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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Honbridge Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Honbridge Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8137)**

**CONTINUING CONNECTED TRANSACTION**

**Financial adviser to Honbridge Holdings Limited**



**粵海證券有限公司**  
GUANGDONG SECURITIES LIMITED

**Independent Financial Adviser to**

**the Independent Board Committee and the Independent Shareholders**

**RaffAello**  
CAPITAL LIMITED

Terms used in this cover shall have the same meaning as defined in this circular.

A letter from the Board is set out from pages 4 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out from pages 10 to 15 of this circular.

A notice convening the EGM to be held at 10:00 a.m. on Friday, 16 November 2012 at Suite 2703, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong is set out from pages 21 to 22 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

This circular 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 posting and on the website of Honbridge Holdings Limited at [www.8137.hk](http://www.8137.hk).

19 October 2012

<b>CONTENTS</b>
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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	9
<b>LETTER FROM RAFFAELLO</b> .....	10
<b>APPENDIX — GENERAL INFORMATION</b> .....	16
<b>NOTICE OF EGM</b> .....	21

## **CHARACTERISTICS OF GEM**

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

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

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Announcements”	the announcements of the Company dated 24 September 2012 and 17 October 2012 in relation to, among other things, the Copper CCT
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Caps”	mean the proposed caps of the Copper CCT for the year ended 31 December 2011 and the year ending 31 December 2012
“Company”	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Copper CCT”	the continuing connected transaction between Hongying Trading and Yingyue in relation to the sale of Copper Products by Hongying Trading to Yingyue for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012
“Copper Products”	the copper products supplied by Hongying Trading to Yingyue
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on 16 November 2012 to consider, and if thought fit, to approve the Framework Agreement and rectify the Copper CCT
“Framework Agreement”	the framework agreement (as supplemented by a supplemental agreement dated 16 October 2012) entered into between Hongying Trading and Yingyue on 24 September 2012 in relation to the Copper CCT
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

## DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongying Trading”	上海洪鷹貿易有限公司 (Shanghai Hongying Trading Co. Ltd.*), a limited liabilities company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Independent Board Committee”	the independent board committee of the Company formed to consider the terms of the Framework Agreement and the Copper CCT
“Independent Financial Adviser” or “RaffAello”	RaffAello Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the Copper CCT
“Independent Shareholders”	Shareholders other than Mr. Yan Weimin and his associates
“Latest Practicable Date”	16 October 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“PRC”	the People’s Republic of China and for the purpose of this circular, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Steel Products”	the steel products supplied by Hongying Trading to Yingyue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yingyue”	上海鷹悅實業有限公司 (Shanghai Yingyue Industrial Co. Ltd.*), a limited liabilities company incorporated in the PRC and owned as to approximately 98.75% by Mr. Yan Weimin

## DEFINITIONS

“%” per cent.

*In this circular, unless otherwise specified, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00: HK\$1.22. Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.*

\* For identification purpose only

## LETTER FROM THE BOARD



### **Honbridge Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8137)**

*Executive Directors:*

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

*Non-Executive Directors:*

Mr. Ang Siu Lun, Lawrence  
Mr. Yan Weimin

*Independent non-executive Directors:*

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

*Registered office:*

Scotia Centre  
4th Floor, P.O. Box 2804  
George Town, Grand Cayman  
Cayman Islands

*Principal place of business in  
Hong Kong:*

Suite 2703, 27/F  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

19 October 2012

*To the Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SALE OF COPPER PRODUCTS**

#### **INTRODUCTION**

References are made to the Announcements.

The purpose of this circular is to provide you with, among other things, (i) details of the Framework Agreement; (ii) the letter from the Independent Board Committee to the Independent Shareholders giving its recommendations in relation to the Framework Agreement and the Caps; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice and recommendations on the Framework Agreement and the Caps; and (iv) the notice of the EGM.

#### **THE COPPER CCT**

On 24 September 2012, Hongying Trading entered into a framework agreement with Yingyue to rectify the Copper CCT for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012.

## **LETTER FROM THE BOARD**

On 16 October 2012, an agreement supplemental to the aforesaid framework agreement was entered into between Hongying Trading and Yingyue.

