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HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

(1) MAJOR DISPOSAL IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF HILL TALENT LIMITED AND (2) OFF-MARKET SHARE REPURCHASE

THE DISPOSAL AND THE SHARE REPURCHASE

After trading hours of the Stock Exchange on 4 January 2013, the Company (as vendor) and the Purchaser entered into the Disposal Agreement, pursuant to which, amongst others, the Company conditionally agreed to dispose of, and the Purchaser conditionally agreed to purchase the Sale Shares which represent the entire issued share capital of Hill Talent, for the Consideration, being HK\$715 million. The Consideration shall be satisfied by the Purchaser by transferring to the Company (i) the Repurchase Shares at the Repurchase Price and; (ii) the 2009 Convertible Note at the Conversion Price, for repurchase and cancellation as set out in the Disposal Agreement.

Hill Talent is a direct wholly owned subsidiary of the Company, which in turn beneficially owns as to 66% of the issued shares of Xianglan Brazil. Xianglan Brazil directly holds three (3) exploration licences, 95% of the issued share capital of Xianglan Mexico and 100% of issued share capital of Xianglan Uruguay. The Disposal Group is principally engaged in the identification and exploration of manganese, process, sales and import and export of other mineral resources. As at the date of this announcement, the principal assets of the Disposal Group are the three exploration licences for the Disposal Mines in the Bahia State of Brazil.

Completion of the Disposal is conditional on, among other things, the Disposal and Share Repurchase having been approved by the Executive and the Independent Shareholders.

REGULATORY REQUIREMENTS

GEM Listing Rules

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceed 25% but below 75%, the Disposal constitutes a major disposal for the Company under Chapter 19 of the GEM Listing Rules. The Disposal is subject to the approval of the Shareholders at the EGM. Except for the Purchaser, its associates and concert parties who beneficially holds the 2009 Consideration Shares and the 2009 Convertible Notes as at the date of this announcement, no other Shareholder has a material interest in the Disposal, and therefore no Shareholder is required to abstain from voting on the resolution to approve the Disposal at the EGM save for the Purchaser, its associates and concert parties.

Repurchase Code

The Share Repurchase constitutes an off-market share repurchase by the Company under the Repurchase Code. The Company will make an application to the Executive for approvals of the Share Repurchase pursuant to Rule 2 of the Repurchase Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approvals of the Share Repurchase by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM.

GENERAL

The Independent Board Committee has been established to consider the Transactions and give recommendation to the Independent Shareholders as to how to vote on the resolution(s) in relation to each of the Transactions to be proposed at the EGM. Donvex Capital Limited and Nuada Limited have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders on the Disposal and the Share Repurchase. The appointment of the Joint Independent Financial Advisers has been approved by the Independent Board Committee.

A circular containing, among other things, details of the Disposal, financial information on the Disposal Group, the respective letters of advice from the Independent Board Committee and the Joint Independent Financial Advisers on the Disposal and Share Repurchase, the Competent Person's Report in relation to the Disposal Mines pursuant to Chapter 18A of the GEM Listing Rules, a notice of EGM and other information as under the GEM Listing Rules and the Repurchase Code, will be despatched to the Shareholders on or before 31 March 2013 in accordance with the requirements of the GEM Listing Rules and the Repurchase Code.

Completion of the Transactions is subject to the fulfilment of several conditions and therefore, the Transactions may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 4 January 2013, the Company as vendor and the Purchaser entered into the Disposal Agreement, pursuant to which, amongst others, the Company conditionally agreed to dispose of, and the Purchaser conditionally agreed to purchase the Sale Shares for the Consideration, being HK\$715 million.

THE DISPOSAL AGREEMENT

Date : 4 January 2013

Parties

Vendor : The Company

Purchaser : Brilliant People Limited, a company incorporated in the BVI with limited liabilities

The Purchaser is principally engaged in investment holding. As at the date of this announcement, the Purchaser beneficially holds 600,000,000 Shares (being the entire 2009 Consideration Shares), representing approximately 9.65% of the total issued share capital of the Company as at the date of this announcement. The Purchaser also holds the 2009 Convertible Note with an aggregate outstanding amount of HK\$400 million, convertible into 400,000,000 Conversion Shares at the Conversion Price of HK\$1.00 each.

According to the information provided by the Purchaser, the Purchaser was owned as to 25% by each of four BVI companies, namely, Liye Holdings Limited, Vibrant City Limited, Wing Hing Enterprises Limited and Wisemove Holdings Limited, which is respectively held by Lu Huai Yi, Li Aihong, Zhao Meirong and Wang Ling respectively. Apart from holding 600,000,000 Shares and the 2009 Convertible Notes, the Purchaser, these four BVI companies and their respective shareholder do not have any interest in the Company nor have any relationship with the Company or any of its connected persons. According to the Purchaser's representations, these four BVI companies and its shareholders are not connected persons of the Company. As at the date of this announcement, apart from the 2009 Consideration Shares and the 2009 Convertible Note, the Purchaser and its ultimate beneficial owner(s) do not hold any shares and securities in the Company.

Assets to be disposed of

The Sale Shares represent the entire issued share capital of Hill Talent as at the date of this announcement. Hill Talent beneficially owns 66% of the issued share capital of Xianglan Brazil. Xianglan Brazil directly holds 95% of the issued share capital of Xianglan Mexico and the entire issued share capital of Xianglan Uruguay. Xianglan Brazil is the holder of three exploration licences for the Disposal Mines in the Bahia State of Brazil. Xianglan Mexico is a mineral resources trading company and Xianglan Uruguay has not commenced any business since its incorporation. Further details of the exploration licences of Xianglan Brazil are set out in the section headed "Information on the Disposal Mines" below.

