year, gross sales and purchase amounts of these transactions were presented as revenue and direct operating expenses respectively in the Company's quarterly reports. These are now adjusted to present in net amount as revenue from trading commodity contracts in the annual financial statements in compliance with HKAS 39.

5. 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 Latin America.

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

Publications operation had been discontinued since 2011. Segment information reported as below does not include any amounts for this discontinued operations.

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$'000*	Silicon products *HK$'000*	Total *HK$'000*
Year ended 31 December 2012			
Reportable segment turnover (external customers)	**406,748**	**8,558**	**415,306**
Reportable segment losses	**(180,183)**	**(40,991)**	**(221,174)**
Reportable segment assets	**1,667,286**	**28,631**	**1,695,917**
Reportable segment liabilities	**386,992**	**42,720**	**429,712**
Capital expenditure	**4**	**470**	**474**
Impairment loss on exploration and evaluation assets	**171,398**	**–**	**171,398**
Impairment loss on property, plant and equipment	**–**	**23,083**	**23,083**
Write-off of other receivables	**3,779**	**1,582**	**5,361**
Write-down of inventories	**–**	**11,995**	**11,995**
Interest income	**(667)**	**(3)**	**(670)**
Interest expense	**–**	**372**	**372**
Depreciation	**619**	**1,745**	**2,364**
Amortisation charge	**–**	**484**	**484**
Year ended 31 December 2011			
Reportable segment turnover (external customers)	1,697,871	58,727	1,756,598
Reportable segment losses	(331,529)	(12,299)	(343,828)
Reportable segment assets	2,623,534	72,226	2,695,760
Reportable segment liabilities	1,021,777	45,226	1,067,003
Capital expenditure	2,361	1,007	3,368
Impairment loss on exploration and evaluation assets	298,247	–	298,247
Impairment loss on goodwill	31,051	–	31,051
Impairment loss on property, plant and equipment	–	12,036	12,036
Interest income	(44)	(9)	(53)
Interest expense	91	721	812
Depreciation	313	1,795	2,108
Amortisation charge	–	473	473

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:

	2012	2011
	HK$'000	*HK$'000*
Reportable segment turnover	**415,306**	1,756,598
Publications (discontinued operations)	**–**	4,367
Group turnover	**415,306**	1,760,965
Reportable segment losses	**(221,174)**	(343,828)
Other operating income	**6,324**	7,427
Administrative expenses	**(14,892)**	(13,406)
Other operating expenses	**(14,507)**	(37,726)
Share-based payment expenses	**(23,980)**	(51,861)
Finance costs	**(60,828)**	(51,559)
Losses before income tax and discontinued operations	**(329,057)**	(490,953)
Reportable segment assets	**1,695,917**	2,695,760
Property, plant and equipment	**–**	209
Deposit for acquisition of a business	**81,265**	81,265
Loans to an acquiring business	**262,434**	219,808
Prepayments and other receivables	**913**	2,270
Derivative financial assets	**6,569**	11,295
Cash and cash equivalents	**234**	2,952
	2,047,332	3,013,559
Reportable segment liabilities	**429,712**	1,067,003
Other payables and accrued expenses	**1,340**	1,340
Convertible bonds	**270,175**	226,485
Loans from ultimate holding company	**330,194**	262,390
Deferred tax liabilities	**431,984**	538,725
	1,463,405	2,095,943

The Group's turnover from external customers on continuing operations and its non-current assets (assets of disposal group classified as held for sale and other financial assets are not included) are divided into the following geographical areas:

	2012	2011
	HK$'000	*HK$'000*
Turnover from external customers on continuing operations		
PRC	**414,133**	1,756,598
Latin America	**1,173**	–
Reportable segment turnover from external customers	**415,306**	1,756,598
Non-current assets		
Hong Kong	**81,265**	81,473
PRC	**22,622**	47,768
Latin America	**–**	1,581,481
Reportable segment non-current assets	**103,887**	1,710,722

Geographical location of customers is based on the location at which the goods are delivered whilst geographical location of non-current assets (other than assets of disposal group classified as held for sale) is determined based on the physical location of the asset.

During the year, over 79% (2011: 80%) of the Group's turnover depended on 3 (2011: 3) major customers in the mineral resources exploration and trading segment. Turnover generated from these 3 major customers are HK$180,789,000, HK$81,184,000, and HK$68,737,000 respectively (2011: HK$603,040,000, HK$418,898,000 and HK$416,641,000 respectively).

