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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Honbridge Holdings Limited.

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## **HONBRIDGE HOLDINGS LIMITED**

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

**(Stock Code: 8137)**

### **CONNECTED TRANSACTION: ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

**Financial adviser to Honbridge Holdings Limited**



**CIMB Securities Limited**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**Donvex Capital Limited**  
富域資本有限公司

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A notice convening the EGM of Honbridge Holdings Limited to be held at 2703, 27/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 21 March 2013, Thursday, at 10:00 a.m. is set out on pages 32 to 33 of this Circular.

A letter from the Board is set out on pages 4 to 14 of this circular. A letter of recommendation from the Independent Board Committee is set out on page 15 of this circular. A letter from Donvex, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 26 of this circular.

Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

7 March 2013

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## CHARACTERISTICS OF GEM

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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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“acting in concert”	has the meaning ascribed to this term in the Takeovers Code;
“associate(s)”	has the meaning ascribed to this term in the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours;
“BVI”	the British Virgin Islands;
“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 in the GEM Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Conversion Price”	the initial conversion price of HK\$0.37 (subject to adjustment) per Conversion Share upon exercise of the conversion rights attaching to the Convertible Bonds;
“Conversion Share(s)”	the Share(s) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds;
“Convertible Bonds”	the zero coupon convertible bonds in principal amount of HK\$740,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement;
“Directors”	directors of the Company;
“EGM”	an extraordinary general meeting of the Company to be held to approve the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares;
“GEM”	the Growth Enterprise Market of the Stock Exchange;

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## DEFINITIONS

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“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Bridge”	Hong Bridge Capital Limited, a company incorporated in the British Virgin Islands, which is owned as to 68% by Mr. He Xuechu and 32% by Mr. Li Xing Xing;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors appointed to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares;
“Independent Financial Adviser” or Donvex”	Donvex Capital Limited, a licensed corporation to carry out Type 6 activities (advising on corporate finance), which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares;
“Independent Shareholders”	Shareholders other than Hong Bridge, Mr. Li Xing Xing and Mr. Li Shu Fu and their respective associates;
“Last Trading Day”	4 March 2013, being the last trading day immediately before the entering of the Subscription Agreement;
“Latest Practicable Date”	5 March 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing;
“Maturity Date”	the fifth (5th) anniversary of the date of issue of the Convertible Bonds;
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

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## DEFINITIONS

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“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber” or “Zhejiang Geely”	浙江吉利控股集團有限公司(Zhejiang Geely Holding Group Company Limited), a private limited liability company incorporated in Zhejiang Province, the PRC, and is owned as to 10% by Mr. Li Xing Xing and as to 90% by his father, respectively;
“Subscription Agreement”	the subscription agreement dated 5 March 2013 entered into between the Company and the Subscriber in relation to the issue of the Convertible Bonds;
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“USD”	United States dollar, the lawful currency of the United States of America; and
“%”	per cent.

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## LETTER FROM THE BOARD

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# 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

7 March 2013

*To the Shareholders*

Dear Sir or Madam,

### **CONNECTED TRANSACTION: ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 5 March 2013 in relation to the entering of the Subscription Agreement.

On 5 March 2013 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which, the Company has conditionally agreed to issue to the Subscriber the Convertible Bonds in the principal amount of HK\$740,000,000.

As at the Latest Practicable Date, Mr. Li Xing Xing holds 10% of the Subscriber and his father holds 90% of the Subscriber. Mr. Li Xing Xing also holds an aggregate of 32 shares in Hong Bridge, representing 32% of the total issued share capital of Hong Bridge. As at the Latest Practicable Date, Hong Bridge holds an aggregate of 4,065,000,000 Shares, representing approximately 65.4% of the total issued

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## LETTER FROM THE BOARD

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share capital of the Company, and is a controlling shareholder of the Company. As such, the Subscriber is a connected person under Chapter 20 of the GEM Listing Rules. As the Subscriber is a connected person of the Company, the issue of the Convertible Bonds constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The purposes of this circular are (i) to provide the Shareholders with information on the Subscription Agreement; (ii) to set out the view of the Independent Board Committee in respect of the fairness and reasonableness of the Subscription Agreement and the transactions contemplated thereunder and whether the Subscription Agreement and the transactions contemplated thereunder, including the specific mandate to issue Conversion Shares, are in the interests of the Company and the Independent Shareholders; and (iii) to set out the letter of advice from Donvex, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of the fairness and reasonableness of the Subscription Agreement and the transactions contemplated thereunder and whether or not the Subscription Agreement and the transactions contemplated thereunder, including the specific mandate to issue Conversion Shares, are in the interests of the Company and the Independent Shareholders.

### THE SUBSCRIPTION AGREEMENT

Summarised below are the principal terms of the Subscription Agreement:

- Date:** 5 March 2013 (after trading hours)
- Parties:** (i) Company as the issuer; and  
(ii) Zhejiang Geely (as the Subscriber)

As at the Latest Practicable Date, Mr. Li Xing Xing holds 10% of the Subscriber and his father holds 90% of the Subscriber. As at the Latest Practicable Date, Mr. Li Xing Xing holds an aggregate of 32 shares in Hong Bridge, representing 32% of the total issued share capital of Hong Bridge. As at the Latest Practicable Date, Hong Bridge holds an aggregate of 4,065,000,000 Shares, representing approximately 65.4% of the total issued share capital of the Company, and is a controlling Shareholder. As such, the Subscriber is a connected person under Chapter 20 of the GEM Listing Rules. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its associates do not hold any other securities in the Company.

- Principal amount:** HK\$740,000,000
- Interest rate:** the Convertible Bonds bear no interest
- Ranking:** The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks pari passu among any part thereof and equally with all other present and future unsecured and unsubordinated obligations of the Company.



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## LETTER FROM THE BOARD

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- Maturity date and redemption:** Unless previously redeemed, repurchased and cancelled or converted, all outstanding Convertible Bonds shall be redeemed on the Maturity Date.
- Conversion:** The conversion rights under the Convertible Bonds shall only be exercisable so long as:
- (1) the exercise of the conversion rights under the Convertible Bonds will not result in such holder(s) of the Convertible Bonds, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code; and
  - (2) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares being held in public hands.
- Conversion period:** The holder(s) of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at any Business Day, from the date of issue of the Convertible Bonds up to and including the Maturity Date at the then prevailing Conversion Price.
- Conversion Price:** The initial Conversion Price is initially HK\$0.37 per Conversion Share, subject to customary adjustment for subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distributions and rights issue.
- Voting:** The holder(s) of the Convertible Bonds will not be entitled to attend or vote at any meeting of the Company by reason only of it being the holder of the Convertible Bonds.
- Early Redemption:** The holder(s) of the Convertible Bonds shall have the right to request the Company to redeem all or part of the outstanding Convertible Bonds from any holders of the Convertible Bonds anytime after the second anniversary of the date of issue of the Convertible Bonds:
- (i) at 115% of part of all of the principal amount of the Convertible Bonds during the period from the date falling one (1) day after the date of the second anniversary of the date of issue of the Convertible Bonds up to and including the date of the third anniversary of the date of issue of the Convertible Bonds;

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## LETTER FROM THE BOARD

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- (ii) at 124% of part of all of the principal amount of the Convertible Bonds during the period from the date falling one (1) day after the date of the third anniversary of the date of issue of the Convertible Bonds up to and including the date of the fourth anniversary of the date of issue of the Convertible Bonds; and
- (iii) at 130% of the principal amount of the Convertible Bonds during the period from the date falling one (1) day after the date of the fourth anniversary of the date of issue of the Convertible Bonds up to and including the Maturity Date.