Consideration

The Consideration for the Disposal shall be HK\$715 million, which shall be satisfied in the following manner as at Completion:

- as to HK\$315 million by the Purchaser to transfer to the Company the Repurchase Shares for repurchase and cancellation at the Repurchase Price of HK\$0.90 per Repurchase Share; and
- as to HK\$400 million by the Purchaser to transfer to the Company the outstanding 2009 Convertible Note with an aggregate outstanding amount of HK\$400 million for repurchase and cancellation at the Conversion Price of HK\$1.00 per Conversion Share.

At Completion, the Repurchase Shares and the 2009 Convertible Note will be cancelled in accordance with the Companies Law. Pursuant to the terms of the 2009 Convertible Note, the Company shall have the right to redeem any portion of the 2009 Convertible Note outstanding at an amount equals to the principal amount of the 2009 Convertible Note in its sole and absolute discretion at any time and from time to time prior to its maturity date. The Convertible Note Repurchase would therefore be made as exempt share repurchase under the Repurchase Code. The Repurchase Shares and the outstanding 2009 Convertible Note to be transferred to the Company shall be free from all encumbrances of any nature and together with all rights attaching to them as at the date of Completion, including the rights to receive in full all dividends and distributions, if any, declared, made or paid on or after the date of Completion. Repurchase Shares and the outstanding 2009 Convertible Note will be cancelled following settlement of the repurchase by the Company.

Basis for the consideration

The Company acquired Hill Talent and Xianglan Brazil from the Purchaser under the 2009 Acquisition at the consideration of HK\$880 million, of which HK\$480 million was satisfied by the issue of 2009 Consideration Shares at an issue price of HK\$0.80 each and the balance of HK\$400 million by the issue of 2009 Convertible Note. Completion of the 2009 Acquisition took place on 24 March 2010. Details of the 2009 Equity Transfer Agreement are set out in the 2009 Announcement and 2010 Circular.

Subsequent to the 2009 Acquisition, Xianglan Brazil set up (i) Xianglan Mexico in Mexico for the export of mineral resources from Latin America to the PRC; and (ii) Xianglan Uruguay, in Uruguay. However, Xianglan Uruguay has not commenced business as at the date of this announcement. Both Xianglan Mexico and Xianglan Uruguay have insignificant assets value as compared to Xianglan Brazil. The audited net assets of Xianglan Mexico and Xianglan Uruguay were approximately HK\$0.2 million and HK\$0.08 million respectively as at 31 December 2010 and audited net liabilities of Xianglan Mexico and Xianglan Uruguay were approximately HK\$0.09 million and HK\$0.02 million respectively as at 31 December 2011. The unaudited net liabilities of Xianglan Mexico and Xianglan Uruguay were HK\$3.5 million and HK\$0.03

million respectively as at 30 September 2012. As at the date of this announcement, Xianglan Brazil has not yet commenced any large-scale exploration and other business. The audited net assets of Xianglan Brazil were approximately HK\$1,446 million and HK\$1,056 million as at 31 December 2010 and 31 December 2011 respectively, and the unaudited net assets of Xianglan Brazil were approximately HK\$1,043 million as at 30 September 2012.

The Consideration for the Disposal has been negotiated between the parties on an arm's length basis and taking into account (i) the consideration under the 2009 Equity Transfer Agreement, (ii) the past performance of the Disposal Group in the preceding years; (iii) the fact that there was not much development of the Disposal Group; and (iv) the future prospects and earning capacity of the Disposal Group. Further details of the Disposal Group are set out in the section headed "Information on the Disposal Group" below.

The Repurchase Price has been agreed between the parties with reference to the issue price of the 2009 Consideration Shares by the Company pursuant to (i) the 2009 Equity Transfer Agreement, (ii) the carrying value of the Disposal Group in the accounts of the Company as at 30 September 2012 and (iii) the future prospects of the Group, particularly after completion of the Disposal.

The Repurchase Shares

As at the date of this announcement, the Purchaser beneficially holds 600,000,000 Shares in issue, representing approximately 9.65% of the issued share capital of the Company. Upon Completion, the Repurchase Shares will be transferred to the Company for repurchase and cancellation at the considerations of HK\$315 million, representing a price of approximately HK\$0.90 per Repurchase Shares.

The Repurchase Price represents:

- (1) a premium of 1.1% over the closing price of HK\$0.89 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 5.4% over the average of the closing prices of approximately HK\$0.854 per Share for the last five trading days up to and including the Last Trading Day;
- (3) a premium of approximately 11.0% over the average of the closing prices of approximately HK\$0.811 per Share for the last ten trading days up to and including the Last Trading Day;
- (4) a premium of approximately 508% over the audited net asset value per Share of approximately HK\$0.148 as at 31 December 2011 (based on the audited net assets attributable to Shareholders of approximately HK\$918 million as set out in the annual report of the Company for the year ended 31 December 2011 and 6,215,679,716 Shares in issue); and

- (5) a premium of approximately 534% over the unaudited net asset value per Share of approximately HK\$0.142 as at 30 June 2012 (based on the unaudited net assets attributable to Shareholders of approximately HK\$884 million as set out in the interim result announcement of the Company for the six months ended 30 June 2012 and 6,215,679,716 Shares in issue).

Upon Completion of the Shares Repurchase, the Purchaser will beneficially hold the remaining 250,000,000 Shares. Further details of the shareholding structure of the Company are set out in the section headed “Effects on the Shareholding structures of the Company” below.