6. INCOME TAX CREDIT

The income tax credit for the year ended 31 December 2012 was related to deferred tax effect resulting from the impairment loss on the exploration and evaluation assets.

7. DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

8. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As mentioned in note 1, during the year, management intended to dispose of its equity interests in Hill Talent as the Group would like to focus all its resource in another project and started looking for potential buyers.

Hill Talent beneficially owns as to 66% of the issued shares of Xianglan Do Brasil Mineracao Ltda. ("Xianglan Brazil"), which directly holds 95% of the issued share capital of Xianglan Minerales de Mexico, S.A. de C.V. and the entire issued share capital of Sinwon S.A. Hill Talent and its subsidiaries are collectively referred to as the "Hill Talent Group".

On 4 January 2013, the Company entered into the Conditional Disposal Agreement with Brilliant People to sell the entire issued share capital of Hill Talent, for a consideration of HK$715 million (the "Disposal Consideration"). Details of the Disposal are set out in the Company's announcements dated 4 January 2013.

There were subsequent changes in the terms of the Conditional Disposal Agreement and a supplementary agreement was entered into by the Group on 1 February 2013 to amend the payment terms of the consideration. Details of the supplementary agreement are set out in the Company's announcements dated 1 February 2013. The Disposal constitutes a major transaction and is subject to the approval of shareholders in the extraordinary general meeting. As management considers that the Disposal is highly probable as at 31 December 2012, in accordance with HKFRS 5, the Group has reclassified the assets and liabilities of the Hill Talent Group as at 31 December 2012 as assets/liabilities of disposal group classified as held for sale in the Group's consolidated statement of financial position.

An analysis of assets and liabilities of the Hill Talent Group classified as held for sale as at 31 December 2012 is as follows:

	HK$'000
Assets of disposal group classified as held for sale:	
Property, plant and equipment	209
Exploration and evaluation assets (after impairment as set out in note 13)	1,268,503
Prepayments and other receivables	1,435
Cash and cash equivalents	1,014
	1,271,161
Liabilities of disposal group classified as held for sale:	
Other payables, accrued expenses and receipts in advance	149
Deferred tax liabilities	431,291
	431,440

As the operations of the Hill Talent Group did not represent the major line of business segment of mineral resources exploration and trading of the Group, its operations are not presented as discontinued operations for the year.

9. LOSSES PER SHARE

(a) From continuing and discontinuing operations

The calculation of basic losses per share is based on the loss attributable to owners of the Company of HK$221,699,000 (2011: HK$304,839,000) and weighted average of 6,212,557,000 (2011: 6,147,456,000) ordinary shares in issue during the year.

For the year ended 31 December 2012 and 2011, diluted losses per share attributable to owners of the Company are not presented because the impact of the exercise of share options and convertible bonds was anti-dilutive.

(b) From continuing operations

The calculation of basic losses per share from continuing operations is based on the loss attributable to owners of the Company from continuing operations of HK$221,699,000 (2011: HK$307,840,000) and weighted average of 6,212,557,000 (2011: 6,147,456,000) ordinary shares in issue during the year.

For the year ended 31 December 2012 and 2011, diluted losses per share from continuing operations attributable to owners of the Company are not presented because the impact of the exercise of share options and convertible bonds was anti-dilutive.

(c) From discontinued operations

For the year ended 31 December 2012, basic and diluted earnings per share attributable to owners of the Company from discontinued operations are not presented as there is no discontinued operation.

For the year ended 31 December 2011, basic earnings per share attributable to owners of the Company from discontinued operations was HK0.05 cents, based on the profit attributable to the owners of the Company from discontinued operation of HK$3,001,000 and weighted average of 6,147,456,000 ordinary shares in issue for that year.

10. TRADE AND BILL RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**111,673**	1,263
Bill receivables	**149,764**	260,875
Trade and bill receivables	**261,437**	262,138

As at 31 December 2012, bill receivables of HK$149,764,000 (2011: HK$259,641,000) were pledged to the banks for trading facilities and bank borrowings, endorsed to suppliers or discounted to banks with recourse. These receivables continue to be recognised as assets in the consolidated financial statements as the Group is still exposed to credit risk on these receivables as at the end of the reporting date. Accordingly, the liabilities associated with such bills, mainly borrowings and trade and bill payables, are not de-recognised in the consolidated financial statements.