Particulars of the Framework Agreement are described in the following section:

### **TERMS OF THE FRAMEWORK AGREEMENT**

#### **Dates**

24 September 2012 and 16 October 2012

#### **Parties**

- (i) Yingyue (as the purchaser)
- (ii) Hongying Trading, an indirect wholly-owned subsidiary of the Company (as the supplier)

Yingyue is principally engaged in the provision of raw materials for construction (including steel products) to sizeable PRC companies. As at the Latest Practicable Date, Yingyue was owned as to approximately 98.75% by Mr. Yan Weimin, a non-executive Director. Therefore, Yingyue is a connected person of the Company under the GEM Listing Rules.

Hongying Trading is principally engaged in the trading of (i) steel and steel related products; and (ii) non-ferrous metals (including copper).

#### **Subject matter**

Pursuant to the Framework Agreement, Yingyue has been appointed as a non-exclusive distributor of the Copper Products sourced by Hongying Trading.

Under the relevant provisions of the Framework Agreement, Yingyue has the right to purchase the Copper Products from Hongying Trading on a priority basis and re-sell them to its customers within the PRC. In accordance with the terms of the Framework Agreement, the selling price of the Copper Products shall be negotiated between Hongying Trading and the ultimate customers, and determined based on and being no less than the price Yingyue sells to independent third parties, by reference to the market saleable price together with the disbursement of normal administrative and out-of-pocket expenses (such as printing, telephone, fax charges, travelling and etc.) incurred by Yingyue which are reasonable and on normal commercial terms. Moreover, payment of the consideration for each transaction shall be settled by Yingyue within three business days upon delivery of the relevant Copper Products by Hongying Trading to Yingyue or other date as agreed by both parties which is no less favourable to Hongying Trading than to other independent third parties.

The Framework Agreement covering the period from 1 January 2011 to 31 March 2012 is subject to the Independent Shareholders' approval and shall take retroactive effect to rectify the Copper CCT. Having taken into account that the gain from the Copper CCT for Hongying is



## LETTER FROM THE BOARD

not satisfactory for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012, the parties to the Framework Agreement have, pursuant to the supplemental agreement thereof, agreed to terminate the Copper CCT from 1 April 2012 onwards.

### **The Caps**

The Caps under the Copper CCT are RMB206.35 million (equivalent to approximately HK\$251.75 million) and RMB353.10 million (equivalent to approximately HK\$430.78 million) for the year ended 31 December 2011 and the year ending 31 December 2012 respectively. Since the Copper CCT had already taken place, the Caps which were set in compliance with Rule 20.35(2) of the GEM Listing Rules are equivalent to the actual amounts of the Copper CCT for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012 respectively.

### **Reasons for the Transaction**

The Group is principally engaged in the research and exploration of mineral resources, trading of steel products and non-ferrous metals (including copper) and the production and sale of silicon products.

It was the intention of the Company to expand its source of income and the customer base of its copper sales business and to procure orders from the sizeable state-owned enterprises such as Jiangxi Copper Corporation (江西銅業集團). As Hongying Trading is a new company incorporated on 30 September 2010 with no copper trading track record, Hongying Trading was not recognised by certain sizeable state-owned enterprises. To facilitate the sales of the Copper Products to those sizeable state-owned enterprises, Hongying Trading sold the Copper Products to Yingyue under the Copper CCT and Yingyue re-sold the Copper Products to those sizeable state-owned enterprises. No effective gain was made by Yingyue under the above arrangement.

The Directors (including the independent non-executive Directors) consider that the terms of the Copper CCT (including the Caps), which is in the ordinary and usual course of business of the Company, are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, Yingyue was owned as to approximately 98.75% by Mr. Yan Weimin, being a non-executive Director who was interested in 30,000,000 Shares, representing approximately 0.48% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, Yingyue is a connected person of the Company under the GEM Listing Rules. As Mr. Yan Weimin has a material interest in the Copper CCT, Mr. Yan Weimin had abstained from voting on the Board resolution approving the Copper CCT.