**Transferability:** With the prior consent of the Company and subject to the requirements under the relevant GEM Listing Rules, laws and regulations, the Convertible Bonds may be transferable provided that no transfer or assignment of the Convertible Bonds shall be made to any other connected person of the Company and its associates.

**Events of default:** If, among others, any of the following events occurs, the holder(s) of the Convertible Bond may give notice to the Company that the Convertible Bond are due and payable at its principal amount:

- (i) the Company fails to pay the principal when due unless non-payment of such amount is due solely to administrative or technical error and payment is made within five (5) Business Days of the due date for the payment thereof; or;
- (ii) the Company defaults in performance or observance or compliance with any of its other obligations set out in the Convertible Bonds which default will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
- (iii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any part of the undertaking, property, assets or revenues of the Company or its major subsidiaries and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
- (iv) the Company or its major subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or its subsidiaries or the whole or any part of the undertaking, property, assets or revenues of the Company or its subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or

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## LETTER FROM THE BOARD

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- (v) an order is made or an effective resolution passed for winding-up of the Company or any of its major subsidiaries except in the case of winding up of subsidiaries in the course of internal reorganisation; or
- (vi) suspension of trading of the Shares on the GEM Board of the Stock Exchange or a recognised stock exchange for a continuous period of fourteen trading days and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
- (vii) deferred payment is agreed or announced upon the Company or any of its subsidiaries, or all or majority of properties of the Company or any of its subsidiaries being announced, seized, compulsory acquired or confiscated by any government agency or involving agencies and which will constitute a material adverse effect on the Group's business, operations, assets or financial condition; or
- (viii) the Company or any of its major subsidiaries fails to comply with or service any sum due from it under any bonds, debentures, notes or other debt instruments in aggregate exceed HK\$5,000,000 and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
- (xi) the Company or any of its major subsidiaries fails to comply with or pay any sum due from it under any final judgment or any final order made or given by any court of competent jurisdiction in aggregate exceed HK\$5,000,000 and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition.

Based on the initial Conversion Price of HK\$0.37 per Conversion Share, a maximum number of 2,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 32.2% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 24.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Company will seek approval from the Independent Shareholders at the EGM in respect of a specific mandate for the allotment and issue of the Conversion Shares.

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## LETTER FROM THE BOARD

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The Subscriber may choose to settle the subscription price of HK\$740,000,000 in USD. It is agreed by both parties that the subscription price can be settled by USD95,000,000 at the rate of USD1 to HK\$7.8.

The Conversion Price of HK\$0.37 per Conversion Share was arrived at after arm's length negotiation between the Company and the Subscriber with reference to, among other things, the recent trading prices of the Shares, the latest net asset value per Share, the latest development of the Project (as defined hereinafter), the positive profile of the Subscriber, as well as the fund raising difficulties previously encountered by the Group.

The trading prices of the Shares have increased substantially since January 2013. The Company is not aware of specific reasons for such substantial increase in Share price within such a short period and is of the view that such increase may be unsustainable and unpredictable in nature, in particular because the development of SAM (as defined hereinafter) and the Project (as defined hereinafter) in Brazil still require substantial further funding and their on-going developments are therefore still facing execution risks. As such, the substantial increase in Share price from January 2013 to February 2013 should not be used as a benchmark to the Conversion Price. The Conversion Price more closely resembles the Share price in December 2012 before the substantial increase in Share price from January 2013 to February 2013. In addition to considering the trading prices of the Shares, the Conversion Price of HK\$0.37 was also determined after arm's length negotiation between the Company and the Subscriber after taking into account the factors that (i) the Conversion Price represents a premium of approximately 164.3% to the net asset value per Share as at 30 June 2012; (ii) the funding from the Convertible Bonds is crucial to the on-going development of the Project; (iii) it is difficult for the Group to obtain such sizeable funding from the market based on the Group's past experience; and (iv) there are execution risks associated with the Project as mentioned above.

The Conversion Price represents:

- (i) a discount of approximately 76.1% to the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on 5 March 2013, being the Latest Practicable Date;
- (ii) a discount of approximately 74.3% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on 4 March 2013, being the Last Trading Day;
- (iii) a discount of approximately 73.8% to the average of the closing prices per Share of HK\$1.412 for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 73.5% to the average of the closing prices per Share of HK\$1.394 for the last ten trading days up to and including the Last Trading Day;
- (v) a discount of approximately 64.4% to the average of the closing prices per Share of HK\$1.038 for the last sixty trading days up to and including the Last Trading Day; and

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## LETTER FROM THE BOARD

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- (vi) a premium of approximately 164.3% to the net asset value per Share of the Company of approximately HK\$0.14 per Share which is calculated based on the unaudited net asset value of the Company of approximately HK\$883.7 million as at 30 June 2012 as disclosed in the interim report of the Company for the six months ended 30 June 2012 divided by its weighted average number of Shares of 6,209,361,035 Shares.

### **Subscription Agreement – Conditions precedent**

Completion of the Subscription Agreement is conditional upon the fulfillment of the following conditions precedent:

- (i) the Listing Committee granting listing of and permission to deal in the Conversion Shares;
- (ii) all necessary waivers, consents and approvals required to be obtained on the part of the Company and the Subscriber, including approvals from the relevant PRC governmental departments, in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained, and such waivers, consents and approvals shall be valid up to the date of completion of the Subscription Agreement; and
- (iii) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to approve the Subscription Agreement, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under a specific mandate and in accordance with the requirements of the GEM Listing Rules and applicable laws and regulations.

If any of the above conditions are not fulfilled on or before 5 June 2013 or such other date as the Company and the Subscriber may agree, the Subscription Agreement will cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Subscription Agreement, save in respect of any antecedent breach of any obligation thereof.

### **Completion of the Subscription Agreement**

Completion of the Subscription Agreement shall take place on the seventh Business Day following the date on which the above conditions are fulfilled (or such other date as the parties to the Subscription Agreement may agree).

