HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8137)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 together with the comparative audited figures for last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	*4*	**115,394**	73,481
Cost of sales		**(91,723)**	(51,996)
Gross profit		**23,671**	21,485
Other operating income		**15,028**	4,086
Selling and distribution costs		**(2,323)**	(959)
Administrative expenses		**(98,940)**	(78,912)
Share-based payment expenses		**(10,812)**	–
Other operating expenses		**–**	(3,008)
Impairment of exploration and evaluation assets		**(3,305,838)**	(4,474,063)
Impairment of goodwill		**(176,370)**	–
Impairment of other intangible assets		**(93,037)**	–
Impairment of property, plant and equipment		**(20,688)**	–
Gain on full settlement of loans from ultimate holding company		**3,358**	–
Fair value gain on derivative financial liabilities		**15,510**	8,812
Fair value gain/(loss) on contingent consideration payables		**564,740**	(190,295)
Gain on disposals of subsidiaries	*6*	**3,239**	18,161
Finance costs		**(66,556)**	(67,327)
Loss before income tax		**(3,149,018)**	(4,762,020)
Income tax credit	*7*	**1,154,011**	1,520,225
Loss for the year		**(1,995,007)**	(3,241,795)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		**(1,982,118)**	(1,165,934)
Release of translation reserve upon disposals of subsidiaries		**(959)**	(1,920)
Other comprehensive income for the year, net of tax		**(1,983,077)**	(1,167,854)
Total comprehensive income for the year		**(3,978,084)**	(4,409,649)
Loss for the year attributable to:			
Owners of the Company		**(1,984,984)**	(3,241,459)
Non-controlling interests		**(10,023)**	(336)
		(1,995,007)	(3,241,795)
Total comprehensive income attributable to:			
Owners of the Company		**(3,966,343)**	(4,409,313)
Non-controlling interests		**(11,741)**	(336)
		(3,978,084)	(4,409,649)
Loss per share	*9*		
— Basic		**HK(26.55) cents**	HK(48.17) cents (restated)
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**109,551**	141,615
Exploration and evaluation assets	*12*	**2,716,000**	8,900,720
Prepaid land lease payments		**50,635**	54,482
Other intangible assets		**191,215**	348,825
Deferred tax assets		**–**	896
Goodwill	*13*	**–**	186,166
Deposits for acquisition of land use rights		**21,487**	–
		3,088,888	9,632,704
Current assets			
Inventories		**37,957**	31,268
Trade and bill receivables	*10*	**118,456**	359,480
Prepayments, deposits and other receivables		**11,491**	50,912
Restricted bank deposits		**–**	15,294
Cash and cash equivalents		**1,228,682**	57,080
Total current assets		**1,396,586**	514,034
Current liabilities			
Trade and bill payables	*11*	**56,103**	324,176
Other payables, accrued expenses, deposits received and receipts in advance		**8,496**	57,719
Borrowings		**35,811**	–
Derivative financial liabilities		**68,189**	–
Convertible bonds		**552,386**	–
Current tax liabilities		**1,328**	67
Total current liabilities		**722,313**	381,962
Net current assets		**674,273**	132,072
Total assets less current liabilities		**3,763,161**	9,764,776

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Derivative financial liabilities	**–**	83,699
Loans from ultimate holding company	**–**	220,138
Deferred income	**114,378**	133,279
Convertible bonds	**–**	489,436
Deferred tax liabilities	**881,478**	2,985,150
Contingent consideration payables	**1,215,829**	1,780,569
	2,211,685	5,692,271
Net assets	**1,551,476**	4,072,505
EQUITY		
Equity attributable to the owners of the Company		
Share capital	**7,862**	6,645
Reserves	**1,499,409**	4,041,118
	1,507,271	4,047,763
Non-controlling interests	**44,205**	24,742
Total equity	**1,551,476**	4,072,505

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to the owners of the Company									Non-controlling interests	Total equity
	Share capital	**Share premium***	**Treasury shares reserve***	**Other reserve***	**Share-based payment reserve***	**Translation reserve***	**Convertible bond equity reserve***	**Retained earnings***	**Total**		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	6,216	679,331	(276,332)	49,263	136,873	(1,719,904)	258,836	8,677,183	7,811,466	(9,305)	7,802,161
Sales of treasury shares	–	–	73,200	–	–	–	–	(15,172)	58,028	–	58,028
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	25,078	25,078
Disposals of subsidiaries	–	–	–	(555)	–	–	–	555	–	9,305	9,305
Share issued for acquisition of subsidiaries	429	587,153	–	–	–	–	–	–	587,582	–	587,582
Transactions with owners	429	587,153	73,200	(555)	–	–	–	(14,617)	645,610	34,383	679,993
Loss for the year	–	–	–	–	–	–	–	(3,241,459)	(3,241,459)	(336)	(3,241,795)
Other comprehensive											
Currency translation	–	–	–	–	–	(1,165,934)	–	–	(1,165,934)	–	(1,165,934)
Release of translation reserve upon disposals of subsidiaries	–	–	–	–	–	(1,920)	–	–	(1,920)	–	(1,920)
Total comprehensive income	–	–	–	–	–	(1,167,854)	–	(3,241,459)	(4,409,313)	(336)	(4,409,649)
At 31 December 2014 and 1 January 2015	6,645	1,266,484	(203,132)	48,708	136,873	(2,887,758)	258,836	5,421,107	4,047,763	24,742	4,072,505
Sales of treasury shares	–	–	60,268	–	–	–	–	222	60,490	–	60,490
Proceeds from placing and share subscription	1,200	1,342,800	–	–	–	–	–	–	1,344,000	–	1,344,000
Share issuance costs	–	(7,903)	–	–	–	–	–	–	(7,903)	–	(7,903)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	31,204	31,204
Shares issued under share option scheme	17	25,925	–	–	(7,490)	–	–	–	18,452	–	18,452
Equity-settled share-based transactions	–	–	–	–	10,812	–	–	–	10,812	–	10,812
Lapse of share options	–	–	–	–	(3,454)	–	–	3,454	–	–	–
Repayment of loans from ultimate holding company	–	–	–	(48,708)	–	–	–	48,708	–	–	–
Transactions with owners	1,217	1,360,822	60,268	(48,708)	(132)	–	–	52,384	1,425,851	31,204	1,457,055
Loss for the year	–	–	–	–	–	–	–	(1,984,984)	(1,984,984)	(10,023)	(1,995,007)
Other comprehensive income											
Currency translation	–	–	–	–	–	(1,980,400)	–	–	(1,980,400)	(1,718)	(1,982,118)
Release of translation reserve upon disposals of subsidiaries	–	–	–	–	–	(959)	–	–	(959)	–	(959)
Total comprehensive income	–	–	–	–	–	(1,981,359)	–	(1,984,984)	(3,966,343)	(11,741)	(3,978,084)
At 31 December 2015	7,862	2,627,306	(142,864)	–	136,741	(4,869,117)	258,836	3,488,507	1,507,271	44,205	1,551,476