Since the applicable percentage ratios for the Copper CCT exceeded 5% and the actual amounts of the Copper CCT for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012 exceeded HK\$10,000,000, the Copper CCT constituted a non-exempt continuing connected transaction for the Company under Chapter 20 of the GEM

## LETTER FROM THE BOARD

Listing Rules and was subject to the reporting, annual review, announcement and independent shareholders' approval requirements (the "**Requirements**"). The Directors noted that the Company had omitted to comply with the Requirements and is taking necessary steps to rectify the Copper CCT.

Specifically, the Company will (i) conduct the relevant review by the independent non-executive Directors and auditors of the Company respectively in respect of the Copper CCT pursuant to Rules 20.37 and 20.38 of the GEM Listing Rules; and (ii) comply with the relevant reporting requirements in relation to the Copper CCT pursuant to Rules 20.45 and 20.46 of the GEM Listing Rules. Since the 2011 annual report of the Company had already been published, the Company will make an announcement in respect of items (i) and (ii) above for the year ended 31 December 2011 to disclose such additional information to the Shareholders as soon as practicable. As for the year ending 31 December 2012, the information with regard to items (i) and (ii) above will be disclosed in the Company's 2012 annual report to be published.

The Company will also seek the Independent Shareholders' approval by way of poll in respect of the Copper CCT in compliance with Rule 20.48 of the GEM Listing Rules at the EGM whereby Mr. Yan Weimin and his associates shall abstain from voting.

### **EGM**

A notice convening the EGM to be held at 10:00 a.m. on Friday, 16 November 2012 at Suite 2703, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Framework Agreement and rectify the Copper CCT, is set out from pages 21 to 22 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Union Registrars Ltd., 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

An ordinary resolution as set out in the notice of the EGM will be put to the vote of the Independent Shareholders by way of poll. An announcement will be made by the Company following the conclusion of the EGM to inform you of its results.

### **RECOMMENDATION**

The Directors consider that the terms of the Framework Agreement (including the Caps) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Framework Agreement and rectify the Copper CCT.

## **LETTER FROM THE BOARD**

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Framework Agreement and the Copper CCT. RaffAello Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard. The respective letters from the Independent Board Committee and the Independent Financial Adviser are set out on page 9 and from pages 10 to 15 of this circular respectively. You are advised to read the letters carefully before making your voting decision.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information on the Group set out in the appendix to this circular.

By Order of the Board  
**Honbridge Holdings Limited**  
**LAM King Ho**  
*Company Secretary*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**



**Honbridge Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8137)**

19 October 2012

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO THE SALE OF COPPER PRODUCTS**

We refer to the circular of the Company dated 19 October 2012 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on the terms of the Framework Agreement and the Copper CCT. RaffAello Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

Having taken into account the advice and recommendations of the Independent Financial Adviser as set out from pages 10 to 15 of the Circular, we are of the opinion that the terms of the Framework Agreement and the Copper CCT are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Framework Agreement and rectify the Copper CCT.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Mr. Chan Chun Wai, Tony**

**Mr. Fok Hon**

**Mr. Ma Gang**

*Independent non-executive Directors*

## LETTER FROM RAFFAELLO

*The following is the text of a letter of advice from RAFFAELLO to the Independent Board Committee and the Independent Shareholders in respect of the sales of Copper Products and pursuant to which, the Copper CCT and the proposed Caps are prepared for inclusion in this circular.*



1302, Tower One, Lippo Centre  
89, Queensway, Admiralty,  
Hong Kong

19 October 2012

*To the Independent Board Committee  
and the Independent Shareholders*

**Honbridge Holdings Limited**

2703, 27/F  
Great Eagle Centre  
23 Harbour Road  
Wanchi  
Hong Kong

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SALE OF COPPER PRODUCTS**

#### **I. INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the Caps, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in this circular (the “**Circular**”) dated 19 October 2012 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, Yingyue was owned as to approximately 98.75% by Mr. Yan Weimin, a non-executive Director. Therefore, Yingyue is a connected person of the Company under the GEM Listing Rules. As Mr. Yan Weimin has a material interest in the Copper CCT, Mr. Yan Weimin had abstained from voting on the Board resolution approving the Copper CCT.