### **REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS**

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.

Hong Bridge is the controlling shareholder of the Company.

Zhejiang Geely and its subsidiaries are principally engaged in the manufacture and sales of automobiles.

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## LETTER FROM THE BOARD

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Reference is made to the Company's announcement dated 16 April 2010, in which the agreement (the "Agreement") to the Company's acquisition (the "Acquisition") of Sul Americana de Metais S.A. ("SAM"), a company which held some exploration licenses of iron ore in Minas Gerais, Brazil, was signed and the Company's circular dated 5 November 2010. Reference is also made to the Company's announcements dated 7 February 2013 and 14 January 2013 in which the Company and Votorantim Noros Negocios Ltda. ("VNN") have entered into certain supplemental agreements (the "Supplemental Agreements") setting out the amendments to, amongst others, the terms and conditions of the Agreement. Pursuant to the Agreement, a total consideration of US\$390,000,000 (before adjustments) was to be paid to the sellers to the Agreement by the Company in stage payments. In order for the Company to fulfill the conditions precedent to the Agreement as soon as possible and to facilitate the Company's ability to finance the US\$65,000,000 payment on the Closing Date (as defined in the announcement dated 16 April 2010) and the payments thereafter, it is necessary for the Company to seek additional funding to finance the Acquisition to achieve full ownership of SAM as soon as possible. As stated in the annual report of the Company for the year ended 31 December 2011, the first phase of the development plan of SAM is also estimated to be approximately US\$3 billion. As the iron ore explorations in Brazil (the "Project") continuously require an extensive amount of capital, the Directors consider that the issue of the Convertible Bonds will provide (i) the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders; and (ii) an opportunity for the Company, if the conversion rights attaching to the Convertible Bonds are exercised, to enlarge and strengthen its capital base. Having considered that the Convertible Bonds bear no interest, the Directors consider that the issue of the Convertible Bonds is an appropriate means of funding raising for the Company to finance the Acquisition and also the further development of the Project. In addition to obtaining additional funding, the terms and conditions of the Supplemental Agreements are also intended to, amongst other things, facilitate the Company's ability to achieve Closing (as defined in the announcement dated 16 April 2010) and therefore expedite the process in which the Company will obtain full ownership of SAM.

Zhejiang Geely is incorporated in the Zhejiang Province, the PRC. "Geely", a domestic automobile brand for the PRC market, and "Volvo", an European luxury automobile brand, are both under the control of Zhejiang Geely.

Zhejiang Geely is committed to expand its automobile manufacturing business in the global market. Substantial amount of steel is required in automobile manufacturing and steel represents a significant proportion in manufacturing cost. Through its investment in the Company, Zhejiang Geely indirectly participated in the iron ore business in Brazil and Zhejiang Geely could leverage on the iron ore business of the Company to establish strategic alliance with iron and steel enterprises. This is also an important means to hedge against fluctuations in steel prices and represents a reasonable and important extension from Zhejiang Geely's entire automotive industry chain.

The gross proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$740,000,000. The expenses in relation to the issue of the Convertible Bonds are estimated to be approximately HK\$1,100,000. The net proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$738,900,000 and the net Conversion Price is estimated to be approximately HK\$0.37. The Directors intend to utilize the net proceeds to finance the Acquisition and as additional funding to the continuous development of the Project and the working capital of the Company.

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## LETTER FROM THE BOARD

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The Directors consider that the terms of the Subscription Agreement and the Convertible Bonds, which were arrived at after arm's length negotiations between the Company and the Subscriber and the entering into of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds up to 25% of public shareholding (assuming there being no other changes in the share capital of the Company); and (iii) immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds (assuming there being no other changes in the share capital of the Company) are as follows:

Shareholders	As at the Latest Practicable Date		Immediately after the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds up to 25% of public shareholding		Immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds (Note 3)	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Hong Bridge (Note 1)	4,065,000,000	65.40%	4,065,000,000	50.18%	4,065,000,000	49.48%
Ms. Foo Yatian (Note 2)	22,460,000	0.36%	22,460,000	0.28%	22,460,000	0.27%
Zhejiang Geely	–	0.00%	1,884,943,148	23.27%	2,000,000,000	24.35%
Mr. Li Shu Fu	103,064,000	1.66%	103,064,000	1.27%	103,064,000	1.25%
Public shareholders	2,025,155,716	32.58%	2,025,155,716	25.00%	2,025,155,716	24.65%
– Brilliant People Limited	440,568,000	7.09%	440,568,000	5.44%	440,568,000	5.36%
– Other public shareholders	1,584,587,716	25.49%	1,584,587,716	19.56%	1,584,587,716	19.29%
	<u>6,215,679,716</u>	100.00%	<u>8,100,622,864</u>	100.00%	<u>8,215,679,716</u>	100.00%

*Notes:*

- 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. Mr. Li Xing Xing holds 32% equity interest in Hong Bridge.
- Ms. Foo Yatian is the spouse of Mr. He Xuechu.
- The shareholding structure set out in this column is shown for illustration purposes. As mentioned above, the conversion rights attaching to the Convertible Bonds shall only be exercisable so long as not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares being held in public hands.

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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising exercises in the past twelve months immediately before the Latest Practicable Date.

### GEM LISTING RULES IMPLICATION

As at the date of the Latest Practicable Date, Mr. Li Xing Xing holds 10% of the Subscriber and his father holds 90% of the Subscriber. Mr. Li Xing Xing also holds an aggregate of 32 shares in Hong Bridge, representing 32% of the total issued share capital of Hong Bridge. As at the Latest Practicable Date, Hong Bridge holds an aggregate of 4,065,000,000 Shares, representing approximately 65.4% of the total issued share capital of the Company, and is a controlling Shareholder. As such, the Subscriber is a connected person under Chapter 20 of the GEM Listing Rules.

As the Subscriber is a the connected person of the Company, the issue of the Convertible Bonds constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The EGM will be convened at which resolutions will be proposed to seek approval from the Independent Shareholders for the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares.

Pursuant to the GEM Listing Rules, the Subscriber, Mr. Li Shu Fu, Hong Bridge and their respective associates are required to abstain from voting at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares. Mr. He Xuechu abstained from voting on the resolution of the Board to approve the Subscription Agreement and the specific mandate to issue the Conversion Shares. To the best of the Directors' information, belief and knowledge, save for the Subscriber, Mr. Li Shu Fu, Hong Bridge and their respective associates, no other parties have a material interest in relation to the Subscription Agreement and the specific mandate to issue the Conversion Shares.

### EGM

The Company will convene the EGM at 2703, 27/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 21 March 2013, Thursday, at 10:00 a.m. at which ordinary resolutions will be proposed for the purpose of considering and, if thought fit, to approve, among other matters (if any), the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares.

