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## **HONBRIDGE HOLDINGS LIMITED**

*(incorporated in the Cayman islands with limited liability)*

(stock code : 8137)

### **VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING**

**Financial adviser to Honbridge Holdings Limited**



**CIMB-GK Securities (HK) Limited**

Reference is made to the Company's announcement dated 21 February 2008 in relation to the letter of intent entered into between the Company, Donnion and Kailun (China) whereby Donnion and Kailun (China) intend to sell and the Company intends to acquire the controlling equity interest of Kailun PV (Jining), a company engaging in the production and sales of highly purified silicon and research and development in the production of Solar Silicon in Jining, Shandong, the PRC.

#### **The Share Transfer Agreement**

On 8 April 2008, the Company entered into the Share Transfer Agreement with the Vendor for the acquisition of 2,000 shares in Divine Mission current owned by the Vendor, representing approximately 20% of the existing issued share capital of Divine Mission and 10% of the enlarged issued share capital of Divine Mission for a consideration of US\$ 1,000,000 (equivalent to HK\$7,780,000).

#### **Subscription Agreement**

On 8 April 2008, the Company entered into the Subscription Agreement with Divine Mission pursuant to which the Company will subscribe for 10,000 new shares of Divine

Mission, representing approximately 100% of the existing issued share capital of Divine Mission and 50% of the enlarged issued share capital of Divine Mission for a consideration of US\$ 8,000,000 (equivalent to HK\$62,240,000).

Pursuant to a separate share transfer agreement, Donnion and Kailun (QuFu) will transfer their equity interests in Kailun PV (Jining) to Kailun PV (HK), a wholly-owned subsidiary of Divine Mission. After completion of the transfer, Divine Mission will indirectly own the entire equity interest of Kailun PV (Jining).

The aggregated consideration will be satisfied by way of cash by internal resources and/or equity financing and/or shareholders loan of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Divine Mission, its ultimate beneficial owner and the Vendor are third parties independent of the Company and its connected persons. As at the date of this announcement, the Vendor is interested in 6,080,000 Shares, representing approximately 0.18% of the issued share capital of the Company. The Vendor and its associates will abstain from voting at the EGM. Upon Completion, Divine Mission will become a 60% subsidiary of the Company and the accounts of Divine Mission will be consolidated into that of the Group.

#### **General**

The Acquisition and the Subscription constitute a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. A Circular containing further information on the Share Transfer Agreement, the Subscription Agreement and, among other things, the accountants' report on Kailun PV (Jining) and a notice of the EGM will be dispatched to the Shareholders in accordance with the requirements of the GEM Listing Rules as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 April 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 April 2008.

Reference is made to the Company's announcement dated 21 February 2008 in relation to the letter of intent entered into between the Company, Donnion and Kailun (China) whereby Donnion and Kailun (China) intend to sell and the Company intends to acquire the controlling equity interest of Kailun PV (Jining), a company engaging in the production and sales of highly purified silicon and research and development in the production of Solar Silicon in Jining, Shandong, the PRC.

### **THE SHARE TRANSFER AGREEMENT DATED 8 APRIL 2008**

#### **Parties**

Purchaser : the Company

Seller : the Vendor

As at the date of this announcement, the Vendor is interested in 6,080,000 Shares, representing approximately 0.18% of the issued share capital of the Company. To the best of the directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

**Assets to be transferred:**

2,000 shares in Divine Mission current owned by the Vendor, representing approximately 20% of the existing issued share capital of Divine Mission and 10% of the enlarged issued share capital of Divine Mission.

**Consideration**

US\$ 1,000,000 (equivalent to HK\$7,780,000) shall be payable in cash by the Company to the Vendor. The consideration will be satisfied by way of cash by internal resources and/ or equity financing and/or shareholders loan of the Company.