* The aggregate amount of these balances of approximately HK$1,499,409,000 (2014: HK$4,041,118,000) is included as reserves in the consolidated statement of financial position.

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 4th Floor, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands and the Company's principal place of business is Suite 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are research, development, production and sales of lithium battery and battery system in the PRC and research and exploration of iron ores in the Brazil. The Company and its subsidiaries are collectively referred to as the "Group" hereinafter. The directors of the Company (the "Directors") consider the ultimate holding company as Hong Bridge Capital Limited ("Hong Bridge"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability.

Other than the disposal of Honbridge International Trading Company Limited ("HIT"), a wholly owned subsidiary of the Group as detailed in note 6, there were no significant changes in the Group's operations during the year.

The financial statements 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 financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange (the "GEM Listing Rules").

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

2. **ADOPTION OF NEW OR AMENDED HKFRSs**

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

At the date of this 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.

HKFRS 9 (2014) — Financial Instruments

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

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

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

HKFRS 15 — Revenue from Contracts with Customers

The standard is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

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

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

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

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group.

New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap.622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap.622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The consolidated financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group suffered a loss before income tax of HK$133,335,000 (excluding impairment of exploration and evaluation assets of HK$3,305,838,000, impairment of goodwill of HK$176,370,000, impairment of other intangible assets of HK$93,037,000, impairment of property, plant and equipment of HK$20,688,000 and fair value gains on derivative financial liabilities and contingent consideration payables of HK$15,510,000 and HK$564,740,000 respectively for the year ended 31 December 2015.

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

1. On 19 June 2015, an aggregate of 446,000,000 new shares have been issued to Shagang International (Hong Kong) Co., Limited at the subscription price of HK$1.12 per subscription share (the "Share Subscription"). The net proceeds from the Share Subscription are approximately of HK$499,300,000.

2. On 30 June 2015, an aggregate of 754,000,000 placing shares have been successfully placed by ABCI Securities Company Limited, the Placing Agent, to not less than six placees at the placing price of HK$1.12 per placing share pursuant (the "Placing") to the terms and conditions of the placing agreement. The net proceeds from Placing are approximately of HK$836,700,000.

3. As stated in note 12, the estimated total capital expenditure for the mineral resources exploration business in Brazil, which is operated by Sul Americana de Metais S.A. ("SAM"), a subsidiary of the Group, is approximately US$2,932 million. The Company has signed certain MOU and framework agreement with its strategic partners to obtain funding for the future construction cost and operations of SAM, which will be commenced when all required licenses are granted by the Brazilian authorities. The directors of the Company reviewed the financial position of the Group, the estimated capital expenditure for the construction and operation of SAM and the signed MOU, the directors are satisfied that the Group will be able to provide sufficient financing to the operations of SAM.

4. In addition, the Company's ultimate holding company, Hong Bridge, and its two shareholders have undertaken to provide financial support to the Group to meet its liabilities as they fall due and to maintain the Group as a going concern for a period at least up to 31 March 2017.

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:

	2015	2014
	HK$'000	*HK$'000*
Sale of lithium batteries	**113,989**	69,977
Revenue from trading commodity contracts *(note)*	**1,405**	3,504
	115,394	73,481

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$579 million (2014: HK$2,970 million) during the year.

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 Brazil.