A notice convening the EGM is set out on pages 32 to 33 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.



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## LETTER FROM THE BOARD

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The resolutions to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

### RECOMMENDATION

The Directors, including the independent non-executive Directors, consider the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares are on normal commercial terms, are entered into in the usual and ordinary course of business and are fair and reasonable and 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 resolutions in respect of the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares.

### FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular which contains its view on the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares. Your attention is also drawn to the letter of advice from Donvex on pages 16 to 26 which contains its opinion in respect of the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder and the grant of a specific mandate to issue the Conversion Shares, which has been prepared for the purpose of inclusion in this circular.*



### **HONBRIDGE HOLDINGS LIMITED**

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

**(Stock Code: 8137)**

7 March 2013

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONNECTED TRANSACTION: ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

We refer to the circular of the Company to the Shareholders dated 7 March 2013 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether or not the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue Conversion Shares are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Donvex, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue Conversion Shares as set out on pages 16 to 26 of the Circular, and the letter from the Board set out on pages 4 to 14 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Donvex as stated in its letter of advice, we consider that the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue Conversion Shares are in the interests of the Company and the Independent Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue Conversion Shares.

Yours faithfully,

**Mr. Chan Chun Wai, Tony**

**Mr. Fok Hon**

**Mr. Ma Gang**

*Independent Board Committee*

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## LETTER FROM DONVEX CAPITAL

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*The following is the text of a letter of advice from Donvex Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation in this circular:*



Unit 1305, 13th Floor,  
Carpo Commercial Building  
18-20 Lyndhurst Terrace  
Central  
Hong Kong

7 March 2013

*To: The Independent Board Committee and the Independent Shareholders  
of Honbridge Holdings Limited*

Dear Sirs,

### **CONNECTED TRANSACTION: ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement. Details of which, amongst other things, are set out in the letter from the Board contained in the circular of the Company dated 7 March 2013, of which this letter forms part. Terms defined in this circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 5 March 2013 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which, the Company has conditionally agreed to issue to the Subscriber the Convertible Bonds in the principal amount of H\$740,000,000.

As at the Latest Practicable Date, Mr. Li Xing Xing and his father hold the entire issued share capital of the Subscriber. Mr. Li Xing Xing also holds an aggregate of 32 shares in Hong Bridge, representing 32% of the total issued share capital of Hong Bridge. As at the Latest Practicable Date, Hong Bridge holds an aggregate of 4,065,000,000 Shares, representing approximately 65.4% of the total issued share capital of the Company, and is a controlling Shareholder. As such the Subscriber is a connected person under Chapter 20 of the GEM Listing Rules. As the Subscriber is a connected person of the Company, the issue of the Convertible Bonds constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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## LETTER FROM DONVEX CAPITAL

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An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the connected transaction contemplated under the Subscription Agreement. Pursuant to the GEM Listing Rules, the Subscriber and its respective associates are required to abstain from voting at the EGM to approve the issue of the Convertible Bonds and the grant of a specific mandate to issue the Conversion Shares. To the best of the Directors' information, belief and knowledge, save for the Subscriber and its respective associates, no other parties have a material interest in relation to the issue of Convertible Bonds.

### **BASIS OF OUR OPINION**

In formulating our opinion, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information, statements, opinion and representations contained or referred to in this circular and all information and representations which have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so at the date hereof. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the letter from the Board contained in this circular were reasonable made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in this circular.

The Company confirmed that it has provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in this circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in this circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into business and affairs of the prospects of the Company, the Subscriber or any of their respective subsidiaries or associates.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating and giving our opinion to the Independent Board Committee and the Independent Shareholders in relation to the connected transactions contemplated under the Subscription Agreement, we have taken into account the following principal factors:

#### **1. Business and financial information of the Company and Zhejiang Geely**

##### *The Company*

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.

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## LETTER FROM DONVEX CAPITAL

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Tabularised below is a summary of the audited consolidated financial results of the Group as extracted from the interim and annual reports of the Company:

<b>Consolidated Income Statement</b>	<b>For the six months ended 30 June 2012</b>	<b>2011</b>	<b>For the year ended 31 December</b>	
	<i>HK\$'000 (unaudited)</i>	<i>HK\$'000 (audited)</i>	<b>2010</b>	<b>2009</b>
			<i>HK\$'000 (audited)</i>	<i>HK\$'000 (audited)</i>
Revenue	1,271,041	1,756,598	49,785	10,079
Operating profit/(loss)	(28,422)	(438,580)	(415,476)	(48,781)
Profit/(Loss) before taxation	(57,633)	(490,953)	(447,873)	(52,699)
Net Profit/(Loss) for the period	(57,889)	(386,548)	(449,513)	(53,720)
Net Profit/(Loss) attribute to owners of the Company	(57,797)	(304,839)	(445,650)	(50,136)

<b>Consolidated Balance Sheet</b>	<b>As at 30 June 2012</b>	<b>2011</b>	<b>Year ended 31 December</b>	
	<i>HK\$'000 (unaudited)</i>	<i>HK\$'000 (audited)</i>	<b>2010</b>	<b>2009</b>
			<i>HK\$'000 (audited)</i>	<i>HK\$'000 (audited)</i>
Cash and cash equivalents	6,571	35,838	30,046	16,240
Total current assets	451,733	1,083,029	102,759	39,863
Total current liabilities	442,115	1,068,343	47,663	44,826
Net assets/(liabilities) value	883,746	917,616	1,282,344	(6,871)

For the six months ended 30 June 2012, the Group's turnover increased approximately 147.50% to HK\$1,271.04 million compared to the same period in prior year. Such increase in turnover was mainly attributable to the substantial increase in trading of metals and mineral resources that contributed HK\$1,263.8 million revenue to the Group. For the six months ended 30 June 2012, the Group has recorded a net loss of HK\$57.89 million, which was mainly attributable to (i) the share based payment of approximately HK\$25.11 million due to the amortisation of the fair value of the Company's share options during the period; and (ii) the finance costs of approximately HK\$29.21 million.

For the three years ended 31 December 2011, 2010 and 2009, the Company has recorded net loss attribute to owners of the Company of approximately HK\$304.84 million, HK\$445.65 million and HK\$50.14 million respectively, which were mostly due to substantial expense items recorded in each year such as impairment of exploration and evaluation assets, share based payments and impairment of goodwill.

The cash and cash equivalents of the Group has decreased substantially from approximately HK\$35.84 million as at 31 December 2011 to approximately HK\$6.57 million as at 30 June 2012, representing a decrease of approximately 81.67%. Such decrease in cash was mainly attributable to the cash used in investing activities of approximately HK\$36.39 million and the cash used in financing activities of approximately HK\$37.89 million during the six months ended 30 June 2012.