Condition precedent

Completion of the Disposal is conditional upon fulfillment or waiver of the following conditions:

1. the Independent Shareholders having approved at the EGM the Disposal Agreement, the Share Repurchase and the transactions contemplated thereunder in accordance with the GEM Listing Rules, the Repurchase Code, and the applicable laws, rules and regulations;
2. the approval of the Disposal Agreement and the transactions contemplated thereunder from the Stock Exchange, if necessary;
3. the necessary approval by the Executive for any off-market share repurchases to be made by the Company pursuant to the Disposal Agreement, including (where applicable) the purchase, redemption and cancellation of the Repurchase Shares and the Disposal Agreement, having been granted pursuant to Rule 2 of the Repurchase Code and not revoked prior to Completion and any condition(s) to which such approval is/are subject to having been satisfied in all respects;
4. obtaining all necessary registrations, confirmations, consents and approvals in relation to the Disposal and the transactions contemplated under the Disposal Agreement; there having been no laws, regulations, orders, notices, judgments, restrictions materially or adversely affecting the Disposal and the transactions contemplated under the Disposal Agreement or the Disposal Group;
5. all representations, warranties and undertakings given by the parties under the Disposal Agreement remain true, accurate and not misleading in all aspects;
6. the Company having sufficient reserves to effect the Share Repurchase; and
7. there having been no material breach of the terms and conditions of the Disposal Agreement by the parties before the date of Completion.

In the event that the above Conditions have not been fulfilled or waived (other than Conditions 1, 2 and 3 which cannot be waived) by the Purchaser within 180 days from the date of signing of the Disposal Agreement, the Disposal Agreement shall lapse and thereafter neither party to the Disposal Agreement shall have any rights or obligations towards each other except in respect of any antecedent breach.

Completion

Completion shall take place on the Completion Date, being the seventh Business Day after the notification of fulfilment of the Conditions or being waived thereof (as the case may be).

Upon Completion, Hill Talent, Xianglan Brazil, Xianglan Mexico and Xianglan Uruguay will cease to be subsidiaries of the Company and the results of the Disposal Group will cease to be consolidated with those of the Company.

INFORMATION OF THE DISPOSAL GROUP

Background of the 2009 Acquisition

Hill Talent was acquired by the Company pursuant to the 2009 Equity Transfer Agreement at a consideration of HK\$880 million. After completion of the 2009 Acquisition and as at the date of this announcement, each of Hill Talent, Shandong Zhi Xiang and Shandong Lantong Trading Co., Ltd legally and beneficially own 66%, 21.89% and 12.11% of the equity interest in Xianglan Brazil respectively. Shandong Zhi Xiang and Shandong Lantong Trading Co. are companies incorporated in the PRC and do not hold any Shares as at the date of this announcement. Xianglan Brazil is a company incorporated in Brazil. Its principal activities are the identification and exploration of mineral resources, process, sales and import and export of mineral resources. The principal assets of Xianglan Brazil are the three exploration licences held by Xianglan Brazil for the Disposal Mines in the Bahia State of Brazil. Apart from holding these three exploration licenses, the 95% shareholding interest in Xianglan Mexico and the entire shareholding interest in Xianglan Uruguay, and operating assets of less than HK\$2 million in total, Xianglan Brazil does not hold any other assets as at the date of this announcement.

The Company settled the consideration of the 2009 Acquisition in the sum of HK\$880 million by the allotment and issue of the 2009 Consideration Shares (including the Repurchase Shares) issued at a price of HK\$0.80 per 2009 Consideration Share and the issue of the 2009 Convertible Note.

Information on the Disposal Mines

Xianglan Brazil holds three (3) exploration licences with a total area of 5,750 hectares and within this area, some of manganese mine ore has been exposed, some are shallow mines, trenches and some are abandoned mining holes and roads. The details of three (3) exploration licences are set out below:

	Exploration Licence	Area (hectares)	Duration
1	DNPM NO.872.734/2006	2,000	29 December 2006 to 23 March 2013
2	DNPM NO.872.958/2006	2,000	29 December 2006 to 23 March 2013
3	DNPM NO.870.140/2007	1,750	23 April 2007 to 23 March 2013

Recent developments

Hill Talent is an investment holding company. Apart from holding 66% shareholding interest in Xianglan Brazil, it has not carried on any other business since its incorporation.

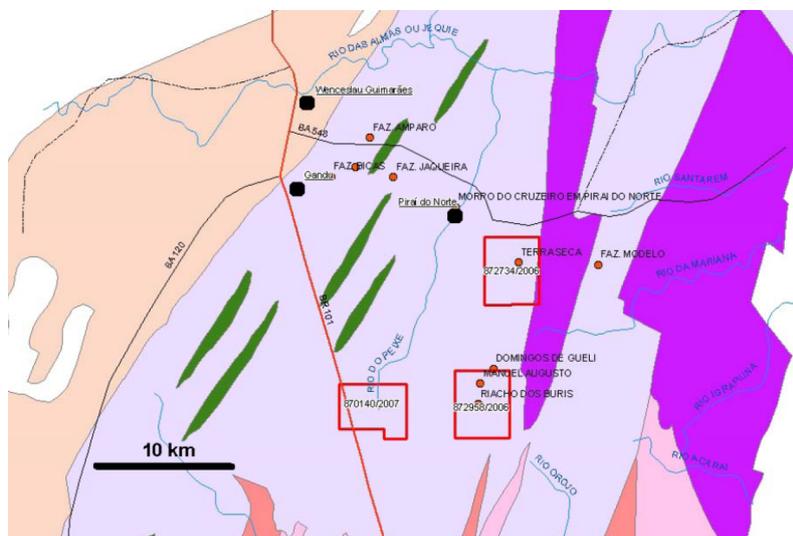
Subsequent to the 2009 Acquisition, as at the date of this announcement, Xianglan Brazil has not yet commenced any large-scale exploration and other business.