The Group allows a credit period from 0 day to 120 days (2011: 30 days to 120 days) to its trade customers. The following is ageing analysis of net trade and bill receivables at the reporting date:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**260,817**	1,202
91 to 180 days	**–**	260,875
Over 180 days	**620**	61
	261,437	262,138

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:

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**149,764**	262,077
1 – 90 days past due	**111,053**	–
Over 180 days past due	**620**	61
	111,673	61
	261,437	262,138

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 a number of 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.

11. TRADE AND BILL PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**205,585**	63,360
Bill payables	**62,270**	138,847
	267,855	202,207

As at 31 December 2012, bill payables were secured by the Group's bill receivables of HK$30,239,000 (2011: HK$104,528,000) and the Group's restricted bank deposits of HK$32,031,000 (2011: HK$37,498,000).

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**179,514**	59,135
61 – 90 days	**10,027**	445
91 – 180 days	**67,535**	139,794
Over 180 days	**10,779**	2,167
Trade payables under endorsed bills	**–**	666
	267,855	202,207

12. MOVEMENT OF EQUITY

	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**917,616**	1,282,344
Loss for the year	**(270,290)**	(386,548)
Currency translation	**(94,403)**	(158,573)
Total comprehensive income	**(364,693)**	(545,121)
Arising from loans from ultimate holding company	**7,024**	6,267
Issue of shares	**–**	116,738
Shares issued under share option scheme	**–**	5,200
Equity-settled share-based transactions	**23,980**	51,861
Disposal of subsidiaries	**–**	327
At the end of the year	**583,927**	917,616

13. EXPLORATION AND EVALUATION ASSETS

	2012	2011
	HK$'000	*HK$'000*
At 1 January		
Cost	**1,879,247**	2,114,385
Accumulated impairment	**(298,247)**	–
Net book amount	**1,581,000**	2,114,385
For the year ended 31 December		
Opening net book amount	**1,581,000**	2,114,385
Impairment losses	**(171,398)**	(298,247)
Exchange realignment	**(141,099)**	(235,138)
Reclassified to assets of disposal group classified as held for sale *(note 8)*	**(1,268,503)**	–
Net book amount	**–**	1,581,000
At 31 December		
Cost	**–**	1,879,247
Accumulated impairment	**–**	(298,247)
Net book amount	**–**	1,581,000

Exploration and evaluation assets represented the rights to explore and identify prospective deposits of mineral resources in the Bahia State of Brazil and the expenditures incurred in the search for mineral resources.

Details of exploration licenses owned by Xianglan Brazil at 31 December 2012 and 2011 are as follows:

License number:	DNPM-872.734/2006	DNPM-872.958/2006	DNPM-870.140/2007
Location:	State of Bahia, Brazil	State of Bahia, Brazil	State of Bahia, Brazil
Valid until:	23 March 2013	23 March 2013	23 March 2013
Area:	20 km^2	20 km^2	18 km^2

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.

In 2011, the Directors reviewed the carrying amount of exploration and evaluation assets, impairment loss of HK$298,247,000 had been identified and recognised in the consolidated statement of comprehensive income in view of significant drop in the selling price of manganese ores for the year ended 31 December 2011.

For the year ended 31 December 2012, the Directors reviewed the carrying amount of exploration and evaluation assets with reference to the consideration for the Disposal of Hill Talent, impairment loss of HK$171,398,000 has been identified and recognised in the consolidated statement of comprehensive income for the year.

14. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combinations, is as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 January		
Gross carrying amount	**66,737**	70,596
Accumulated impairment	**(66,737)**	(35,686)
Net carrying amount	**–**	34,910
Carrying amount at 1 January	**–**	34,910
Impairment losses	**–**	(31,051)
Exchange realignment	**–**	(3,859)
Net carrying amount at 31 December	**–**	–
At 31 December		
Gross carrying amount	**66,737**	66,737
Accumulated impairment	**(66,737)**	(66,737)
Net carrying amount	**–**	–

Goodwill allocated to cash-generating units ("CGUs") of silicon business segment and mineral resources exploration had been fully impaired in the previous years.