## LETTER FROM RAFFAELLO

Since the applicable percentage ratios for the Copper CCT exceeded 5% and the actual amounts of the Copper CCT for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012 exceeded HK\$10,000,000, the Copper CCT constituted a non-exempt continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules and was subject to the reporting, annual review, announcement and independent shareholders' approval requirements. The Directors noted that the Company had omitted to comply with the Requirements and is taking necessary steps to rectify the Copper CCT.

The Company will seek the Independent Shareholders' approval by way of poll in respect of the Copper CCT at the EGM whereby Mr. Yan Weimin and his associates shall abstain from voting. The Company will also comply with the annual review requirements on the Copper CCT in accordance with Rules 20.37 and 20.38 of the GEM Listing Rules.

The Independent Board Committee, comprising Mr. Chan Chun Wai, Tony, Mr. Fok Hon, Mr. Ma Gang as independent non-executive Directors, has been established to advise whether the Framework Agreement and the Caps are in the interests of the Company and the Independent Shareholders as a whole. RaffAello has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Framework Agreement and the Caps are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) whether the Independent Shareholders should vote in favour of the relevant resolution(s) to approve the Framework Agreement and the Caps.

## II. BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true at the date of the EGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information and representations contained in this circular and to provide a reasonable basis for our recommendation regarding the Framework Agreement.

### **III. PRINCIPAL FACTORS AND REASONS CONSIDERED**

In assessing the Framework Agreement and the Caps and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

#### **Background and reasons for the Framework Agreement**

The Group is principally engaged in the research and exploration of mineral resources, trading of steel products and non-ferrous metals (including copper) and the production and sale of silicon products. Hongying Trading is principally engaged in the trading of (i) steel and steel related products; and (ii) copper and copper related products.

It was the intention of the Company to expand its source of income and the customer base of its copper sales business and to procure orders from the sizeable state-owned enterprises (“SOEs”) such as Jiangxi Copper Corporation (江西銅業集團). As Hongying Trading is a new company incorporated on 30 September 2010 with no copper trading track record, Hongying Trading was not recognised by certain sizeable state-owned enterprises. Hongying Trading has approached Jiangxi Copper Corporation but the VAT sales invoices of Hongying Trading were not accepted by Jiangxi Copper Corporation for (i) Hongying Trading was newly incorporated on 30 September 2010 and (ii) the maximum amount of the VAT sales invoices of Hongying Trading as provided by the Shanghai Tax Bureau was limited to RMB99,999.99. Hongying Trading was regarded as not having the capacity to carry out normal trading amount of sales with the province level SOEs. To facilitate the sales of the Copper Products to those sizeable SOEs, Hongying Trading sold the Copper Products to Yingyue under the Copper CCT and Yingyue re-sold the Copper Products to those sizeable SOEs (the “Arrangement”). According to the Directors, it has been a long business relationship between the Yingyue and these SOEs given the fact that the turnover of Yingyue reached RMB1.49 billion and in 2011 and RMB2.48 billion for the first eight months in 2012. The Directors believe that the business relationship with Yingyue, which will continue to enhance the Company’s market reputation and open up for the Company more business opportunities in the copper trading market, is in the interest of the Company. In addition, the Directors are of the view that Yingyue would help accelerate the Company’s expansion in the fields of Copper Products and further broaden the Company’s customer base. Yingyue was incorporated on 22 September 1994 in Shanghai which had been in the metal and construction materials trading business for over 16 years. Yingyue has a relatively good credit rating and thus its VAT sales invoices were accepted by Jiangxi Copper Corporation. No effective gain was made by Yingyue under the Arrangement in the initial stage. On 16 October 2012, an agreement supplemental to the Framework Agreement was entered into between Hongying Trading and Yingyue.

The Framework Agreement takes retroactive effect to rectify the Copper CCT up to 31 March 2012. Taking into account that the gain from the Copper CCT for Hongying Trading is not satisfactory for the year ended 31 December 2011 and the period from 1

## LETTER FROM RAFFAELLO

January 2012 to 31 March 2012, the parties to the Framework Agreement have, pursuant to a supplemental agreement thereof, agreed to terminate the Copper CCT from 1 April 2012 onwards.

Having considered (i) the nature of the principal activities of the Group; and (ii) the Framework Agreement would allow the Company to enhance its revenue base through the clientele of Hongying Trading, we consider that the Framework Agreement is fair and reasonable, in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders.