The Disposal Mines

In compliance with the requirements under Chapter 18A of the GEM Listing Rules, the Company will engage a Competent Person to prepare the Competent Person's Report in relation to the Disposal Mines. The Competent Person and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

A summary of certain information relating to the Disposal Mine is set out below. For complete information in relation to the Disposal Mines, reference should be made to the Competent Person's Report, which will be included as part of the circular of the Company to be dispatched to the Shareholders containing further information on the Transactions.

As at the date of this announcement, Xianglan Brazil holds three (3) exploration licences in respect of the Disposal Mines for the exploration of manganese with a total area of 5,750 hectares. The areas covered by these three exploration licences are located within the Gandu and Piraí do Norte region respectively in the central south part of Bahia State of Brazil as squared in the map below.



The manganese mineralization belongs to the zone named as “Manganese District of South of Bahia”. This zone includes the Itabuna Belt embedded with strongly NNE-oriented and high grade amphibolites to granulites metamorphic rocks of paleo Proterozoic age (2.1 Ga). According to Barbosa (1990, 1991), the previous geological and geotechnical studies conducted within the area obtained by the Company in the 2009 Acquisition, the Itabuna Belt, in the southern sector of the Manganese District of South of Bahia, is composed of three main lithological types of rocks:

- (i) Basic granulites whether containing garnet or not (protoliths analogous to the basalt and/or tholeiitic Gabbros)
- (ii) Acid and intermediate granulites (protoliths of tonalite type, dacites and trondhjemites, calc-alkaline low potassium rhyolite); and
- (iii) Basic granulites bearing antiperthite (protoliths formed by monzonites and shoshonitic mangerites). Kinzigites, quartzites, banded iron formations, manganese formations, besides barite layers occur intercalated in the granulites, mainly in those of intermediate and acid composition.

The manganese occurrences are related to the supergene secondary enrichment of strongly deformed and folded manganeseiferous supracrustal lenses mainly in the basic granulites unit (III).

According to the previous exploration report (report -Relatório Final Marco 2 E 3A – August 2009 by Mares Geologia Mineração E Engenharia Ltda., a consultancy firm based in Brazil which provided geology and mining advisory services), the following exploration work had been carried out in the areas covered by the three exploration licences marked in the map hereinabove:

1. A regional reconnaissance field work;
2. Semi – detailed geological mapping with registration of manganese occurrences and main geological units and some rock sampling (1:25,000 scale);
3. Excavation of 10 small pits (around 1 x 1 m² with a total of 53,81m³);
4. Excavation of 2 small trenches; and
5. Drilling of 07 vertical holes up to maximum of around 50m and a total of 286,98 m.

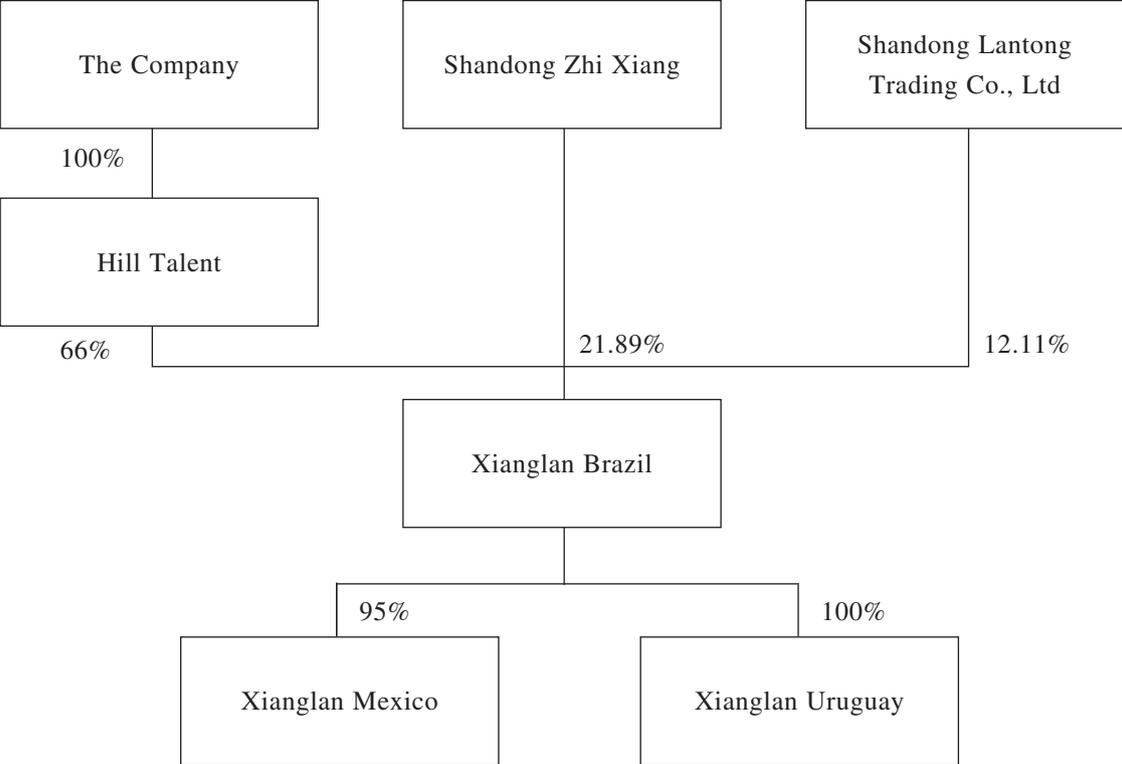
Results from these previous exploration indicated the presence of manganese. However, as at the date of this announcement, no reports were made available to the Competent Person to confirm that the drilling, sampling and laboratory analyses met the requirements of the JORC Code for Reporting Mineral Resources.