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

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

	Mineral resources exploration and trading *HK$'000*	**Lithium battery production** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2015			
Reportable segment turnover (external customers)	**1,405**	**113,989**	**115,934**
Reportable segment losses	**(3,363,506)**	**(278,075)**	**(3,641,581)**
Reportable segment assets	**2,719,084**	**611,035**	**3,330,119**
Reportable segment liabilities	**1,219,078**	**209,067**	**1,428,145**
Capital expenditure	**13**	**11,409**	**11,422**
Impairment of exploration and evaluation assets	**3,305,838**	**–**	**3,305,838**
Impairment of goodwill	**–**	**176,370**	**176,370**
Impairment of other intangible assets	**–**	**93,037**	**93,037**
Impairment of property, plant and equipment	**–**	**20,688**	**20,688**
Interest income	**(214)**	**(437)**	**(651)**
Interest expense	**–**	**1,292**	**1,292**
Depreciation	**1,711**	**12,312**	**14,023**
Amortisation charge	**–**	**42,564**	**42,564**
Year ended 31 December 2014			
Reportable segment turnover (external customers)	3,504	69,977	73,481
Reportable segment losses	(4,498,175)	(6,621)	(4,504,796)
Reportable segment assets	9,191,473	922,975	10,114,448
Reportable segment liabilities	1,909,423	381,842	2,291,265
Capital expenditure	25,430	549	25,979
Impairment of exploration and evaluation assets	4,474,063	–	4,474,063
Write-down of inventories	–	1,266	1,266
Interest income	(129)	(160)	(289)
Interest expense	–	208	208
Depreciation	1,410	3,191	4,601
Amortisation charge	–	10,671	10,671

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:

	2015 *HK$'000*	2014 *HK$'000*
Reportable segment turnover	**115,394**	73,481
Reportable segment loss	**(3,641,581)**	(4,504,796)
Other operating income	**662**	703
Administrative expenses	**(18,870)**	(25,744)
Other operating expenses	**–**	(1,742)
Fair value gain on derivative financial liabilities	**15,510**	8,812
Fair value gain/(loss) on contingent consideration payables	**564,740**	(190,295)
Share-base payment expenses	**(10,812)**	–
Gain on full settlement of loans from ultimate holding company	**3,358**	–
Gain on disposals of subsidiaries	**3,239**	18,161
Finance costs	**(65,264)**	(67,119)
Loss before income tax	**(3,149,018)**	(4,762,020)
Reportable segment assets	**3,330,119**	10,114,448
Property, plant and equipment	**1,288**	679
Prepayments and other receivables	**810**	1,066
Cash and cash equivalents	**1,153,257**	30,545
	4,485,474	10,146,738
Reportable segment liabilities	**1,428,145**	2,291,265
Other payables and accrued expenses	**3,800**	4,545
Derivative financial liabilities	**68,189**	83,699
Loans from ultimate holding company	**–**	220,138
Convertible bonds	**552,386**	489,436
Deferred tax liabilities	**881,478**	2,985,150
	2,933,998	6,074,233

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

	2015 *HK$'000*	2014 *HK$'000*
Turnover from external customers		
PRC	**115,394**	73,481
Reportable segment turnover	**115,394**	73,481
Non-current assets (excluding deferred tax assets)		
Hong Kong	**1,288**	679
PRC	**370,044**	726,941
Brazil	**2,717,556**	8,904,188
Reportable segment non-current assets	**3,088,888**	9,631,808

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

During the year ended 31 December 2015, over 99% (2014: 94%) of the Group's turnover was derived from 2 major customers (2014: 1) in lithium battery production segment and turnover generated from these customers are HK$89,996,000 and HK$23,852,000 respectively (2014: HK$69,448,000).

6. DISPOSALS OF SUBSIDIARIES

HIT

On 23 December 2015, the Company disposed its equity interests and shareholder's loan in HIT, a 100% owned subsidiary of the Company (the "Disposal"), to an independent third party for a cash consideration of HK$100,000. HIT beneficially owned 100% of Shanghai Hongying Trading Co. Limited (collectively referred as to the "HIT Group"). HIT Group engaged in the trading of copper and steel products in the PRC. Net liabilities of the HIT Group at the date of Disposal were as follows:

	HK$'000
Property, plant and equipment	40
Trade and other receivables	266,012
Cash and cash equivalents	114
Trade and other payables	(268,346)
Shareholder's loan	(6,839)
	(9,019)
Release of translation reserve upon disposals of HIT Group to profit or loss	(959)
Shareholder's loan assigned	6,839
Gain on disposals of subsidiaries	3,239
Total consideration	100
Satisfied by:	
Cash consideration	100

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

	HK$'000
Cash consideration received	100
Cash and cash equivalents disposed of	(114)
Net outflow of cash and cash equivalents in respect of the disposal of HIT Group	(14)

7. INCOME TAX CREDIT

	2015	2014
	HK$'000	*HK$'000*
Overseas tax		
Current year	**4,796**	183
Deferred tax	**(1,158,807)**	(1,520,408)
Income tax credit	**(1,154,011)**	(1,520,225)

During the years ended 31 December 2015 and 31 December 2014, no provision for Hong Kong profits tax has been provided by the Group as the Group had no estimated assessable profit arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

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

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$1,984,984,000 (2014: HK$3,241,459,000) and weighted average of 7,475,894,000 (2014: 6,728,844,000 (restated)) ordinary shares in issue during the year, after adjusting for the bonus elements in the shares issued under the share subscription and share placing.

For the years ended 31 December 2015 and 2014, diluted losses per share attributable to owners of the Company were not presented because the impact of the exercise of share options and convertible bonds was anti-dilutive.