Completion of the Share Transfer Agreement is conditional upon, amongst other things, satisfaction of the following conditions precedent within 3 months from the date of the Share Transfer Agreement, or such other date as the parties to the Share Transfer Agreement may agree:

- i) the approval of the Share Transfer Agreement by the Shareholders at the EGM;
- ii) completion of the separate share transfer agreement, pursuant to which Donnion and Kailun (QuFu) will transfer their equity interests in Kailun PV (Jining) to Kailun PV (HK), a wholly-owned subsidiary of Divine Mission; and
- iii) completion of the Subscription Agreement.

**THE SUBSCRIPTION AGREEMENT DATED 8 APRIL 2008**

**Parties**

Subscriber : the Company

Issuer : Divine Mission

As at the date of this announcement, the Vendor is interested in 6,080,000 Shares, representing approximately 0.18% of the issued share capital of the Company. To the best of the directors' knowledge, information and belief having made all reasonable enquiries, Divine Mission and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

**Shares to be issued:**

10,000 new shares of Divine Mission, representing approximately 100% of the existing issued share capital of Divine Mission and 50% of the enlarged issued share capital of Divine Mission.

## **Consideration**

US\$ 8,000,000 (equivalent to HK\$62,240,000) to subscribe for 10,000 new shares in Divine Mission. The consideration will be satisfied by way of cash by internal resources and/ or equity financing and/or shareholders loan of the Company.

Completion of the Subscription Agreement is conditional upon, amongst other things, satisfaction of the following conditions precedent within 3 months from the date of the Subscription Agreement, or such other date as the parties to the Subscription Agreement may agree:

- i) approval of the Subscription Agreement by the Shareholders at the EGM;
- ii) completion of the separate share transfer agreement, pursuant to which Donnion and Kailun (QuFu) will transfer their equity interests in Kailun PV (Jining) to Kailun PV (HK), a wholly-owned subsidiary of Divine Mission; and
- iii) completion of the Share Transfer Agreement.

The aggregated consideration has been determined after arm's length negotiation between the parties thereto with reference to the recent financial performance and the future prospects of Kailun PV (Jining), taking into account the recent increase in price of highly purified silicon and the prospect of the solar energy industry. The Directors consider that the consideration is fair and reasonable so far as the Company and the Shareholders are concerned.

The Share Transfer Agreement and the Subscription Agreement are inter-conditional. Upon Completion, the Company will be interested in 60% of the enlarged issued share capital of Divine Mission. As at the date of this announcement, the Company does not have any further capital commitment on Divine Mission and its subsidiaries.

## **Deposit**

A deposit of HK\$10,000,000 is payable by the Company to Divine Mission on the fifth business day after signing of the Share Transfer Agreement and the Subscription Agreement. If the Share Transfer Agreement and the Subscription Agreement were terminated, Divine Mission shall refund the deposit to the Company within 3 business days of the date of termination of the Share Transfer Agreement and the Subscription Agreement. If the Share Transfer Agreement and the Subscription Agreement were completed, the deposit will form part of the consideration for the Subscription.