Since the drilling data does not comply with the requirements of the JORC Code for Reporting Mineral Resources, there are no resources within the areas covered by the three exploration licences as defined by the JORC Code. It should be noted that JORC Code compliant procedures have to be complied with when drilling, sampling and carrying out analyses of the samples collected to confirm that proper quality assurance and control measures are undertaken.

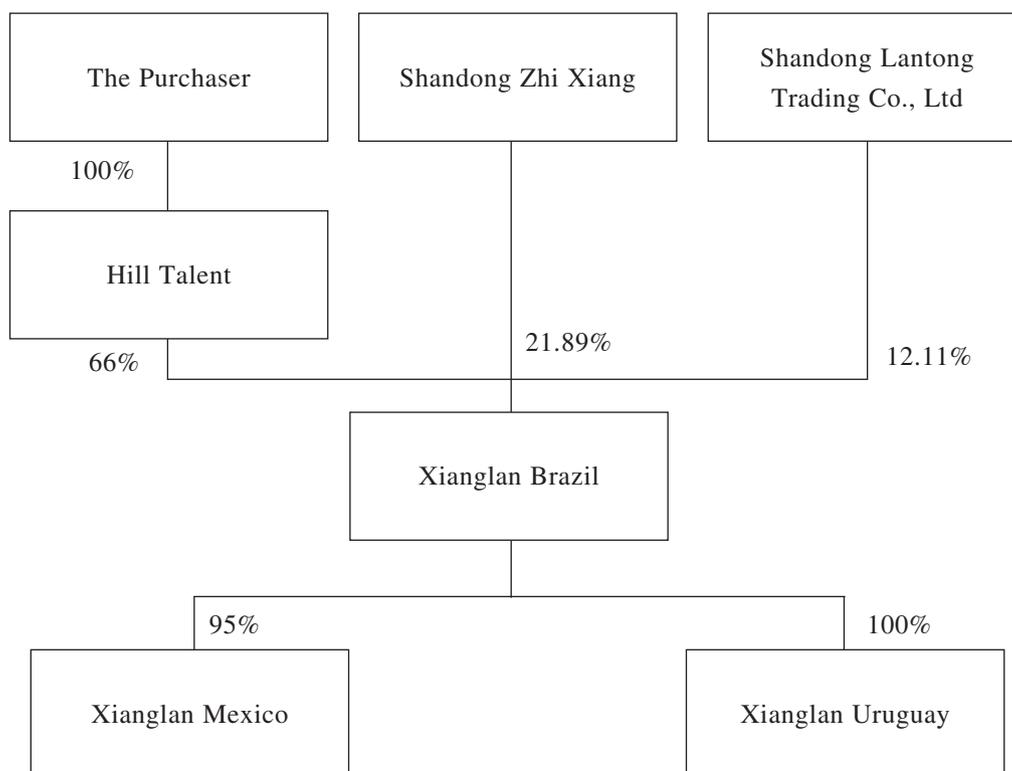
Shareholding structures

Set out below are the simplified shareholding structure of the Disposal Group as at the date of this announcement and immediately upon Completion:

As at the date of this announcement



Immediately upon Completion



Financial information of the Disposal Group

A summary of the key consolidated financial information of the Disposal Group for the two years ended 31 December 2011 and unaudited combined financial information of the Disposal Group for the nine months ended 30 September 2012, prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended		For the nine
	31 December	31 December	months ended
	2010	2011	30 September
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)	(unaudited)
Turnover	–	31,689	1,262
Net loss before tax	(3,970)	(331,399)	(8,136)
Net loss after tax	(3,970)	(229,995)	(8,136)

	As at	As at	As at
	31 December	31 December	30 September
	2010	2011	2012
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)	(unaudited)
Total assets	2,166,563	1,594,724	1,588,529
Total liabilities	720,129	539,108	542,042
Net assets	1,446,434	1,055,616	1,046,487

REASONS AND BENEFITS FOR DISPOSAL

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

For the nine months ended 30 September 2012, the Group's unaudited turnover increased 1.6 times to HK\$2,129.9 million compared to the same period in the prior year, which was mainly attributable to the substantial increase in trading of metals and mineral resources that contributed HK\$2,121.9 million revenue to the Group. The trading business recorded an unaudited loss of HK\$7.6 million during the period, of which Xianglan Brazil incurred a loss of HK\$8.0 million for the nine months ended 30 September 2012.

The Company has concentrated its financial resources on the Brazil SAM Iron Mine, details of which were disclosed in the announcement of the Company dated 16 April 2010 and the circular dated 5 November 2010. The acquisition of Brazil SAM Iron Mine was approved by the Shareholders at the EGM dated 23 November 2010.