### **Pricing basis**

As set out in the Board Letter, during the term of the Framework Agreement, Yingyue has the right to purchase the Copper Products from Hongying Trading on a priority basis and re-sell them to its customers within the PRC. In accordance with the terms of the Framework Agreement, the selling price of the Copper Products shall be negotiated between Hongying Trading and the ultimate customers, and determined as based on being no less than the price Yingyue sells to independent third parties, by reference to the market saleable price together with the disbursement of normal administrative and out-of-pocket expenses, such as printing, telephone, fax charges and travelling, incurred by Yingyue.

We have reviewed and compared invoices of Yingyue to its ultimate customers against the invoices of Hongying Trading to Yingyue and found that Copper CCT sales pricing, as advised by the Company, was determined based being no less than the price Yingyue sells to independent third parties. Out of the four total Copper CCT amounting of RMB559.48 million (equivalent to approximately HK\$682.53 million) in 2011 and 2012, it resulted one with a gain of RMB34,250 (equivalent to approximately HK\$41,785), two with breakeven position, one with a loss of RMB5,600 (equivalent to approximately HK\$6,832) to Yingyue. Further, we reviewed and compared the direct sales to independent third parties by Hongying Trading with the Copper CCT. We noted that the unit selling price of Copper CCT was not less than those to the independent third parties in the nearest corresponding period of each Copper CCT.

The net disbursement RMB28,650 (equivalent to approximately HK\$34,953) was compensated for the normal administrative and out-of-pocket expenses for the aggregate sales RMB559.45 million (equivalent to approximately HK\$682.53 million). We reviewed the detailed breakdown of the demand note from Yingyue showing the unit printing charge, travelling cost, postage and stationery, amounting to RMB23,000 (equivalent to approximately HK\$28,060) with other minor sundry items.

Moreover, payment of the consideration for each transaction shall be settled by Yingyue before the delivery of the relevant Copper Products from Hongying Trading to Yingyue, which is no less favourable to Hongying Trading than to other independent third parties. In fact all the Copper CCT were settled prior to the delivery of goods. We have conducted also sample checking on the settlement from Yingyue to Hongying Trading and found that settlement was generally prior to the delivery.



## LETTER FROM RAFFAELLO

The Company confirms that the sale of the Copper Products to Yingyue shall be provided on normal commercial terms or on terms no less favourable to the Group than those offered to the independent customers of the Group. We are, of the opinion, that (a) Copper CCT selling price, (b) the disbursement charges and (c) the settlement are reasonable and on normal commercial terms.

Given that (i) there is no effective gain by Yingyue under the Arrangement; (ii) the independent non-executive Directors will, pursuant to Rule 20.37 of the GEM Listing Rules, review, amongst other things, whether the Copper CCT are conducted on normal terms, on terms no less favourable to the Yingyue than those offered to the independent customers of the Group; and (iii) the auditors of the Company will, pursuant to Rule 20.38 of the GEM Listing Rules, review for the purpose to confirm whether the Copper CCT are conducted in accordance with the Framework Agreement governing the Copper CCT, we are of the opinion that (a) the Framework Agreement are fair and reasonable and on normal commercial terms; and (b) adequate measures have been in place, as required under the said GEM Listing Rules above, to monitor the Copper CCT in order to protect the interests of the Company and the Independent Shareholders.

### The Caps

The Caps for the year ended 31 December 2011 and for the period ended 31 March 2012 are set out below:

	<b>For the year ended 31 December 2011</b> <i>(RMB million)</i>	<b>For the period ended 31 March 2012</b> <i>(RMB million)</i>
The Caps	<b>206.35</b> (equivalent to approximately HK\$271.75 million) (the “ <b>2011 Cap</b> ”)	<b>353.10</b> (equivalent to approximately HK\$430.78 million) (the “ <b>2012 Cap</b> ”)

As set out in the Board Letter, in determining the Caps, the Directors have taken into account that the Copper CCT had already happened and has ceased since 1 April 2012 and the Framework Agreement was rectified on 24 September 2012 and with a supplemental agreement on 16 October 2012, there should have been no further transaction to occur since then. The Caps were set in compliance with Rule 20.35(2). Thus, we consider that the Caps were fair and reasonable to the Company.