10. TRADE AND BILL RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables, gross	**113,789**	367,010
Less: Impairment	**–**	(12,570)
Trade receivables, net	**113,789**	354,440
Bill receivables	**4,667**	5,040
Trade and bill receivables	**118,456**	359,480

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

The Group allows a credit period from 0 day to 180 days (2014: 0 days to 180 days) to its trade customers. The following is ageing analysis of net trade and bill receivables at the reporting date:

	2015	2014
	HK$'000	*HK$'000*
0–30 days	**60,289**	180,140
31–90 days	**13,864**	97,276
91 to 180 days	**7,803**	29,608
Over 180 days	**36,500**	52,456
	118,456	359,480

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

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**12,570**	12,820
Disposals of subsidiaries	**(11,908)**	(38)
Exchange realignment	**(662)**	(212)
At 31 December	**–**	12,570

All trade receivables are subject to credit risk exposure. At each of the reporting dates, the Group reviews receivables for evidence of impairment on both individual and collective basis.

As at 31 December 2014, the Group determined trade receivables of HK$12,570,000 were impaired. The impaired trade receivables in prior years are due from the customer experiencing financial difficulties.

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

	2015 *HK$'000*	2014 *HK$'000*
Neither past due nor impaired	**81,956**	307,024
Over 180 days past due	**36,500**	52,456
	118,456	359,480

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

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

11. TRADE AND BILL PAYABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade payables	**43,211**	308,882
Bill payables	**12,892**	15,294
	56,103	324,176

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

	2015 *HK$'000*	2014 *HK$'000*
0–30 days	**14,122**	34,344
31–60 days	**2,834**	46,562
61–90 days	**3,609**	32,678
91–180 days	**21,770**	110,249
Over 180 days	**13,768**	100,343
	56,103	324,176

12. EXPLORATION AND EVALUATION ASSETS

	2015	2014
	HK$'000	*HK$'000*
At 1 January		
Cost	**13,374,783**	15,140,419
Accumulated impairment	**(4,474,063)**	–
Net book amount	**8,900,720**	15,140,419
For the year ended 31 December		
Opening net book amount	**8,900,720**	15,140,419
Additions	**10,239**	25,366
Exchange realignments	**(2,889,121)**	(1,791,002)
Impairment losses	**(3,305,838)**	(4,474,063)
Net book amount	**2,716,000**	8,900,720
At 31 December		
Cost	**9,044,536**	13,374,783
Accumulated impairment	**(6,328,536)**	(4,474,063)
Net book amount	**2,716,000**	8,900,720

As at 31 December 2015 and 2014, exploration and evaluation assets represented the rights to explore and identify prospective deposits of mineral resources in the states of Minas Gerais and Bahia, Brazil and the expenditures incurred in the search for mineral resources.

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

During the year, the Directors reviewed the carrying amount of exploration and evaluation assets, impairment loss of HK$3,305,838,000 (2014: HK$4,474,063,000) had been identified and recognised in the consolidated statement of profit or loss and other comprehensive income. The impairment is mainly due to (1) continuous drop in the selling price of iron ores for the year and (2) delay in the estimated commencement date of production by 3 years as more in-depth studies and work are required by the Brazil government on the application of licenses after dam disaster of mining project in the Brazil.

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

Assumptions and parameters of the valuation as at 31 December 2015 are as follows:

Approval of all required licenses	The first half of 2019 (2014: The first half of 2016)
Commencement of production	2022 (2014: 2019)
Annual production capacity	27.5 million tonnes (2014: 25 million tonnes) of iron concentrate
Resource estimates	Measured resources of 1,135 million tonnes (2014: 1,135 million tonnes) (20.57%) Indicated resources of 1,479 million tonnes (2014: 1,479 million tonnes) (19.64%)
Dilution rate	0% (2014: 0%)
Mining loss rate	6.66% (2014: 6.66%)
Processing recovery	87% (2014: 87%)
Average price of iron concentrate	US$45 per tonnes (2014: US$85 per tonnes)
Operating costs	US$28.1 per tonnes (2014: US$38.8 per tonnes)
Income tax rate	11–15% for the first ten years of operation 34% afterwards (2014: same term)
Capital expenditures	US$2,932 million (2014: US$3,959 million) for the construction of infrastructure
Discount rate	18.13% (2014: 19.26%)

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

13. GOODWILL

As at 31 December 2015 and 2014, the balance represented goodwill arose from the acquisition of Triumphant Glory Investment Limited and its subsidiary, namely Shangdong Forever New Energy, which are engaged in the production and sales of lithium batteries during the year ended 31 December 2014. The net carrying amount of goodwill can be analysed as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 January		
Gross carrying amount	**186,166**	35,686
Accumulated impairment	**–**	(35,686)
Net carrying amount	**186,166**	–
Carrying amount at 1 January	**186,166**	–
De-recognition upon disposals of subsidiaries	**–**	(35,686)
Accumulated impairment written back upon disposals of subsidiaries	**–**	35,686
Acquired through business combination	**–**	186,166
Exchange realignment	**(9,796)**	–
Impairment losses	**(176,370)**	–
Net carrying amount at 31 December	**–**	186,166
At 31 December		
Gross carrying amount	**176,370**	186,166
Accumulated impairment	**(176,370)**	–
Net carrying amount	**–**	186,166

As at 31 December 2015 and 2014, goodwill is allocated to CGUs of lithium battery production segment.

Impairment assessment of the relevant assets of CGU of lithium battery production segment

As at 31 December 2015, the relevant assets of CGU of lithium battery production segment included property, plant and equipment of HK$119,823,000 (2014: HK$137,233,000), prepaid land lease payments of HK$50,635,000 (2014: HK$54,482,000), other intangible assets of HK$284,252,000 (2014: HK$348,825,000) and goodwill of HK$176,370,000 (2014: HK$186,166,000).