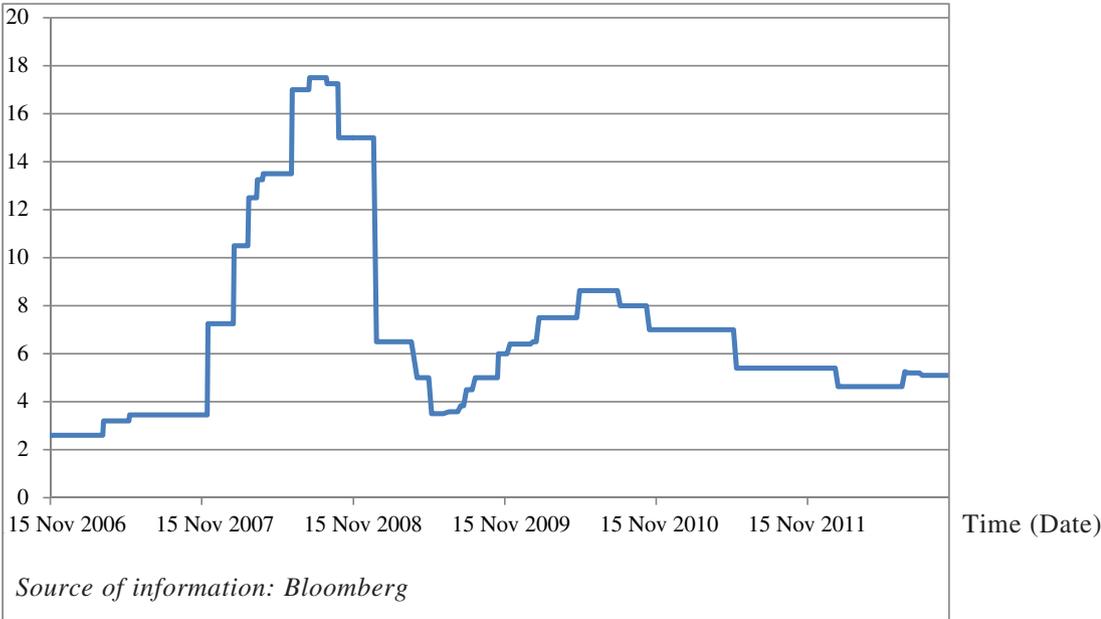
The resources estimation of Brazil SAM Iron Mine was confirmed by the end of year 2011 and the Company released USD10 million as deposit and USD0.4 million as performance bonus to the seller of the Brazil SAM Iron Mine pursuant to the relevant share transfer agreement.

As at the date of this announcement, in addition to the above sums released to the seller pursuant to the relevant share transfer agreement, the Company has disbursed a further sum of USD35 million as a loan to SAM for the working capital of its preliminary exploration works such as drilling, geological mapping, beneficiation testing, and the preparation of geologists technical reports.

In light of the development of Brazil SAM Iron Mine since 2010, the Company has concentrated its financial resources on it and intends to continue to focus on its mining business on this Brazil SAM Iron Mine. As such, the Company has not started any geological work on the Disposal Mines since its acquisition of the Disposal Group. As mentioned above, there has not been much development in the Disposal Group since completion of the 2009 Acquisition.

As mentioned in the Company’s 2011 annual report, the Company has been considering between self development and selling the three manganese licences held by Xianglan Brazil. Since February 2011, the price of manganese ores has been on the downward trend. Below is the chart showing the price of manganese ores in the past six years:

Price of managanese ore (US\$/mtu)



The 2009 Acquisition was completed in March 2010 but the price of manganese ores has been decreasing since August 2010 from approximately US\$8.63 per metric tonne unit to approximately US\$5.1 per metric tonne unit as at the date of this announcement. As the Company has concentrated its financial resources on Brazil SAM Iron Mine and considers that the price of manganese ores will drop further in the foreseeable future, the Company believes that the Disposal would be beneficial to the interests of the Company as a whole.

POTENTIAL FINANCIAL IMPACT OF THE DISPOSAL

After Completion, the Company will no longer have any interest in Hill Talent and Hill Talent will cease to be a subsidiary of the Company. For illustration purpose, based on the consideration of the Disposal of HK\$715 million (before any fair value adjustments based on valuation to be carried out for the 2009 Convertible Note on the date of the Completion) and the unaudited net assets value of the Disposal Group as

at 30 September 2012 of approximately HK\$1,046.5 million (before any adjustments based on valuation in respect of the Disposal Group or the Disposal Mines), and after netting off expenses directly attributable to the Disposal which includes regulatory fees, advisory fees, legal fees, accounting fees and other professional fees of approximately HK\$2 million, the net loss on the Disposal is estimated to be approximately HK\$333.5 million. Further details of the financial effect of the Disposal, the Share Repurchase and the Convertible Note Repurchase would be disclosed in the circular to be dispatched to the Shareholders as soon as practicable.

SHARE REPURCHASE

A redemption of shares by a Cayman Islands company is subject to compliance with the requirements of the Companies Law, which, among other things, provides that a redemption or purchase of shares may be made (to the extent of the par value of such shares) out of profit or the proceeds of a fresh issue of shares made for the purpose of the redemption or purchase or, out of capital, provided that the company is able to pay its debts as they fall due in the ordinary course of business and the redemption or purchase is authorized by its articles of association. Any premium payable on a redemption or purchase may be made out of profits, the company's share premium account or out of capital, provided that the company is able to pay its debts as they fall due in the ordinary course of business and the redemption or purchase is authorized by its articles of association. Redeemed or purchased shares shall be treated as cancelled and the amount of such company's issued share capital shall be diminished by the nominal value of those shares accordingly; but a redemption or purchase of shares of such company is not to be taken as reducing the amount of the company's authorized share capital.