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## LETTER FROM DONVEX CAPITAL

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### *Zhejiang Geely*

Zhejiang Geely was incorporated in the Zhejiang Province, the PRC. Zhejiang Geely and its subsidiaries are principally engaged in the manufacture and sales of automobiles. Zhejiang Geely has control over the two brandings “Geely” and “Volvo”, who is a domestic automobile brand for the PRC market and an European luxury automobile brand respectively.

## **2. Reasons for the issue of Convertible Bonds**

Reference is made to the Company’s announcement dated 16 April 2010, in which the agreement (the “Agreement”) to the Company’s acquisition (the “Acquisition”) of Sul Americana de Metais S.A. (“SAM”), a company which held some exploration licenses of iron ore in Minas Gerais, Brazil, was signed and the Company’s circular dated 5 November 2010. Reference is also made to the Company’s announcements dated 7 February 2013 and 14 January 2013 in which the Company and Votorantim Noros Negocios Ltda. (“VNN”) have entered into certain supplemental agreements (the “Supplemental Agreements”) setting out the amendments to, amongst others, the terms and conditions of the Agreement.

Pursuant to the Agreement, a total consideration of US\$390,000,000 (before adjustments) was to be paid to the sellers to the Agreement by the Company in stage payments. In order for the Company to fulfill the conditions precedent to the Agreement as soon as possible and to facilitate the Company’s ability to finance the US\$65,000,000 payment on the Closing Date (as defined in the announcement dated 16 April 2010) and the payments thereafter, it is necessary for the Company to seek additional funding to finance the Acquisition to achieve full ownership of SAM as soon as possible.

The gross proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$740,000,000. The expenses in relation to the issue of the Convertible Bonds are estimated to be approximately HK\$1,100,000. The net proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$738,900,000 and the net Conversion Price is estimated to be approximately HK\$0.37. The Directors intend to utilize the net proceeds to finance the Acquisition and as additional funding to the continuous development of the Project and the working capital of the Company.

In addition, as stated in the annual report of the Company for the year ended 31 December 2011, the first phase of the development plan of SAM is estimated to be approximately US\$3 billion. Having considered (i) the Company has only HK\$6.57 million cash balance as at 30 June 2012 due to the substantial cash outflow for the six months ended 30 June 2012; and (ii) the difficulties in applying bank borrowings and the difficulties in finding an underwriter to underwrite the rights issue or open offer given the loss position of the Company as concluded under the section named “Other fund raising alternatives”, we are of the view that entering to the Subscription Agreement is fair and reasonable.

Furthermore, as the iron ore explorations in Brazil (the “Project”) continuously require an extensive amount of capital, the Directors consider that the issue of the Convertible Bonds will provide (i) the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders; and (ii) an opportunity for the Company, if the conversion rights attaching to the Convertible Bonds are exercised, to enlarge and strengthen its capital base. Having considered that the Convertible Bonds bear no interest, the Directors consider that the issue of the Convertible Bonds is an appropriate means of funding raising for the Company to finance the Acquisition and also the further development of the Project. In addition to obtaining additional funding, the terms and conditions of the Supplemental Agreements are also intended to, amongst other things, facilitate the Company’s ability to achieve Closing (as defined in the announcement dated 16 April 2010) and therefore expedite the process in which the Company will obtain full ownership of SAM.

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## LETTER FROM DONVEX CAPITAL

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### 3. Principal terms of the Subscription Agreement

Pursuant to the Subscription Agreement, a maximum number of 2,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 32.2% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 24.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

### 4. The Conversion Price

The Conversion Price under the Subscription Agreement is HK\$0.37 per Share and the total cash consideration payable by the Subscriber for the Conversion Shares is approximately HK\$740,000,000 (or USD95,000,000 at the rate of USD1 to HK\$7.8 as agreed by the Company and the Subscriber). The Conversion Price of HK\$0.37 per Conversion Share was arrived at after arm's length negotiation between the Company and the Subscriber with reference to, among other things, the recent trading prices of the Company, the latest net asset value per Share of the Company, the latest development in relation to the Project, the positive profile of the Subscriber, as well as the fund raising difficulties previously encountered by the Group.

(i) *Comparison of the Conversion Price*

The Conversion Price under the Subscription Agreement of HK\$0.37 per Share represents:

- (a) a discount of about 74.31% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of about 73.80% to the average closing price of HK\$1.412 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (c) a discount of about 73.46% over the average closing price of HK\$1.394 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (d) a discount of approximately 76.13% to the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a premium of approximately 164.3% to the net asset value per Share of the Company of approximately HK\$0.14 per Share which is calculated based on the unaudited net asset value of the Company of approximately HK\$883.7 million as at 30 June 2012 as disclosed in the interim report of the Company for the six months ended 30 June 2012 divided by its weighted average number of Shares of 6,209,361,035 Shares.

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## LETTER FROM DONVEX CAPITAL

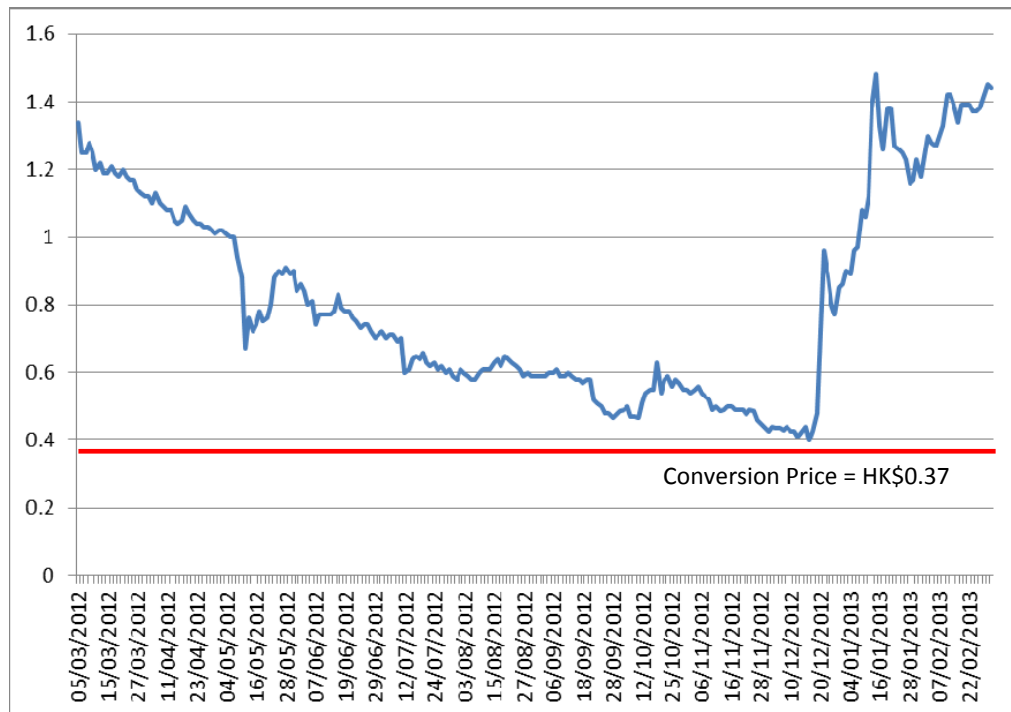
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(ii) *Review on Share price performance*

In assessing the reasonableness of the Conversion Price under the Subscription Agreement, we have reviewed the Share prices level during a period starting from 5 March 2012, being one year prior to the signing of the Subscription Agreement, up to the Latest Practicable Date (the “Review Period”).