As noted from the Board Letter, the actual amounts of the Copper CCT are approximately RMB206.35 million (equivalent to approximately HK\$251.75 million) (the “**2011 Sales**”) and RMB353.10 million (equivalent to approximately HK\$430.78 million) (the “**2012 Sales**”) for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012 respectively. Having taken into account that the gain from the

## LETTER FROM RAFFAELLO

Copper CCT for Hongying Trading is not satisfactory for the year ended 31 December 2011 and the period from 1 January 2012 to 31 March 2012, Hongying Trading had terminated the Copper CCT from 1 April 2012 onwards.

In view that the Copper CCT had already been carried out and has been terminated since 1 April 2012, we consider it is not necessary to have the 2011 Cap and the 2012 Cap to set at a premium over the 2011 Sales and the 2012 Sales respectively. The Caps addressed the actual transaction amount dealt in the past. However, taking into account that (i) the Copper CCT had already been carried out; (ii) in overall, the Caps do not have material adverse impacts to the Company, in particular the Copper CCT terminated since 1 April 2012 and hence the Caps would not imposed a maximum restriction to the income generated from the Copper CCT to the Group; and (iii) the advantages of the Framework Agreement as mentioned under the section headed “Background and reasons for the Framework Agreement” above, we consider the past transactions under the Framework Agreement is in the interests of the Company and the Independent Shareholders as a whole.

#### IV. RECOMMENDATION

Taking into consideration of the above-mentioned principal factors and reasons, we consider that the Framework Agreement and the Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. We also consider that all past transactions dealt within the Framework Agreement and the Caps are on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve and rectify the Copper CCT dealt within Framework Agreement and the Caps.

Yours faithfully,  
For and on behalf of  
**RaffAello Capital Limited**  
**Sam Lum**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (I) Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company and each of their respective associates, in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are deemed or taken to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors as required to be notified to the Company and the Stock Exchange, were as follows:

#### *Long positions in the ordinary shares of the Company*

Name of Director	Number of Shares			Number of share option (Note 2)	Total	Approximate percentage of shareholding %
	Beneficial owner	Interest of spouse	Interest of controlled corporation			
HE Xuechu	—	22,460,000	4,065,000,000 (Note 1)	—	4,087,460,000	65.76
LIU Wei, William	—	—	—	50,000,000	50,000,000	0.80
SHI Lixin	—	—	—	40,000,000	40,000,000	0.64
YAN Weimin	30,000,000	—	—	30,000,000	60,000,000	0.97
ANG Siu Lun, Lawrence	—	—	—	15,000,000	15,000,000	0.24
CHAN Chun Wai, Tony	—	—	—	3,000,000	3,000,000	0.05
FOK Hon	—	—	—	3,000,000	3,000,000	0.05
MA Gang	—	—	—	3,000,000	3,000,000	0.05

#### *Notes:*

- (1) The 4,065,000,000 Shares were held by Hong Bridge Capital Limited (“**Hong Bridge**”). Mr. HE Xuechu is the controlling shareholder and director holding 68% equity interest in Hong Bridge.
- (2) This refers to the number of underlying shares of the Company covered by its share option scheme.

Other than as disclosed above, none of the Directors or the chief executive of the Company or their respective associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

## (II) Substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group, or held any option in respect of such capital:

Name of Shareholder	Number of Shares		Interest of controlled corporation	Total number of Shares held	Approximate percentage of shareholding %
	Beneficial owner	Interest of spouse			
Hong Bridge	4,065,000,000 <i>(Note 1)</i>	—	—	4,065,000,000	65.40
HE Xuechu <i>(Note 2)</i>	—	22,460,000	4,065,000,000	4,087,460,000	65.76
FOO Yatyan <i>(Note 2)</i>	22,460,000	4,065,000,000	—	4,087,460,000	65.76
LI Xing Xing	—	—	4,065,000,000 <i>(Note 3)</i>	4,065,000,000	65.40
Brilliant People Limited	1,000,000,000 <i>(Note 4)</i>	—	—	1,000,000,000	16.09

*Notes:*

- (1) The 4,065,000,000 Shares were held by Hong Bridge. Mr. HE Xuechu is the controlling shareholder and director holding 68% equity interest in Hong Bridge.
- (2) Ms. FOO Yatyan is the spouse of Mr. HE Xuechu.
- (3) Mr. LI Xing Xing holds 32% equity interest in Hong Bridge.
- (4) The 1,000,000,000 Shares held by Brilliant People Limited represent 600,000,000 Shares and HK\$400,000,000 convertible notes with an initial conversion price of HK\$1.0 per conversion share of the Company.