In accordance with the Companies Law, the Repurchase Shares will be repurchased by the Company out of the capital and share premium accounts of the Company. This means that the Company will need to have sufficient reserves in the form of capital and/or share premium in its accounts to effect the Share Repurchase. Upon Completion, the Purchaser shall transfer to the Company the Repurchase Shares for cancellation without any cash outflow from the Company, whereupon the carrying value of the Disposal Group in the Company's account will be credited whilst the capital and share premium accounts of the Company will be debited. The Directors are satisfied that the Company has sufficient reserves to effect the Share Repurchase and the Company will be able to pay its debts as they fall due in the ordinary course of business. The Repurchase Shares and the 2009 Convertible Note will be cancelled after repurchase.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after Completion of the Disposal is set out as following:

	As at the date of this announcement		Immediately after Completion of the Disposal	
	Number of Shares	%	Number of Shares	%
Hong Bridge Capital Limited (Note 1)	4,065,000,000	65.40	4,065,000,000	69.30
FOO Yatyan (Note 2)	22,460,000	0.36	22,460,000	0.38
The Purchaser	600,000,000	9.65	250,000,000	4.26
Other public Shareholders	1,528,219,716	24.59	1,528,219,716	26.05
	<u>6,215,679,716</u>	<u>100</u>	<u>5,865,679,716</u>	<u>100</u>

Notes:

1. The 4,065,000,000 Shares were held by Hong Bridge Capital Limited. Mr. HE Xuechu is the controlling shareholder and director holding 68% equity interest in Hong Bridge Capital Limited. Mr. LI Xing Xing holds 32% equity interest in Hong Bridge Capital Limited.
2. Ms. FOO Yatyan is the spouse of Mr. HE Xuechu.

Following Completion, the Repurchase Shares and the 2009 Convertible Note will be cancelled by the Company and the Purchaser will hold 250,000,000 Shares of the Company. Not less than 25% of the issued Shares will remain in public following Completion.

LISTING RULES AND REPURCHASE CODE IMPLICATIONS

GEM Listing Rules

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceed 25% but below 75%, the Disposal constitutes a major disposal for the Company under Chapter 19 of the GEM Listing Rules. The Disposal is subject to the approval of the Shareholders at the EGM. Except for the Purchaser its associates and their concert parties who beneficially holds 600,000,000 Shares and 2009 Convertible Notes with an aggregate outstanding amount of HK\$400 million, convertible into 400,000,000 Conversion Shares at the Conversion Price of HK\$1.00 each as at the date of this announcement, no other Shareholder has a material interest in the Disposal, and therefore no Shareholder is required to abstain from voting on the resolution to approve the Disposal at the EGM save for the Purchaser.

Repurchase Code

The Convertible Notes Repurchase is made as an exempt share repurchase under the Share Repurchase Code. The Share Repurchase constitutes an off-market share repurchase by the Company under the Repurchase Code. The Company will make an application to the Executive for approvals of the Share Repurchase pursuant to Rule 2 of the Repurchase Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approvals of the Share Repurchase by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM. The Purchaser, its associates and their respective concert parties shall abstain from voting at the EGM. As such, apart from the Purchaser, no other shareholders are required to abstain from voting at the EGM.

Completion of the Disposal Agreement is subject to, among other thing, the condition that the Share Repurchase having been approved by the Executive, which cannot be waived by any party to the Disposal Agreement. Therefore, the Company will not proceed to Completion unless the Executive approves the Share Repurchase pursuant to Rule 2 of the Repurchase Code. However, there is no assurance that such approval will be granted or that all other conditions precedent to the Agreement will be fulfilled or waived (as the case may be).

Other arrangements

As at the date of this announcement, these is

- (i) no irrevocable commitment received by the Purchaser, its associates and their respective concert parties, to vote for or against the resolution(s) approving the Disposal Agreement and the Share Repurchase;
- (ii) apart from the Convertible Notes, there are no outstanding derivatives in respect of securities of the Company entered into by the Purchaser, its associates and their respective concert parties;
- (iii) no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and shares of the Purchaser which might be material to the Share Repurchase or the Convertible Note Repurchase;
- (iv) no other arrangements or arrangement to which the Purchaser and any of its concert parties are parties which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Repurchase or the Convertible Note Repurchase;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Purchaser, its associates and their respective concert parties have borrowed or lent.

Voting

As at the date of this announcement, the Purchaser and its concert parties were interested in 600,000,000 Shares, representing 9.65% of the issued share capital of the Company. By reason of the requirements of the Repurchase Code and the GEM Listing Rules, the Purchaser and its concert parties will abstain from voting at the EGM. Save for the aforesaid, no other Shareholder is required to abstain from voting on the resolution(s) approving the Disposal Agreement and the Share Repurchase.

GENERAL

The Independent Board Committee has been established to consider the Transactions and give recommendation to the Independent Shareholders as to how to vote on the resolution(s) in relation to each of the Transactions to be proposed at the EGM. The Joint Independent Financial Advisers have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. The appointment of the Joint Independent Financial Advisers has been approved by the Independent Board Committee.

A circular containing, among other things, details of the Disposal, financial information on the Disposal Group, the respective letters of advice from the Independent Board Committee and the Joint Independent Financial Advisers, the Competent Person's Report in relation to the Disposal Mines pursuant to Chapter 18A of the GEM Listing Rules, a notice of EGM and other information as under the GEM Listing Rules and the Repurchase Code, will be despatched to the Shareholders on or before 31 March 2013 in accordance with the requirements of the GEM Listing Rules and the Repurchase Code.