15. CAPITAL COMMITMENTS

	2012	2011
	HK$'000	*HK$'000*
Contracted but not provided for		
Property, plant and equipment	**1,884**	1,867
Proposed acquisition of business*	**2,945,228**	2,956,818
	2,947,112	2,958,685

*	Pursuant to the SAM Agreement, the Group is committed to pay the Total Consideration in five stages. A total of US$75 million (being US$10 million (stage 1) plus US$65 million (stage 2)) is payable to the sellers on the date of completion of the SAM Acquisition, subject to the fulfillment of several conditions as stated in the SAM Agreement. The remaining consideration payable at stage 3 depends on the date when the approvals and permits in relation to the commencement of construction of the mine, plant, pipeline and the relevant specified port facilities as detailed in the SAM Agreement are obtained. According to the SAM Agreement, the minimum consideration for stage 3 will be US$111.25 million and the contingent consideration will be US$3.75 million. Pursuant to the SAM Agreement, the principal amounts of the contingent consideration paid at stage 4 and 5 are US$100 million and US$100 million respectively, depending on the relevant specified port operation commencement date and the mining production commencement date. As at 31 December 2012, the Group and the Company paid US$10 million (equivalent to approximately HK$78,000,000) for stage 1 and further paid US$420,000 (equivalent to approximately HK$3,265,000) as additional payment, the aggregate principal amount of outstanding considerations for stage 2 to 5 of US$380 million (equivalent to approximately HK$2,945 million (2011: HK$ HK$2,957 million)) are disclosed as capital commitment. Details of the SAM Agreement and the Total Consideration are set out in the Company's circular dated 5 November 2010.

The Group entered into various co-operation agreements, memorandum of understanding and framework agreement for funding and co-operation in the SAM Acquisition. The Group is also under active negotiation with various third parties for financing activities.

Hong Bridge, the ultimate holding company of the Company, and its two shareholders, namely Mr. He Xuechu and Mr. Li Xingxing undertake that they will render adequate financial support to the Group for completing the acquisition of SAM.

16. EVENTS SUBSEQUENT TO THE REPORTING DATE

In addition to those disclosed elsewhere in this announcement, the Group had the following material events after 31 December 2012:

(i) On 4 January 2013, the Company entered into the Conditional Disposal Agreement with Brilliant People to sell the entire issued share capital of Hill Talent, a wholly-owned subsidiary of the Company, for a total consideration of HK$715 million. Hill Talent beneficially owns as to 66% of the issued shares of Xianglan Brazil. Xianglan Brazil directly holds three exploration licenses (note 13), 95% of the issued share capital of Xianglan Minerales de Mexico, S.A. de C.V. and the entire issued share capital of Sinwon S.A. On 1 February 2013, the Company entered into a supplementary agreement in connected with the Disposal with Brilliant People. Pursuant to the supplementary agreement, Brilliant People pays the Disposal Consideration as follows: HK$111,150,000 is payable in cash to the Company on the date of the supplementary agreement. The remaining balances are payable at the completion of the Disposal. HK$400,000,000 is payable by the return of the Company's convertible bond, which can be converted into 400,000,000 ordinary share of the Company per HK$1 bond at par, to the Company. HK$203,850,000 is payable by promissory notes (the "Promissory Notes"), which is payable within three years from the date of issue of the Promissory Notes and pledged with the 226,500,000 shares of the Company held by Brilliant People. In February 2013, proceeds of HK$111,150,000 were received in cash. Further details of the Disposal are disclosed in the Company's announcement on 1 February 2013. The Disposal is subject to the shareholders' approval.

(ii) On 7 February 2013, Infinite Sky Investments Limited entered into a supplementary agreement in connection with the SAM Acquisition to the sellers (the "Supplementary SAM Agreement"). Pursuant to the Supplementary SAM Agreement, the contingent consideration paid at stage 4 and 5 is reduced from US$100 million and US$100 million respectively to US$40 million and US$40 million respectively, if US$115 million is paid at a date that is on or before six-month anniversary of the date of completion of SAM Acquisition. Further details of the Supplementary SAM Agreement are disclosed in the Company's announcement on 7 February 2013.

(iii) On 5 March 2013, the Company entered into the subscription agreement pursuant to which the Company has conditionally agreed to issue the convertible bonds in the principal amount of HK$740,000,000 to the subscriber. Further details of the issue of the convertible bonds are disclosed in the Company's announcement on 5 March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2012, the Group recorded turnover of HK$415 million which comprised HK$407 million from mineral resources and steel metal trading and HK$8 million from the sale of highly purified silicon. Loss for the year was HK$270 million which is HK$116 million less than that for the last year. The decrease was mainly due to the net effect of decrease in amortisation of share-based payment expenses of HK$28 million, decrease in impairment of goodwill of HK$31 million, decrease in impairment of exploration and evaluation assets of HK$127 million, increase in imputed loan interest expenses of HK$9 million, and decrease in income tax credit of HK$43 million that have no impact to the Group's cashflows.