The recoverable amount for this CGU is determined based on fair value less cost of disposal calculation using discounted cash flow technique, covering detailed five-year budget plans, followed by an extrapolation of expected cash flows with growth rate of 3% (2014: 3%). The post-tax discount rate used for fair value less cost of disposal calculation is 16.44% (2014: 18.46%) per annum, which reflects specific risks relating to the relevant CGU.

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

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

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

Based on the assessment, the recoverable amount of the CGU is HK$309,837,000 as at 31 December 2015, which exceeds the total carrying amounts of the relevant assets of the CGU. Accordingly, goodwill has been written down to zero as at 31 December 2015 and impairment losses of HK$20,688,000 and HK$93,037,000 on property, plant and equipment and other intangible assets that relates to this CGU, respectively, have been recognised in the profit or loss for the year. The impairment is mainly due to the change of various factors such as technology, crafts, investment, sales of products, which adversely impacted the production expansion possibilities for this CGU by the management during the year.

As at 31 December 2014, as the recoverable amount of this CGU exceeded the carrying amounts of the relevant assets of the CGU, there was no impairment recognised in the profit or loss.

14. CAPITAL COMMITMENTS

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for		
Property, plant and equipment	**14,505**	3,164

As at 31 December 2015, the estimated capital expenditures for the mineral resources exploration business in Brazil, which is operated by SAM, are stated in note 12.

15. EVENT AFTER THE REPORTING DATE

On 25 March 2016, the Company and Cloudmatrix, a Cayman Islands exempted company with limited liability, entered into a term sheet (the "Term Sheet") which was a non-legal binding in nature. Pursuant to the Term Sheet, the Company agreed to invest at least USD10,000,000 (equivalent to HK$78,000,000) as a limited partner in the limited partnership (the "Limited Partnership") to be managed by Cloudmatrix. The Company intends to invest an amount no more than USD70,000,000 (equivalent to HK$546,000,000) in the Limited Partnership.

The investment objective of the Limited Partnership is to seek to generate guaranteed return by investing, either directly or indirectly, in entities within the telecommunication media and technology industry. As at the date of this announcement, no definitive agreement has been entered into between the Company and Cloudmatrix.

MANAGEMENT DISCUSSION AND ANALYSIS

NEW ENERGY VEHICLES-RELATED BUSINESS

Benefit from the global awareness of environmental protection and policies favouring new energy, there is an increasing number of automobile enterprises which start to expand the production scale of electric vehicles, including hybrid electric vehicle and pure electric vehicle. Lithium-ion battery cells which is the power and energy storage carrier of new energy vehicles, have been under tremendous and sustained market demand. Under these good business development opportunities, the Company acquired Shandong Forever New Energy Co., Ltd. in 2014 and established Zhejiang Forever New Energy in 2015.

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

INVESTMENT AGREEMENT TO FORM A MODERN LITHIUM-ION BATTERY JOINT VENTURE WITH 1,500,000 KWH ANNUAL PRODUCTION CAPACITY IN JINHUA

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

Formation of a Joint Investment Project Company

On 16 December 2015, Honbridge Power Limited, a wholly owned subsidiary of the Company, Shanghai Maple Automobile Company Limited, a subsidiary of Zhejiang Geely and Jiaxing Jiale established a Joint Investment Zhejiang Forever New Energy Company Limited (“Zhejiang Forever New Energy”) in Jinhua City, Zhejiang Province, the PRC to serve as the operation entity of the Project (as defined below). The total investment is RMB1,500 million (including cost of acquiring the land use rights for constructing production site, equipment and working capital) which will be funded by equity capital and loan.

Business Scope of the Zhejiang Forever New Energy

Zhejiang Forever New Energy will develop a modern lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park which includes functions such as research and development, production, testing and inspection, demonstration and service, sales of lithium-ion, battery and battery system. Zhejiang Forever New Energy will occupy an area of approximately 200 Mu, and it can produce approximately 1,500,000 kWh lithium-ion battery for new energy vehicles annually after completion of the construction of the production facilities, which is scheduled in late-2017.

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

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

LITHIUM-ION BATTERIES BUSINESS

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

In October 2015, the new ternary lithium battery product has passed tests conducted by a national quality supervision and inspection center and is in fine adjustment stage and is expected to be ready for mass production in 2016. In December 2015, Shangdong Forever New Energy was recognised by certain government authorities under the Shandong Province government as a high-tech Enterprises ("高新技術企業").

Subject to various factors such as technology, crafts, investment and sales of products, the Company is re-valuating the expansion plan in Zou Cheng, Shandong and exploring the possibilities of massive expansion in areas other than Jinhua in Zhejiang. Nevertheless, Shandong Forever New Energy will continue to improve and optimise its production facilities.