Completion of the Transactions is subject to the fulfilment of several conditions and therefore, the Transactions may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“2009 Acquisition”	The acquisition of the Disposal Group from the Purchaser pursuant to the 2009 Equity Transfer Agreement which is completed on 24 March 2010
“2009 Announcement”	the announcement of the Company in relation to the 2009 Acquisition dated 12 November 2009
“2009 Consideration Share(s)”	600,000,000 Shares issued by the Company to the Purchaser pursuant to the 2009 Equity Transfer Agreement
“2009 Convertible Note”	the zero coupon HK\$400,000,000 convertible note due 2015 issued by the Company under the 2009 Equity Transfer Agreement on 24 March 2010

“2009 Equity Transfer Agreement”	the share transfer agreement dated 7 November 2009 entered into between the Company, the Purchaser and Shandong Zhi Xiang in relation to the 2009 Acquisition as more particularly set out under the section headed “The Equity Transfer Agreement dated 7 November 2009” of the 2009 Announcement
“2010 Circular”	the circular of the Company in relation to the 2009 Acquisition dated 24 February 2010
“Board”	the board of Directors
“Brazil”	the Federative Republic of Brazil
“Brazil SAM Iron Mine”	the 81 exploration licences held by SAM with over a total of 2,600 million tonnes of measured and indicated iron resources
“Business Day”	a day on which banks in Hong Kong open for general business other than Saturday or Sunday
“Companies Law”	Company Law (Cap. 22 of the Cayman Islands)
“Company”	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liabilities, the Shares of which are listed on GEM
“Competent Person”	has the meaning ascribed in the GEM Listing Rules
“Competent Person’s Report”	has the meaning ascribed in the GEM Listing Rules
“Completion”	the completion of the Disposal in accordance with the Disposal Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration of HK\$715 million payable by the Purchaser to be satisfied by the Repurchase Shares and the 2009 Convertible Note

“Conversion Price”	conversion price at HK\$1.00 per Conversion Share, subject to adjustment upon the Shares becoming of a different nominal amount by way of consolidation or subdivision, issue of Shares by way of capitalisation of profits or reserves, and capital distribution by the Company
“Conversion Share(s)”	new Share(s) which may fall to be issued by the Company upon the exercise of the conversion rights attached to the 2009 Convertible Note at the Conversion Price
“Convertible Note Repurchase”	the proposed repurchase of the 2009 Convertible Note by the Company from the Purchaser for cancellation pursuant to the terms and conditions of 2009 Convertible Notes and the Disposal Agreement, which will be made as exempt share purchase under the Repurchase Code
“Directors”	the directors of the Company
“Disposal”	the disposal of Hill Talent by the Company pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the disposal agreement dated 4 January 2013 (after trading hours) entered into between the vendor and the Purchaser for the sale and purchase of the Sale Shares;
“Disposal Group”	Hill Talent and its subsidiaries
“Disposal Mines”	the 3 manganese mines located in Brazil which are currently held by Xianglan Brazil
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought appropriate, to approve, among other matters, the Disposal, the Share Repurchase and the transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
“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
“Hill Talent”	Hill Talent Limited, a company incorporated in the British Virgin Islands which in turn holds 66% of the issued share capital of Xianglan Brazil
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the non-executive Directors and all independent non-executive Directors, namely Mr. Ang Siu Lun, Lawrence and Mr. Yan Weimin, Mr. Chan Chun Wai, Tony, Mr. Fok Hon and Mr. Ma Gang, established for the purpose of advising and giving recommendation to the Independent Shareholders on the Disposal, the Share Repurchase and the Convertible Note Repurchase
“Independent Shareholder(s)”	Shareholder(s) of the Company other than the Purchaser, its associates and persons acting in concert with it and those who have interested in the Disposal and the Share Repurchase which are different from the interests of all other shareholders
“Joint Independent Financial Advisers”	Donvex Capital Limited and Nuada Limited, being the joint independent financial advisers to the Independent Board Committee and Independent Shareholders regarding the terms of the Disposal Agreement and the Share Repurchase
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
“Last Trading Day”	4 January 2013, being the last trading day of the Shares on the Stock Exchange immediately before entering into the Disposal Agreement
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Brilliant People Limited, a company incorporated in the BVI with limited liabilities
“Repurchase Code”	the Hong Kong Code on Share Repurchases
“Repurchase Price”	the proposed repurchase price of HK\$0.90 per Repurchase Share
“Repurchase Share(s)”	350,000,000 Shares beneficially owned by the Purchaser and to be transferred to the Company for cancellation at Completion as part of the consideration payable by the Purchaser to the Company for the Disposal pursuant to the terms and conditions of the Disposal Agreement
“Sale Shares”	the entire issued shares of Hill Talent (which beneficially owns as to 66% of the entire issued share capital of the Xianglan Brazil)
“SAM”	Sul Americana de Metais S.A., a company incorporated in Brazil and holding 81 iron exploration licences in Brazil
“Shandong Zhi Xiang”	Shandong Zhi Xiang Trading Limited, a company incorporated in the PRC
“Share(s)”	the share(s) of HK\$0.001 each in the capital of the Company
“Shareholders(s)”	the holder(s) of the Shares
“Share Repurchase”	the proposed repurchase of the Repurchase Shares by the Company from the Purchaser for cancellation pursuant to the terms and conditions of the Disposal Agreement, which constitutes an off-market share repurchase by the Company pursuant to Rule 2 of the Repurchase Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Repurchases

“Transactions”	together, the Disposal, the Share Repurchase and the Convertible Note Repurchase
“Xianglan Brazil”	Xianglan Do Brasil Mineração Ltda., a company incorporated in Brazil, which in turn holds the Disposal Mines, 95% of the issued share capital of Xianglan Mexico and the entire issued share capital of Xianglan Uruguay
“Xianglan Mexico”	Xianglan Minerales de Mexico, S.A. de C.V., a company incorporated in the United Mexican States
“Xianglan Uruguay”	Sinwon S.A., a company incorporated in the Oriental Republic of Uruguay
“%”	per cent

By order of the Board
Honbridge Holdings Limited
LIU Wei, William
Director and Chief Executive Officer

Hong Kong, 4 January 2013

As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Wei, William and Mr. Shi Lixin 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.

This announcement, 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 announcement 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 announcement misleading.

The Directors jointly and severally accept full responsibilities for the accuracy of the information contained in this announcement, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the day of its posting and on the Company’s website www.8137.hk.