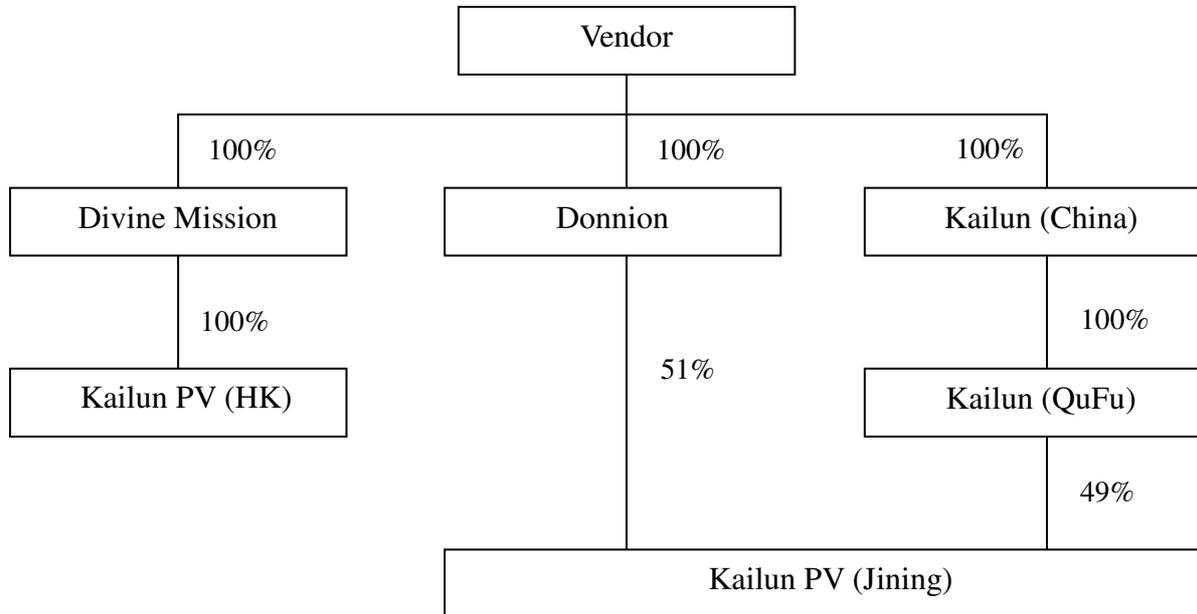
The consideration to the Vendors and the remaining balance of the consideration for the Subscription shall be payable by the Company upon Completion.

## **INFORMATION ON DIVINE MISSION**

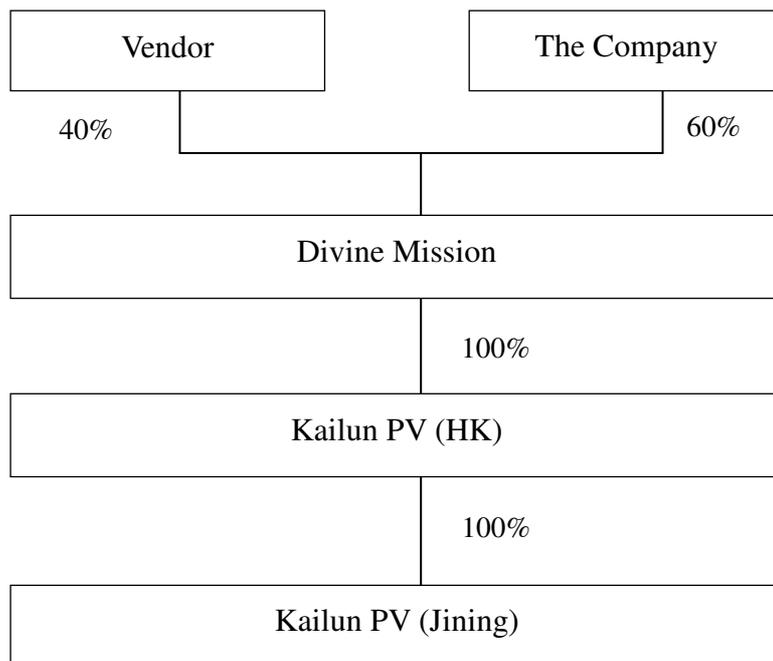
Divine Mission is a company incorporated in the British Virgin Islands. Its principal activity is investment holding and it is wholly owned by the Vendor. As at the date of this announcement, Kailun PV (Jining) is 51% owned by Donnion and 49% owned by Kailun (QuFu). Prior to Completion, Donnion and Kailun (QuFu) will transfer their equity interests in Kailun PV (Jining) to Kailun PV (HK) and Divine Mission will indirectly own the entire equity interest of Kailun PV (Jining).

The existing shareholding structure of Kailun PV (Jining) is as follows:

**Existing shareholding structure**



**Shareholding structure after Completion**



## Financial information

Divine Mission was incorporated in the British Virgin Islands on 25 January 2008 and Kailun PV (HK) was incorporated in Hong Kong on 4 March 2008 solely for investment holding of Kailun PV (Jining). Divine Mission and Kailun PV (HK) have no audited consolidated accounts as at the date of this announcement. The net assets value of Divine Mission and Kailun PV (HK) were US\$10,000 (equivalent to HKD77,800) and HKD10,000,000, respectively, representing their respective issued share capital as at the date of this announcement.