In 2011, catastrophic events such as the European sovereign-debt crisis happened to give severe impacts to global stock markets, including the Hong Kong stock market, such that the Hang Seng Index fell to its lowest level of 16,170 points in October 2011 and remained sluggish in the first half of 2012. In the second half of 2012, due to the expectation of the launch of the third round of quantitative easing by central banks in the United States (“QE3”), extra liquidity is expected to be injected to the market and market sentiment has improved significantly such that the Hang Seng Index rose to its highest level of 23,944 points in February 2013. Having considered that the overall financial market conditions had changed significantly amid tighter credit conditions, a drop in corporate earnings, sluggish market sentiment and a decline in global equity markets, in which all of these events have adverse impact on the operations of the Group, we believe that it is appropriate to analyse the Conversion Price under the Subscription Agreement relative to the performance of the Shares during the Review Period. Any shorter review period may not have coverage of the effects of such catastrophic events as stated above and is therefore not comprehensive for use in the analysis.

The chart below illustrates the movement of the daily closing Share prices in HK\$ per Share during the Review Period:



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))



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## LETTER FROM DONVEX CAPITAL

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During the Review Period, the closing of the Shares ranged from HK\$0.40 per Share to HK\$1.48 per Share. As such, the Conversion Price of HK\$0.37 under the Subscription Agreement lies below the range of the closing prices within the Review Period.

We noticed that the Share price has increased substantially from approximately HK\$0.4 in December 2012 to approximately HK\$1.4 in January 2013, and remained at high level thereafter. As advised by the Company, the Share price was trading between the price range of HK\$0.40 to HK\$1.48 for the period from 3 September 2012 to 15 January 2013 and the Company is not aware of the reason for the sharp increase in Share price since 20 December 2012. Therefore, we are of the view that a longer period of time should be used for the reference to the Conversion Price.

Save for the upward trend of the market price from December 2012 to January 2013, the Share price continued to decrease from HK\$1.37 in March 2012 to HK\$0.4 in December 2012. The recent sharp increase in Share price may not be sustainable as the Project in Brazil is still facing execution risk and requires substantial capital investment to reach the commercial operation stage in the coming years.

We noticed that the Conversion Price of HK\$0.37 under the Subscription Agreement lies below the range of the closing prices within the Review Period. However, having considered that (i) the Conversion Price represent a premium of approximately 164.3% to the net asset value per Share of the Company as at 30 June 2012; (ii) the sharp increase in Share price from HK\$0.4 to HK\$1.48 from 3 December 2012 to 31 December 2012 may not be sustainable; (iii) the Company needs additional funding to finance the Acquisition to achieve full ownership of SAM as soon as possible; (iv) the Project in Brazil is still facing execution risk and requires substantial capital investment to reach the commercial operation stage in the coming years; (v) the chance of the approval of debt financing is low for the Company as discussed in the section named "Other fund raising alternatives"; and (vi) the net asset value per Share of the Group is expected to increase upon the completion of the Subscription Agreement as discussed under the section named "Possible financial effects", it is reasonable that the potential investor would only accept the Conversion Price slightly lower than the lowest price of HK\$0.4 during the Review Period after taking into the account all the above factors. As such, we consider that (i) the Conversion Price of HK\$0.37 under the Subscription Agreement was arrived at after arm's length negotiation, and are on normal commercial terms; and (ii) the entering into the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM DONVEX CAPITAL

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### 5. Changes in shareholding structure of the Company

Upon completion of the Subscription Agreement, 2,000,000,000 new Shares will be issued to the Subscriber. Assuming conversion of Convertible Bonds up to 25% of public shareholding percentage, the total number of Shares will increase from 6,215,679,716 to 8,100,622,864. Assuming full conversion of the Convertible Bonds, the total number of Shares will increase from 6,215,679,716 to 8,215,679,716. The detailed changes in shareholding structure are shown in the following table:

Shareholders	As at the Latest Practicable Date		Immediately after the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds up to 25% of public shareholding		Immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds (Note 3)	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Hong Bridge (Note 1)	4,065,000,000	65.40%	4,065,000,000	50.18%	4,065,000,000	49.48%
Ms. Foo Yatyan (Note 2)	22,460,000	0.36%	22,460,000	0.28%	22,460,000	0.27%
Zhejiang Geely	–	0.00%	1,884,943,148	23.27%	2,000,000,000	24.35%
Mr. Li Shu Fu	103,064,000	1.66%	103,064,000	1.27%	103,064,000	1.25%
Public shareholders	2,025,155,716	32.58%	2,025,155,716	25.00%	2,025,155,716	24.65%
– Brilliant People Limited	440,568,000	7.09%	440,568,000	5.44%	440,568,000	5.36%
– Other public shareholders	1,584,587,716	25.49%	1,584,587,716	19.56%	1,584,587,716	19.29%
	<u>6,215,679,716</u>	100.00%	<u>8,100,622,864</u>	100.00%	<u>8,215,679,716</u>	100.00%

*Notes:*

- 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. Mr. Li Xing Xing holds 32% equity interest in Hong Bridge.
- Ms. Foo Yatyan is the spouse of Mr. He Xuechu.
- The shareholding structure set out in this column is shown for illustration purposes. As mentioned above, the conversion rights attaching to the Convertible Bonds shall only be exercisable so long as not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares being held in public hands.

Assuming conversion of Convertible Bonds up to 25% of public shareholding percentage, we noticed that the Subscription Agreement will bring along a dilution effect of approximately 7.58% to the public Shareholders. Assuming full conversion of the Convertible Bonds, we noticed that the Subscription Agreement will bring along a dilution effect of approximately 7.93% to the public Shareholders. We are of the view that such dilution effect is fair and reasonable after considering (i) the Conversion Price is fair and reasonable as concluded under the section named “The Conversion Price”; (ii) the Company needs additional funding to finance the Acquisition to achieve full ownership of SAM as soon as possible; (iii) the chance of the approval of debt financing is low for the Company as discussed in the section named “Other fund raising alternatives”, and (iv) the net asset value per Share of the Group is expected to increase upon the completion of the Subscription Agreement as discussed under the section named “Possible financial effects”.