The wholly-owned subsidiary of the Company in Shanghai, Shanghai Hongying Trading Co. Ltd. has developed the domestic and international metal products trading business that brings steady cashflow and good return to the Company. Sales of Shanghai Hongying Trading during the year ended 31 December 2012 reached HK$407 million.

PROGRESS OF ACQUISITION OF BRAZILIAN IRON MINING PROJECT SUL AMERICANA DE METAIS S.A.

On 5 March 2010, the Company entered into an agreement with VNN (which is a wholly-owned subsidiary of the Grupo Votorantim), that the Company is acquiring of 100% interests of Sul Americana de Metais S.A. ("SAM"), a Brazil iron mining company, for not more than US$405 million. The payment for this acquisition is scheduled by five installments based on the progress of the project:

Resource confirmation is made — US$10 million;

Beneficiation test reached a satisfactory level — US$65 million;

Obtained all the required licenses and approvals for starting the construction — US$115 million;

Port and mine commenced operation and production respectively — US$100 million each.

On 7 February 2013, the Group entered into a supplementary agreement with the Vendor, pursuant to which, if the Group opt to pay the third payment within six months after completion of the transaction, the fourth and fifth payment will each be reduced by US$60 million, equivalent to a reduction of US$120 million to the aggregate consideration.

The Group has paid US$10 million as the first installment of the Consideration and US$0.42 million as the performance bonus for an earlier completion. As the beneficiation test has reached a satisfactory level, the Group determined to complete the transaction with VNN by the end of March 2013. Upon completion, the Group will pay US$65 million as the second installment of the Consideration and be assigned the 99.99% equity interest of SAM. Following the date of completion, SAM will become a subsidiary of the Group.

In addition, on 5 March 2010, the Group entered into the Loan Agreement with SAM. Pursuant to the Loan Agreement, the Group provided US$35 million to SAM for the purposes of completing the Initial Scope of Work. The loan, in the amount of US$35 million, was paid by installment from 1 April 2010 to August 2012 and fully utilized. On 7 February 2013, the same date as the Group entered into the supplementary agreement with VNN, the Group also entered into the second loan agreement with VNN in relation to the loan of US$7 million by the Group to SAM on an immediate basis. Since then, the Group has provided a total of US$42 million to SAM free of any interest. After SAM becomes a subsidiary of the Group, the Group will still provide capital to SAM by way of loan or capital injection for the purpose of development of the project.

As of the date of this report, SAM held 74 Exploration Rights in 9 blocks (Block 5, 6, 7, 8, 9, 10, 11, 12 and 13) covering an area of approximately 107,000 hectares. Besides, SAM has submitted application for 9 additional Exploration Rights and 1 will be transferred to SAM from SAM's affiliates, subject to the approval of DNPM. Lastly, SAM have filed bid for 19 Exploration Rights and is pending tender results.

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

Drilling in Block 7 is underway with a total of 133 drill holes completed, which leads to a cumulative lengths of 20,316 meters. SAM plans to prepare the final exploration report based on the Brazilian mining standards in the short term. It is expected that potential resources level in Block 7 will reach 3,000 million tons of ROM approximately.

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

SAM will commence the geological work for the other 7 blocks in accordance with Brazilian laws and extend the terms of exploration rights for those with resources potential. SAM will kick off Phase II in due course.

SAM has approximately 50 staff in Brazil, and has engaged over 20 professional consultancies and laboratories in Brazil, China, Chile and USA to assist in its initial scope research and analysis.

1. Licenses and Approvals for Commencement of Construction

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

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

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

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

Mining License (PL): The last document, namely economic viability report, was submitted on 6 March 2013, pending review and granting of license.

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

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

ANTAQ Port Operating License: The license was granted in November 2012. SAM is in the process of preparing the PBA.

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

2. Construction Phase I

For the construction of Block 8 (phase I), following completion of detailed exploration drilling in January 2011, beneficiation test has been duly completed in February 2013. Detailed engineering design for mining, beneficiation, water supply, electricity supply, pipelines and ports will commence. Following completion of the BFS, tender for the construction project and large-scale construction work will commence. If all licenses and approvals for starting the construction are obtained in the first quarter of 2014, the mine is expected to commence operation by the end of 2015 or in the first half of 2016.