The unaudited turnover and losses of Kailun PV (Jining) based on its management accounts were as follows:

HK\$'000	For the year ended 31 December 2006	For the year ended 31 December 2007
Turnover	4,574	28,940
Loss before taxation	(3,731)	(6,257)
Loss after taxation	(3,731)	(6,257)

*Note: financial statements prepared in accordance with Hong Kong Financial Reporting Standards*

The unaudited net liabilities of Kailun PV (Jining) as at 31 December 2007 was approximately HK\$6.68 million.

Kailun PV (Jining) is engaged in the production and sales of highly purified silicon and research and development in the production of Solar Silicon.

The Company understands from the Vendor that for the two years ended 31 December 2007, Kailun PV (Jining) was primarily engaged in the production and sales of highly purified silicon up to the purity of 4N Silicon. The highly purified silicon produced by Kailun PV (Jining) is used in the chemical and smelting industries. As represented by the Vendor and based on the information provided by the Vendor, Kailun PV (Jining) has achieved a technology breakthrough in producing 5N Silicon with the physics purification method, which includes the metallurgical method, which would lower the cost of production as compare to the conventional method. The newly developed 5N Silicon has passed internal testings by Kailun PV (Jining) and has been launched to the market on a small scale basis. 5N Silicon has a higher market selling price than 4N Silicon and can be used in the refining process of higher graded purified silicon, which is used in the solar industry. Kailun PV (Jining) is planning to make investment to commence commercial production of 5N Silicon in the second half of 2008.

The Directors believe that with the launch of 5N Silicon and the increasing trend in price of highly purified silicon, Kailun PV (Jining)'s business future is promising and hence the Acquisition and Subscription represents a good investment opportunity for the Company upon Completion.

## **REASONS FOR THE ACQUISITION**

The Company is principally engaging in magazine publishing and advertising activities. As stated in the Company's circular to the Shareholders dated 14 September 2007, the Company is also actively seeking business opportunities in the area of energy and resources.

Kailun PV (Jining) is a foreign investment enterprise with limited liabilities incorporated in the PRC under the law of the PRC on 19 March 2004. Based on information provided by the Vendor, Kailun PV (Jining)'s production facility located in Jining, Shandong Province, the PRC occupied a gross floor area of approximately 20,000m<sup>2</sup>. It produced approximately 3,500 tonnes of highly purified silicon in 2007. As stated above, the Vendor has represented and provided information stating that Kailun PV (Jining) has achieved a technology breakthrough in producing 5N Silicon with the physics purification method, which includes the metallurgical method. The Directors understand from the Vendor that Kailun PV (Jining) is currently planning to commercialize the production of 5N Silicon. At the same time, Kailun PV (Jining) continues its research in order to achieve the technology standard to produce 6N Silicon, which is used in the solar industry.

The Company believes that entering into the Share Transfer Agreement and the Subscription Agreement would enable the Company to invest into a company with potential rapid growth. It is expected that the consideration for the Subscription of US\$ 8,000,000 (equivalent to HK\$62,240,000 million) will be used by Kailun PV (Jining) to make investment to commence production of 5N Silicon in the second half of 2008 and to conduct research and development in order to achieve the technology standard for 6N Silicon. Upon completion of the Acquisition, Divine Mission will become a 60% subsidiary of the Company and the accounts of Divine Mission will be consolidated into that of the Group.

Based on the current status of research and development as stated above, the Directors believe that Kailun PV (Jining) is progressing to achieve a significant breakthrough in technology to be able to produce higher value-added products. Hence, the Acquisition and the Subscription represents a good opportunity for the Company to invest in this industry which has good growth prospects and good return potential for the Company. The Directors consider the entering into of Share Transfer Agreement and the Subscription Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Share Transfer Agreement and the Subscription Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

## **GENERAL**

The Company will nominate two directors and the Vendor will nominate one director into the board of directors of each of Divine Mission and Kailun PV (HK) and the Company will nominate four directors and the Vendor will nominate three directors into the board of Directors of Kailun PV (Jining), immediately upon Completion.