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## LETTER FROM DONVEX CAPITAL

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### 6. Other fund raising alternatives

#### (i) Debt financing

We have made enquires with the Directors and the Directors confirmed that apart from equity financing, the Group will also consider debt financing, such as bank borrowings and issue of bonds, to be the other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition. In view of the net loss position of the Group, the Directors consider that the chance of the approval of bank loan is low. Furthermore, the bank loan application may be subject to lengthy due diligence and negotiations with banks. In addition, in light of debt financing will usually incur an interest burden on the Group, the Directors consider debt financing to be relatively uncertain and time-consuming as compared to equity financing, such as subscription of new Shares, for the Group to obtain additional funding.

#### (ii) Equity financing

The Company has also considered other means of raising permanent equity capital, including by means of a rights issue or an open offer available to all Shareholders. In addition, the Directors consider that, in the absence of an underwriter, the Company may have difficulties to complete a rights issue or an open offer given the possibilities that certain public Shareholders may not be interested to participate in a rights issue or an open offer. Although the Company has not formally discussed with any independent underwriter, the Directors advised that, due to the continuous loss position of the Company, it would be difficult for the Company to get an underwriter to underwrite the entire rights issue or an open offer with reasonable underwriting fee and a fair placing price. Furthermore, a rights issue or open offer would involve numerous steps including notice period for book closure, issue of prospectus and offer period under the prevailing GEM Listing Rules.

Pursuant to the Agreement, a total consideration of US\$390,000,000 (before adjustments) was to be paid to the sellers to the Agreement by the Company in stage payments. In order for the Company to fulfill the conditions precedent to the Agreement as soon as possible and to facilitate the Company's ability to finance the US\$65,000,000 payment on the Closing Date (as defined in the announcement dated 16 April 2010) and the payments thereafter, it is necessary for the Company to seek additional funding to finance the Acquisition to achieve full ownership of SAM as soon as possible. However, provided that the Company's net loss position which may discourage Shareholder to participate in rights issue or open offer, it is inefficient and ineffective to raise funds for the Group by way of rights issue or open offer. As the Subscription Agreement is the only fund raising exercise which could be secured by the Company as at the Latest Practicable Date, the Director is of the view that it would be better to enter the Subscription Agreement to raise fund for the Company instead of fund raising by way of rights issue or open offer, which there are a lot of uncertain factors to the Company, including but not limited to the identification of an underwriter or the interest of the Shareholder in participating in rights issue or open offer.

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## LETTER FROM DONVEX CAPITAL

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In addition, to maintain the pro-rata shareholding in a rights issue or open offer, the existing Shareholders will have to participate in the rights issue or open offer, or otherwise their shareholding will be diluted. This may create undue financial burden on certain existing Shareholders as a consequence. Although Shareholders may choose to sell their nil-paid rights in the secondary market, it is possible that the liquidity of the rights may be low such that Shareholders may need to sell the rights in a discount, thus decreasing Shareholder's value.

We also noticed that both the Subscription Agreement and a rights issue or open offer will bring along dilution effect to existing Shareholders if they do not participate in the rights issue or open offer, in view of (i) a rights issue or open offer takes longer time to complete than the Subscription Agreement as the former would involve numerous steps including notice period for book closure, issue of prospectus and offer period under the prevailing Listing Rules; (ii) the potential substantial underwriting costs for a rights issue or open offer as compared to the Subscription Agreement; and (iii) the difficulties in finding an underwriter to underwrite the rights issue or open offer given the loss position of the Company, we consider the Subscription Agreement to be a better financing alternative over a rights issue or open offer. As such, we concur with the Directors' view that the Subscription Agreement is fair and reasonable.

### **7. Possible financial effects**

#### *Working capital*

According to the 2012 interim report of the Group, as of 30 June 2012, the Group had cash and cash equivalents of approximately HK\$6.57 million. Upon completion of the Subscription Agreement, the liquidity and cash position of the Group will be improved as the Subscription Agreement will facilitate the Company to raise net proceeds of approximately HK\$738.90 million. Accordingly, we are of the view that the cash position and the net current assets of the Company are expected to improve upon Completion.

#### *Earnings*

Save for the expenses relating to the Subscription Agreement, we are of the view that the Completion will not have any immediate material impact on the earnings of the Group.

#### *Net assets value per Share*

The amount of gross proceeds of approximately HK\$738.90 million is expected to be received by the Company upon completion of the Subscription Agreement. As a result, bank balances and cash, total assets and net assets of the Group are expected to increase by the same amount. As the Conversion Price is of a premium to the Group's net asset value per Share as discussed under the section named "Comparison of the Conversion Price", the net asset value per Share of the Group is expected to increase upon the completion of the Subscription Agreement.

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## LETTER FROM DONVEX CAPITAL

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### RECOMMENDATION

Having considered (i) the difficulties in applying bank borrowings and the difficulties in finding an underwriter to underwrite the rights issue or open offer given the loss position of the Company; (ii) the Conversion Price is fair and reasonable as concluded under the section named “The Conversion Price”; (iii) the Company needs additional funding to finance the Acquisition to achieve full ownership of SAM as soon as possible; and (iv) the net asset value per Share of the Group is expected to increase upon the completion of the Subscription Agreement as discussed under the section named “Possible financial effects”, we are of the opinion that the terms of the Subscription Agreement are in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Subscription Agreement and the transactions contemplated thereunder including the specific mandate to issue the Conversion Shares.

Yours faithfully,  
For and on behalf of  
**Donvex Capital Limited**  
**Doris Sy**  
*Director*

## I. 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.

## II. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

### Long positions in the ordinary shares of HK\$0.001 each in the share capital of the Company

Name of Director	Number of Shares in the Company				Total	Approximate Percentage of Shareholding (%)
	Beneficial owner	Interest of spouse	Interests of controlled corporation	Number of share option (Note 2)		
HE, Xuechu	-	22,460,000	4,065,000,000 (Note 1)	-	4,087,460,000	65.76
LIU Wei, William	-	-	-	40,000,000	40,000,000	0.64
SHI Lixin	-	-	-	30,000,000	30,000,000	0.48
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

Note:

- The 4,065,000,000 shares were held by Hong Bridge. Mr. He Xuechu is the controlling shareholder and director holding 68% equity interest of Hong Bridge.
- This refers to the number of underlying shares of the Company covered by its share option scheme as at the Latest Practicable Date.