During the year ended 31 December 2015, Shandong Forever New Energy, recorded a revenue of approximately HK$114.0 million (equivalent to approximately RMB91.7 million), which decreased by 33.9% when compared to HK$172.4 million (equivalent to approximately RMB136.8 million) revenue recognised in the last corresponding period (note). The decrease was mainly due to the scheduled modification of production line in 2015. However, the overall gross profit percentage has improved from last corresponding period's 17.4% to 19.5% because Shandong Forever New Energy only commenced mass production in late 2013. In the current year, Shandong Forever New Energy has lowered the average unit cost of products due to the better economies of scale, lower merchandising price of raw materials and improved production schedule and management. During the period ended 31 December 2015, Shandong Forever New Energy's earnings before interests, taxes, depreciation and amortisation ("EBITDA") and excluding the impairment losses was approximately HK$38.1 million (equivalent to approximately RMB30.7 million). However, the net loss for the lithium-ion batteries business was approximately HK$278.1 million (equivalent to approximately RMB223.7 million) during the year ended 31 December 2015 mainly due to the non-cash amortisation expenses of patents and customers relationship of HK$38.7 million and HK$2.8 million (equivalent to approximately RMB31.1 million and RMB2.3 million respectively) charged and impairment loss of HK$290.1 million (equivalent to approximately RMB233.4

million) recognised in the same period respectively. The significant impairment loss recognised was mainly due to the change of expansion plan in Shandong Forever New Energy. Other details on Shandong Forever New Energy have been set out in annual report 2015 of the Group.

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

POSSIBLE ACQUISITION OF A TARGET COMPANY BASED IN NORTH AMERICA WITH MASS PRODUCTION FACILITY LOCATED IN CHINA

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

COOPERATION FRAMEWORK AGREEMENT ON NEW ENERGY AUTOMOBILE PRODUCTION BASE

On 16 October 2014, the Company entered into a non-legally binding cooperation framework agreement (the"Cooperation Framework Agreement") with the New District Administrative Committee of Wuxi Municipal People's Government, Jiangsu Province of the PRC (the "Wuxi New District Administrative Committee") and Sunbase International (Holdings) Limited ("Sunbase Holdings") to establish a new energy automobile production base in the New District of Wuxi (the "Production Base") jointly with Sunbase Holdings. The initial annual production target of the Production Base is 200,000 new energy vehicles, 3,000,000 kWh power batteries, as well as around 200,000 sets of core components such as electric motor system and electronic vehicle control module. Since the parties were unable to reach consensus for the cooperation details, the negotiation was terminated in November 2015.

PLACING OF 754,000,000 NEW SHARES OF THE COMPANY

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

SUBSCRIPTION OF 446,000,000 NEW SHARES OF THE COMPANY BY SHAGANG INTERNATIONAL (HONG KONG) CO., LIMITED ("SHAGANG INTERNATIONAL")

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

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

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

DISPOSAL OF HONBRIDGE INTERNATIONAL TRADING COMPANY LIMITED ("HONBRIDGE INTERNATIONAL TRADING")

To further streamline the structure of the Group, reduce losses and concentrate its resources on other businesses, on 23 December 2015, the Company has disposed the entire issued share capital of Honbridge International Trading to an independent third party for a cash consideration of HK$0.1 million. A gain of approximately HK$3.2 million was recognised due to this disposal.

PROGRESS OF SAM

As at 31 December 2015, SAM has approximately 29 staff in Brazil. As of the date of this announcement, the Group has provided funding with principal amount of approximately USD64 million to SAM through shareholders' loans and increase of registered capital in SAM and it is expected that approximately USD38.0 million would be required for the preliminary works from now until all major approvals are obtained.

1. Construction Phase I

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

2. Licenses and Approvals for Commencement of Construction

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

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

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

On 5 November 2015, a tailing dam located in the region of Mariana, Minas Gerais State of Brazil broke and caused significant damages and pollution in the surrounding area. Although this most serious accident in Brazilian mining history is not related to the SAM project, it raised safety concern on tailing dams. The accident is leading to stricter related laws and regulations, which will make all environmental licenses for mine projects with tailing dam in Brazil severely delayed. The Company expects more in-depth studies and work are required for the tailing disposal of the project.

On 23 May 2014, SAM received a summons from Minas Gerais Federal Courts in relation to a civil action against SAM and IBAMA, claiming SAM environmental licensing application is not supported with sufficient details and analysis and does not comply with relevant laws. The Group appointed a Brazilian legal representative who is experienced in the area to defence SAM. According to the legal opinion of a Brazilian legal firm, SAM application is in accordance with relevant laws and the civil action against SAM is not supported with concrete evidence. IBAMA also issued a document which confirmed the licensing process of SAM is in accordance with the Brazilian environmental legislation and defended against the civil action along with SAM. The plaintiff has submitted supplemental information to the court on 15 October 2014 according to the solicitation of the judge. In February 2015, Minas Gerais Federal Courts requested the Federal Public Ministry to express its opinion on the civil action. On 8 June 2015, Federal Public Ministry answered the court and expressed the same legal statement with SAM that the plaintiff is illegitimacy. As a conclusion of Federal Public Ministry's answer, Federal Public Ministry requested the court to extinguish the civil action. On 30 September 2015, the plaintiff filed an appeal and the case was forwarded to the second instance. SAM filed related counter arguments on 20 January 2016. As at the date of this announcement, SAM is awaiting the court's decision but the Group believe this civil action does not have material impact on the overall plan and progress of the Vale do Rio Pardo project.

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

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

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

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

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

Bahia Government decided to scale down the whole Porto Sul and give priority to build iron ore exclusive pier. Bahia Government has appointed a famous investment bank of Brazil, to optimize the Porto Sul scheme including the shareholding structure and financial model, which target to improve the port financially so that operators, users and other stakeholders of the project will benefit from it. Porto Sul has already obtained its LP, LI, DUP and ASV.