The Acquisition and the Subscription constitute a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. As at the date of this announcement, the Vendor is interested in 6,080,000 Shares, representing approximately 0.18% of the issued share capital of the Company. The Vendor and its associates will abstain from voting at the EGM.

A Circular containing further information on the Share Transfer Agreement, the Subscription Agreement, together with, among other things, the accountants' report on Kailun PV (Jining), and a notice of the EGM will be dispatched to the Shareholders in accordance with the requirements of the GEM Listing Rules as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 April 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 14 April 2008.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Acquisition”	the acquisition by the Company of 2,000 shares of Divine Mission from the Vendor pursuant to the terms and conditions of the Share Transfer Agreement
“Circular”	the circular of the Company to be dispatched to Shareholders in relation to the Acquisition.
“Company”	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liabilities, the Shares of which are listed on the GEM
“Completion”	completion of the Share Transfer Agreement and the Subscription Agreement
“connected person”	has the same meaning ascribed to it under the GEM Listing Rules
“Donnion”	東永投資有限公司 (Donnion Investments Limited), a company incorporated in Hong Kong and wholly owned by the Vendor
“Director(s)”	the directors of the Company
“Divine Mission”	Divine Mission Holdings Limited, a company incorporated in the British Virgin Islands and wholly owned by the Vendor
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought appropriate, to approve, among other matters (if any), the Share Transfer Agreement, the Subscription Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Kailun (China)”	凱倫(中國)投資控股有限公司 (Kailun (China) Investments Holdings Limited), a company incorporated in Hong Kong and wholly owned by the Vendor
“Kailun (QuFu)”	凱倫(曲阜)置業有限公司 (Kailun (QuFu) Property Investment Limited, a company incorporated in the PRC and wholly owned by Kailun (China)
“Kailun PV (Jining)”	濟寧凱倫光伏材料有限公司, a foreign investment enterprise with limited liabilities incorporated in Jining, Shandong Province, the PRC under the law of the PRC on 19 March 2004
“Kailun PV (HK)”	凱倫光伏材料投資有限公司 (Kailun Photovoltaic Materials Investments Limited), a company incorporated in Hong Kong with limited liabilities and is wholly owned by Divine Mission
“PRC”	the Peoples’ Republic of China
“Shares”	ordinary share(s) of HK\$0.001 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Transfer Agreement ”	the share transfer agreement dated 8 April 2008 as supplemented by a supplemental agreement dated 8 April 2008 entered into between the Company and the Vendor in relation to the Acquisition as more particularly set out under the section headed “The Share Transfer Agreement Dated 8 April 2008” of this announcement
“Solar Silicon”	silicon of high purity applied in solar energy industries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Company of 10,000 new shares of Divine Mission pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the Subscription Agreement dated 8 April 2008 entered into between the Company and Divine Mission in relation to the subscription of 10,000 new shares of Divine Mission

“Vendor”	Mr. LIU Xiangmao, the beneficial owner of 100% shareholding interest in Divine Mission
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US \$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.
“4N Silicon ”	silicon material with 99.99% purity
“5N Silicon”	silicon material with 99.999% purity
“6N Silicon”	silicon material with 99.9999% purity

By order of the Board  
**Honbridge Holdings Limited**  
**LIU Wei**  
*Director and CEO*

Hong Kong, 11 April 2008

*As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Wei, William and Mr. Shi Li Xin as executive directors; and Mr. Chan Chun Wai, Tony, Mr. Fok Hon and Mr. Ma Gang as independent non-executive directors.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.*

*In this announcement, US\$ has been converted to HK\$ at the rate of US\$1 = HK\$7.78 for illustration purpose only. No representation is made that any amounts in US\$ or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*