Save as disclosed above and the interests as disclosed below, none of the Directors or chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

### III. INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF OTHER PERSONS

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, those persons, other than the Directors or chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or were, 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 general meetings of any member of the Group and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

#### Long positions in the ordinary shares of HK\$0.001 each in the share capital of the Company

Name of Shareholder	Number of Shares in the Company			Total number of shares held	Approximate percentage of shareholding (%)
	Beneficial owner	Interest of spouse	Interests of controlled corporation		
Hong Bridge	4,065,000,000	–	–	4,065,000,000	65.40
Ms. Foo Yatyan (Note 2)	22,460,000	4,065,000,000 (Note 1)	–	4,087,460,000	65.76
Brilliant People Limited (Note 3)	840,568,000	–	–	840,568,000	13.52
Mr. Li Xing Xing	–	–	4,065,000,000 (Note 4)	4,065,000,000	65.40

*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 of Hong Bridge.
2. Ms. Foo Yatyan is the spouse of Mr. He Xuechu.
3. The 840,568,000 shares held by Brilliant People Limited represent 440,568,000 shares of the Company and 400,000,000 shares to be allotted and issued upon the exercise of the conversion rights attaching to HK\$400,000,000 convertible notes with an initial conversion price of HK\$1.0 per conversion share of the Company.
4. The 4,065,000,000 shares were held by Hong Bridge. Mr. Li Xing Xing holds 32% equity interest of Hong Bridge.

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 chief executives 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.

#### IV. DIRECTORS' SERVICE CONTRACTS

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).

#### V. MATERIAL ADVERSE CHANGE

On 4 January 2013, the Company (as vendor) and Brilliant People Limited (as purchaser) entered into a disposal agreement, pursuant to which, amongst others, the Company conditionally agreed to dispose of and Brilliant People Limited conditionally agreed to purchase the entire issued share capital of Hill Talent Limited, a direct wholly owned subsidiary of the Company which in turn beneficially owns as to 66% of the entire issued share capital of Xianglan Do Brazil Mineracao Ltda. for a consideration of HK\$715 million.

Save for disclosed above, there were no material adverse changes in the financial or trading position or outlook of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

#### VI. COMPETING INTEREST

Mr. Yan Weimin ("**Mr. Yan**"), a non-executive Director, is a shareholder holding approximately 98.75% equity interest in Shanghai Yingyue Industrial Co. Ltd. ("**Yingyue**"). Yingyue is principally engaged in the provision of raw materials for construction (including steel products) to sizeable PRC companies. Shanghai Hongying Trading Co. Ltd. ("**Hongying Trading**") is principally engaged in the trading of (i) steel and steel related products; and (ii) copper and copper related products. Hongying Trading had entered into a distribution agreement with Yingyue, pursuant to which Yingyue would 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.



**VII. INTERESTS IN ASSETS AND/OR CONTRACTS**

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

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Company.

**VIII. EXPERTS AND CONSENT**

The qualifications of the experts who have given opinion in this circular are as follows:

<b>Name</b>	<b>Qualification</b>
Donvex Capital Limited	a licensed corporation to carry out Type 6 activities (advising on corporate finance)

As at the Latest Practicable Date, Donvex:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears;
- (b) did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2011, the date to which the latest audited financial statements of the Group was made up; and
- (c) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**IX. 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, British West Indies. 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.
- (b) 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.

- (c) The company compliance officer of the Company is Mr. Liu Wei, William. Mr. Liu is the Chief Executive Officer of the Company and holds a master degree in business administration from the University of San Francisco.
- (d) The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three members, including Mr. Chan Chun Wai, Mr. Fok Hon and Mr. Ma Gang, all are independent non-executive Directors. Mr. Chan Chun Wai has the appropriate financial and accounting experience required by the GEM Listing Rules and acts as the chairman of the audit committee.
- (e) The registered address of Donvex is 1305, 13/F Carpo Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong.
- (f) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Plaza, 33 Lockhart Road, Wanchai, Hong Kong.
- (g) There has been no qualification contained in the auditors' report in respect of each of the financial years ended 31 December 2010 and 31 December 2011.
- (h) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

#### **X. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (a) the Subscription Agreement;
- (b) the written consent from Donvex referred to in paragraph headed "Experts and consent" in this appendix;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (d) the letter of advice from Donvex to the Independent Board Committee, the text of which is set out on pages 16 to 26 of this circular; and
- (e) this circular.

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## NOTICE OF EGM

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### HONBRIDGE HOLDINGS LIMITED

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

**(Stock Code: 8137)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Honbridge Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) will be held at 2703, 27/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 21 March 2013, Thursday, at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments) the following resolutions as ordinary solutions of the Company:

#### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the terms of the subscription agreement dated 5 March 2013 (the “**Subscription Agreement**”) entered into between the Company as the issuer and Zhejiang Geely Holding Group Company Limited (“**Zhejiang Geely**”) as the subscriber (details relating to the Subscription Agreement are set out in the circular of the Company dated 7 March 2013 and a copy of the Subscription Agreement marked “A” has been produced to the Meeting and initialed by the chairman of the Meeting for the purpose of identification), to the extent that they are related to the Convertible Bonds (as defined below), be and are hereby approved, confirmed and ratified;
- (b) the creation and issue by the Company, pursuant to the Subscription Agreement, of the principal amount of HK\$740,000,000 of its zero coupon convertible bonds due on the fifth (5th) anniversary of the date of issue of the Convertible Bonds (the “**Convertible Bonds**”) to Zhejiang Geely, be and hereby approved;
- (c) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the New Shares (as defined below) to be allotted and issued upon the conversion of the Convertible Bonds, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue, credited as fully paid, such number of ordinary shares (the “**New Shares**”) in the capital of the Company as may be required to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds at an initial conversion price of HK\$0.37 per Share (subject to adjustment pursuant to the terms of the Convertible Bonds), on and subject to the terms and conditions of the Convertible Bonds, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 21 May 2012;

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## NOTICE OF EGM

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- (d) all the transactions contemplated under the Subscription Agreement in connection with the issue of the Convertible Bonds (collectively referred to as the “**Transactions**”) be and are hereby approved; and
- (e) the Directors be and are hereby authorised to do all such acts and things and sign and execute all such documents as they consider necessary or expedient in connection with the issue of the Convertible Bonds, the allotment and issue of the New Shares upon conversion of the Convertible Bonds and/or to give effect to the terms of, or the Transactions contemplated by, the Subscription Agreement.”

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

Hong Kong, 7 March 2013

*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

*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 branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Rooms 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. As at the date of this notice, the Board consists of three executive Directors, Mr. He Xuechu, Mr. Liu Wei, William and Mr. Shi Lixin, two non-executive Directors Mr. Yan Weimin and Mr. Ang Siu Lun, Lawrence and three independent non-executive Directors, Mr. Chan Chun Wai, Tony, Mr. Fok Hon and Mr. Ma Gang.