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

3. CAPEX and OPEX

The latest estimated capital expenditure ("CAPEX") is approximately USD2.93 billion (2014: USD3.96 billion) while F.O.B. operating cost ("OPEX") (per ton of iron concentrate) is approximately USD24.8 (2014: USD38.8) for Vale do Rio Pardo. The decrease in CAPEX was mainly due to the decrease in the price of steel which is a significant cost component of construction. Besides, the estimated price of machineries and equipment also decreased because of the weak demand. Decrease in oil price, depreciation of Brazilian Reais against the dollar and scale down of the port improved the OPEX of the project.

The professional team engaged by Group has analyzed the CAPEX of a number of comparable mines and OPEX (per ton of iron concentrate) of over 300 operating iron ore mines. Relatively, construction phase I of Block 8 is competitive in terms of both estimated CAPEX and OPEX.

4. Others

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

As the relevant government authorities require more time in reviewing the relevant applications, the time to obtain the approvals is already greatly lagging behind the estimates made by the management earlier. The Company is actively seeking to obtain all the license and commence construction before mid-2019.

In current year, there was a significant decrease in iron ore price. Although the decrease in steel and oil price, along with the depreciation of Brazilian Reais against US dollar, improved the CAPEX and OPEX of the Vale do Rio Pardo project, SAM project has become less attractive.

IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

As disclosed in the Company's 2014 annual report, based on a JORC compliant iron mineral resources report of SAM, the valuation of SAM's exploration rights estimated by an independent professional valuer, Roma Appraisal Limited, was approximately USD1,147.0 million (equivalent to approximately HK$8,900.7 million) as at 31 December 2014.

A revaluation on SAM's exploration and evaluation assets has been performed as at year end date 31 December 2015 and the recent iron ore concentrate price in the market has been considered in the revaluation. Additionally, based on the latest studies, an updated USD2.93 billion CAPEX (2014: USD3.96 billion) and USD24.8 per tonnes OPEX (2014: USD38.8 per tonnes) were applied in the revaluation. Regarding the project timeline, the new operation commencement date is expected to be mid-2022 as it requires more time for relevant government authorities in reviewing applications. Other major assumptions used have been set out in the note 12 of the announcement.

After the revaluation, the exploration rights, revaluated by an independent professional valuer, Roma Appraisal Limited, were valued at approximately USD350.0 million (equivalent to approximately HK$2,716.0 million). An impairment loss of USD426.0 million (equivalent to approximately HK$3,305.8 million) on exploration and evaluation assets has been recognised in current year accordingly.

TERMINATION OF THE SHARE PURCHASE AGREEMENT IN RELATION TO ACQUISITION OF SAM (THE "SPA")

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

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

Infinite Sky had received correspondence from VNN that the latter rejected the said termination and did not consider the SPA (as amended by the Supplemental SPA) had been terminated (and therefore did not intend to sign the joint instructions to the Custodians or transfer the Golden Share) unless and until the parties had reached a mutually agreeable commercial resolution regarding the foregoing, or an arbitration decision compels VNN and Lit Mining to do so. On 10 June 2015, the Group filed a request for arbitration against Lit Mining and VNN in relation to termination of the SPA (as supplemented by the Supplemental SPA) (the "Arbitration"). VNN also filed a counterclaim stated that an Acceleration Event has occurred under the SPA as a results of a series of funding arrangement made by the Company, thereby requiring Infinite Sky to pay VNN USD315,000,000, such amount being the total maximum amount to be paid to VNN for the project less the amount already settled. As at announcement date, the Arbitration is still in progress.

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

As there will be time, money factors and other uncertainties during the Arbitration, the Group does not rule out to discuss a commercial resolution with VNN which is beneficial for both sides.

BUSINESS REVIEW

For the year ended 31 December 2015, the Group recorded a turnover of HK$115.4 million which comprised HK$1.4 million from mineral resources and steel metal trading and HK$114.0 million from the sale of lithium-ion batteries. Group results changed from loss of HK$3,241.8 million in 2014 to a loss of HK$1,995.0 million in 2015. It was mainly due to the decrease in impairment loss of HK$1,168.2 million on exploration and evaluation asset recognised in current year.

LIQUIDITY AND THE USE OF PROCEEDS FROM PLACING AND SHARE SUBSCRIPTION

During the year ended 31 December 2015, the operation of the Group was mainly financed by the proceeds received from Placing and Share Subscription and the proceeds received from sale of treasury shares. HK$1,336.1 million net proceeds have been raised from the Placing and the Share Subscription, HK$109.1 million has been utilised to repaid the loans and related interest from the ultimate holding company, approximately HK$12.4 million as general working capital and approximately HK$8.4 million has been utilised in the iron ore project in Brazil. For the remaining amount of approximately HK$1,206.1 million, HK$950.0 million will be invested into the new energy automotive-related business, HK$191.6 million will be used as the preliminary working expenses of the iron ore project in Brazil, and HK$64.5 million will be used as working capital or/and the supplementary funding to the two investments mentioned above. Approximately HK$30.4 million has been invested in Zhejiang Forever New Energy and all of the amount will be utilised in the lithium-ion batteries business.

As at 31 December 2015, the Group had net current assets of HK$674.3 million (31 December 2014: HK$132.1 million). Current assets mainly comprised of bank balances and cash of HK$1,228.7 million, trade and bill receivables of HK$118.5 million, prepayments, deposits and other receivables of HK$11.5 million and inventories of HK$38.0 million. Current liabilities mainly comprised of convertible bonds liabilities of HK$552.4 million and derivative financial liabilities of HK$68.2 million, trade and bill payables of HK$56.1 million, other payables and accrued expenses and receipts in advance of HK$8.5 million.