Based on the latest study, the latest estimation by the management on the capital expenditure ("CAPEX") and operational expenditure ("OPEX") (per ton of iron concentrate) of construction project phase I are:

CAPEX (US$'000 million)		**OPEX/ton (US$)**	
Mining	3.8	Mining	7.36
Beneficiation	16.0	Beneficiation	13.78
Pipeline	9.0	Pipeline	0.78
Filtering	3.0	Filtering	1.12
Port	5.0	Port	4.05
Feasibility study	1.2	Management fee	1.07
		Sales expenses	1.00
		Patent fees	2.66
Total	**38.0**		**31.82**

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

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2012, the Group's operation was mainly financed by the internal financial resources and the substantial shareholder of the Group.

As at 31 December 2012, the Group had net current assets of HK$818.7 million (31 December 2011: HK$14.7 million). Current assets comprised assets of disposal group classified as held for sale of HK$1,271.2 million, inventories of HK$2.8 million, restricted bank deposits of HK$40.3 million, cash and cash equivalents of HK$2.4 million, trade and bill receivables of HK$261.4 million, prepayments and other receivables of HK$96.3 million, and derivative financial assets of HK$6.6 million. Current liabilities comprised liabilities of disposal group classified as held for sale of

HK$431.4 million, trade and bill payables of HK$267.9 million, other payables, accrued expenses and receipts in advance of HK$28.4 million, borrowings of HK$127.8 million and loans from a non-controlling interest of a subsidiary of HK$6.8 million.

As at 31 December 2012, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 0.80 (31 December 2011: 0.46).

The Board is of opinion that taking into account the internal financial resources of the Group and the financial support provided by the substantial shareholder, the Group has sufficient working capital for its present requirements.

MAJOR ACQUISITION

On 5 March 2010, the Company entered into a legally binding definitive agreement with Votorantim Novos Negocios Ltda. ("VNN") and its subsidiaries in which the Group will acquire 100% interest of SAM for USD390 million.

According to the loan agreement entered into between the Company and SAM, the Company has remitted USD42 million in aggregate to SAM, for the purposes of resource confirmation, beneficiation tests and pre-feasibility study. SAM plans to construct a processing plant in Block 8 and related infrastructure facilities carrying capacity of 25 million tonnes of 65% iron concentrate per year.

As at the date of this announcement, the acquisition of SAM has not been completed. For details of the acquisition, please refer to the circular of the Company dated 5 November 2010 and relevant subsequent announcements.

MAJOR DISPOSAL

On 4 January 2013, an agreement was entered into between the Company and a shareholder of the Company, Brilliant People Limited (the "Buyer"), to dispose the entire share capital of a wholly owned subsidiary of the Company, Hill Talent Limited, from the Company to the Buyer. Major assets of Hill Talent comprise three manganese exploration licences in Brazil and a subsidiary in Mexico engaging in minerals trading. On 1 February 2013, a supplemental agreement was entered into between the Company and the Buyer to amend the payment terms of the disposal. Details of the disposal are disclosed in the Company's announcements on 4 January 2013 and 1 February 2013. As of the date of this announcement, the disposal has not yet been completed and further details of the disposal will be released in due course.

SIGNIFICANT INVESTMENT PLANS

Save as disclosed above, as at 31 December 2012, the Group did not have any significant investment plans.

CAPITAL COMMITMENTS

As at 31 December 2012, the Group has contracted but not provided for capital commitments in relation to the acquisition of SAM amounting to USD380 million (equivalent to approximately HK$2,945,228,000). Other property, plant and equipment capital commitments amounted to approximately HK$1,884,000.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any significant contingent liabilities.

PROSPECT

The Company has announced the disposal of its manganese exploration subsidiary in Brazil and the minerals trading business in Mexico. The disposal is expected to complete in the first half of 2013. After the disposal, the Group could then be able to concentrate all its resources on the Brazil SAM Iron Mine Project.

Regarding the metal products trading business, the Group has appointed a non-exclusive distributor in China through its wholly owned subsidiary established in Shanghai, Hongying Trading, to develop the metal trading business in China and other overseas markets.

The Directors expect that the metal trading business will bring steady cashflow and good return to the Company in the year ahead and that the Brazil SAM Iron Mine Project could enhance the growth potential of the Group.

EMPLOYEES

As at 31 December 2012, the total number of employees of the Group was 30 (2011: 148). Employees' cost (including directors' emoluments) amounted to HK$30.7 million for the year (2011: HK$62.6 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 2012 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.

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 2012.

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

During the year ended 31 December 2012, 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 2011 annual report, 2012 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 2012 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, customers and cooperative partners for their continued support during 2012 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

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

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

Hong Kong, 27 March 2013