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

### 3. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors nor proposed Directors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### 4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2011 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested, directly or indirectly, and which was significant in relation to the business of the Group.

### 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published consolidated audited financial statements of the Group were made up.

### 6. COMPETING INTEREST

Mr. Yan Weimin (“**Mr. Yan**”), a non-executive Director, is a shareholder holding approximately 98.75% equity interest in Yingyue. Yingyue is principally engaged in the provision of raw materials for construction (including steel products) to sizeable PRC companies. Hongying Trading is principally engaged in the trading of (i) steel and steel related products; and (ii) copper and copper related products. Hongying Trading has entered into a distribution agreement with Yingyue, pursuant to which Yingyue has become a non-exclusive distributor of the Steel Products sourced by Hongying Trading. Accordingly, Mr. Yan is regarded as interested in such competing business of the Group by virtue of his interest in Yingyue.

Save for disclosed above, as at the Latest Practicable Date, none of the Directors or any of their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its advice and recommendation which is included in this circular:

<b>Name</b>	<b>Qualification</b>
RaffAello Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not, directly or indirectly, had any interest in any assets which had since 31 December 2011 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. GENERAL

- (a) The registered office of the Company is situated at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is situated at Suite 2703, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Mr. Lam King Ho, a member of the American Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the registered office of the Company at Suite 2703, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (i) the memorandum of association and articles of association of the Company;
- (ii) the Framework Agreement;
- (iii) the annual reports of the Company for the two financial years ended 31 December 2011 and the interim report of the Company for the six months ended 30 June 2012;
- (iv) the written consent as referred to in the paragraph under the heading “Expert and consent” in this appendix;
- (v) the letter from the Independent Board Committee as set out on page 9 of this circular;
- (vi) the letter from the Independent Financial Adviser as set out from pages 10 to 15 of this circular; and
- (vii) this circular.

## NOTICE OF EGM



### **Honbridge Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8137)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**Meeting**”) of Honbridge Holdings Limited (the “**Company**”) will be held at Suite 2703, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 16 November 2012, for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the Framework Agreement as defined and described in the circular of the Company dated 19 October 2012 of which this resolution forms part (the “**Circular**”) (a copy of each of the Framework Agreement and the Circular has been produced to this Meeting marked “A” and “B” respectively and each be initialed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder, the Caps (as defined and described in the Circular) of the Framework Agreement and the Copper CCT be and are hereby, confirmed, ratified and approved; and
- (b) the board of directors of the Company (the “**Director(s)**”) (the “**Board**”) be and is hereby authorised to take all such actions as it considers necessary or desirable to implement and give effect to the Framework Agreement and rectify the Copper CCT.”

By Order of the Board  
**Honbridge Holdings Limited**  
**LAM King Ho**  
*Company Secretary*

Hong Kong, 19 October 2012



## NOTICE OF EGM

*Registered office:*

Scotia Centre  
4th Floor  
P.O. Box 2804  
George Town  
Grand Cayman  
Cayman Islands

*Principal place of business*

*in Hong Kong:*

Suite 2703  
27th Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

*As of the date of this notice, the Board comprises Mr. He Xuechu, Mr. Liu Wei, William and Mr. Shi Li Xin as executive Directors; Mr. Ang Siu Lun, Lawrence and Mr. Yan Weimin as non-executive Directors and Mr. Chan Chun Wai, Tony, Mr. Fok Hon and Mr. Ma Gang as independent non-executive Directors.*

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the Meeting or any adjourned meeting thereof should he so wishes.
3. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholdings.
4. Shareholders are advised to read the Circular which contains information concerning the resolution to be proposed in this notice.