The increase in current assets was mainly due to the increase in cash and cash equivalent of approximately HK$1,171.6 million after completion of the Placing and Share Subscription in June 2015. The amount was mainly net-off by the HK$552.4 million convertible bonds liabilities and its derivative financial liabilities of HK$68.2 million which both were classified as non-current in year 2014.

Besides, the amount of trade and other receivables, trade and other payables decreased significantly because HK$266.0 million trade and other receivables and HK$268.3 million trade and other payables were disposed along with Honbridge International Trading Company Limited.

As at 31 December 2015, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 0.38 (31 December 2014: 0.17).

SIGNIFICANT INVESTMENT PLANS

Save as disclosed above, as at 31 December 2015, the Group did not have any significant investment plans.

CAPITAL COMMITMENTS

As at 31 December 2015, the Group has contracted but not provided for capital commitments in relation to property, plant and equipment amounted to approximately HK$14.5 million.

CONTINGENT CONSIDERATION AND LIABILITIES

On 5 March 2010, Lit Mining (as the seller), VNN (also as the seller), Esperento, Mineral Ventures, Infinite Sky (as the buyer), New Trinity, and the Company entered into the SPA. Pursuant to the SPA, the Consideration of USD390.0 million for the Acquisition was to be satisfied in cash in five instalment payments.

As at 31 December 2015, the first and the second instalment payment amount to USD75.0 million (equivalent to approximately HK$582 million) have been settled. The third instalment payment amount to USD115.0 million (equivalent to approximately HK$892.4 million) are to be settled on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained). The fourth instalment payment of USD100.0 million (equivalent to approximately HK$776.0 million) was agreed to pay on the tenth Business Day following the Port Operation Commencement Date, being the later of (a) the Closing Date; and (b) the date by which an aggregate of 100,000 metric tons of pellet feed have been shipped through the Port on a commercial basis; and the fifth instalment payment of USD100.0 million (equivalent to approximately HK$776.0 million) is required to settle on the tenth Business Day following the Mining Production Commencement Date.

The fair value of contingent consideration as mentioned above for the third to fifth instalments payment were approximately USD156.7 million (equivalent to approximately HK$1,216.0 million). For financial reporting and valuation for the year ended 2015, it is considered that termination of SPA has no material impact on contingent consideration. The Company will assess the situation continuously.

As at 31 December 2015, saved as disclosed above the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 December 2015, the total number of employees of the Group was 375 (2014: 428). Employees' cost (including directors' emoluments) amounted to HK$41.8 million for the year (2014: HK$34.3 million).

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

PROSPECT

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

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

The Company will continue to manage the progress of SAM Iron Ore Project and will seek to obtain all licenses and approvals for commencement of construction before mid-2019. If all licenses and approvals for starting the construction are obtained in mid-2019, the mine is expected to commence operation by 2022.

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

CORPORATE GOVERNANCE PRACTICES

The Company complied with the corporate governance code in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2015 with the exception that the Articles of Association of the Company does not provide that (a) every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting of the Company after their appointment, and (c) deviation from code provision E.1.2. In view of good corporate governance practices, all Directors have agreed to comply with the GEM Listing Rules and that their term of appointment will be limited accordingly. Furthermore, every director of the Company, including those appointed for a specific term, voluntarily retires from his office by rotation at least once every three years notwithstanding that he is not required to do so by the Articles of Association of the Company.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for Directors.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standards of dealings and its code of conduct regarding the directors' securities transaction throughout the year ended 31 December 2015.

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

During the year ended 31 December 2015, 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 and corporate governance code C.3.3 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting, internal control procedures and risk management system of the Group. Other duties of the audit committee are set out in its specific terms of reference, which are posted on the website of the Company and the Stock Exchange respectively. The audit committee comprises Mr. Chan Chun Wai, Tony (Committee Chairman), Mr. Ma Gang and Mr. Ha Chun, 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 2014 annual report, 2015 half-yearly report and quarterly reports as well as the Company's internal control procedures and risk management system. Full attendance was recorded for the four meetings.

The Group's annual report for the year ended 31 December 2015 were reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in 2005. The Committee members comprise Mr. Ha Chun (Chairman of the Committee), Mr. Ma Gang, Mr. Chan Chun Wai, Tony, Mr. He Xuechu and Mr. Liu Wei, William. The Committee met once in 2015 and was attended by all Committee members. The policy for the remuneration of Executive Directors and the Senior Management was reviewed by the Committee. Remuneration, including basic salary, performance bonus, grant of share options, if any, of the Executive Directors and Senior Management is based on skills, knowledge, involvement and performance of the individuals by reference to the Company's performance and profitability, as well as industry practice. Granting share options is considered as one of the means for giving long term benefits to and retaining staff.

Remuneration, comprising directors' fees, of Independent Non-Executive Directors is subject to annual assessment for shareholders' approval at the annual general meeting. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at board meetings and committee meetings.

NOMINATION COMMITTEE

Nomination Committee was set up in 2012. Current Committee members are Mr. CHAN Chun Wai, Tony (Chairman of the Committee), Mr. LIU Wei, William, Mr. ANG Siu Lun, Lawrence, Mr. MA Gang and Mr. HA Chun. The Committee meets at least once every year and additional meetings shall be held as the work of the Committee demands. The Committee met once in 2015 and was attended by all Committee members.

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

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 2015 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. MA Gang
Mr. HA Chun

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

Hong Kong, 29 March 2016