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## **HONBRIDGE HOLDINGS LIMITED**

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

**(Stock Code: 8137)**

### **CONNECTED TRANSACTION: GRANT OF OPTION UNDER SPECIFIC MANDATE**

#### **GRANT OF THE OPTION**

On 2 April 2013 (after trading hours), the Company and Hong Bridge entered into the Option Deed pursuant to which, the Company has conditionally agreed to grant Hong Bridge (or such person(s) at its direction) the Option to subscribe for an aggregate of 2,000,000,000 Option Shares at the exercise price of HK\$1.5 per Option Share. Completion of the Option Deed is subject to all conditions as set out in the paragraph headed “Conditions precedent” below. Detailed terms of the Option are set out in the paragraph headed “Principal terms of the Option”. The Option Shares shall be issued under a specific mandate to be approved by the Independent Shareholders at the EGM.

#### **GEM LISTING RULES IMPLICATION**

As at the date of this announcement, 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. Accordingly, Hong Bridge is a connected person under Chapter 20 of the GEM Listing Rules.

As Hong Bridge is a connected person of the Company, the grant of the Option constitute 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 Option Deed and the transactions contemplated thereunder including the specific mandate to issue the Option Shares.

Pursuant to the GEM Listing Rules, Hong Bridge, Mr. He Xuechu, Mr. Li Xing Xing and their respective associates are required to abstain from voting at the EGM to approve the grant of the Option and the grant of a specific mandate to allot and issue the Option Shares. To the best of the Directors' information, belief and knowledge, saved as disclosed above, no other parties have a material interest in relation to the grant of the Option.

## **GENERAL**

An Independent Board Committee will be established by the Company to advise the Independent Shareholders on the terms of the Option Deed including the specific mandate to issue the Option Shares and whether the entering into of the Option Deed and the grant of the specific mandate to issue the Option Shares are in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and Independent Shareholders in this regard. A circular containing, among other things, further details of the Option Deed, a letter of recommendations from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM is expected to be despatched to the Shareholders on or before 22 April 2013.

## **THE OPTION DEED**

### **Date**

2 April 2013 (after trading hours)

### **Parties**

- (i) the Company; and
- (ii) Hong Bridge

As at the date of this announcement, 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. Mr. He Xuechu and Mr. Li Xing Xing holds 68% and 32% of the total issued share capital of Hong Bridge respectively. Accordingly, Hong Bridge, Mr. He Xuechu and Mr. Li Xing Xing are connected person under Chapter 20 of the GEM Listing Rules. As at the date of this announcement, Mr. Li Shu Fu, father of Mr. Li Xing Xing and Ms. Foo Yatian, spouse of Mr. He Xuechu, holds 103,064,000 and 22,460,000 issued shares of the Company respectively. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hong Bridge and its associates do not hold any other securities in the Company.

## Principal terms of the Option

Total number of Option Shares to be allotted and issued upon exercise of the Option: 2,000,000,000 Option Shares

Exercise period: The Option is exercisable, in whole or in part and on multiple occasions, at any time during the period commencing from the Grant Date to the day immediately prior to the sixth anniversary of the Grant Date.

Consideration for the grant of the Option nil

Exercise Price per Option Share: HK\$1.5 per Option Share.

Exercise rights: The exercise rights under the Option shall only be exercisable so long as (i) it would not render Hong Bridge and its parties acting in concert being obliged to extend a mandatory general offer to acquire all issued Shares other than those already owned or agreed to be acquired by Hong Bridge and its parties acting in concert under the Takeovers Code; or (ii) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Option Shares being held in public hands.

Transferability: The Option is not transferable under any circumstances

2,000,000,000 Option Shares will be allotted and issued upon exercise of the Option in full, which represent: (i) approximately 32.2% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 24.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Option Shares upon the exercise of the Option in full.

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

No application will be made for listing of, or permission to deal in, the Option 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 Option 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 Option Shares.

The Exercise Price of HK\$1.5 per Option Share was arrived at after arm's length negotiation between the Company and Hong Bridge with reference to the recent trading prices of the Company during the last sixty trading days up to and including the Last Trading Day. The Exercise Price represents:

- (i) a premium of approximately 5.63% over the closing price of HK\$1.42 per Share as quoted on the Stock Exchange on 28 March 2013, being the Last Trading Day;
- (ii) a premium of approximately 3.45% over the average of the closing prices per Share of HK\$1.45 for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 4.90% over the average of the closing prices per Share of HK\$1.43 for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 14.50% over the average of the closing prices per Share of HK\$1.31 for the last sixty trading days up to and including the Last Trading Day.

### **Conditions precedent**

Completion of the Option Deed is conditional upon the fulfillment of the following conditions precedent:

- (i) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to approve the Option Deed and the transactions contemplated thereunder;
- (ii) the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Option Shares; and
- (iii) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities for the Option Deed and the transactions contemplated thereunder having been obtained and fulfilled.

None of the conditions precedent set out above can be waived. In the event that any of the conditions shall not have been fulfilled by 5:00 p.m. on 30 June 2013 (or such other time and date as may be agreed in writing by Hong Bridge and the Company), all rights, obligations and liabilities of the parties thereunder shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches thereof.

### **Completion**

Subject to fulfilment of the conditions precedent set out above, the Company shall grant the Option to Hong Bridge.

## **REASONS FOR THE GRANT OF THE OPTION 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.

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., 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 announcement dated 7 February 2013, in which supplemental agreements were signed to amend certain terms of the Agreement (the "Supplemental Agreements") and the announcement dated 28 March 2013 in which the Company has achieved closing of the Acquisition. As the iron ore explorations in Brazil continuously requires an extensive amount of capital to finance its development, the Company may continue to seek further alternative sources of funding in the foreseeable future when the right opportunities arise. Pursuant to the Supplemental Agreement, an acceleration event (the "Acceleration Event") will occur in which the Company's payment structure for the Acquisition will be accelerated if Mr. He Xuechu and any of Mr. He Xuechu's spouse, parents, siblings and/or descendents (the "Family Group") cease to own, directly or indirectly, less than 15% of the issued and outstanding Shares of the Company. Due to such conditions in the Agreement, the Directors consider the grant of Option to Hong Bridge will lessen the likelihood of such acceleration event to occur as Hong Bridge will be able to exercise the Option in the event of anticipated shareholding dilution from the Company's future funding raising activities.

The gross proceeds from the exercise of the Option in full are estimated to be approximately HK\$3,000 million. The expenses in relation to the exercise of the Option are estimated to be approximately HK\$1.1 million. The net proceeds from the exercise of the Option in full are estimated to be approximately HK\$2,998.9 million and the net Exercise Price is estimated to be approximately HK\$1.5 per Option Share. The Directors intend to utilize the net proceeds to finance the Acquisition and as additional funding to the continuous development of the Project.

The Directors (not including the independent non-executive Directors who will express their view in a separate letter to be included in the circular relating to the grant of the Option) consider that the terms of the Option Deed and the Option, which were arrived at after arm's length negotiations between the Company and Hong Bridge, respectively, 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 as at the date of this announcement and immediately after the issue and allotment of the Option Shares upon exercise of the Option in full (assuming there being no other changes in the share capital of the Company) are as follows:

| Shareholders                   | As at the date of<br>this announcement |                           | Immediately after<br>the allotment and issue<br>of the Option Shares<br>upon exercise of the<br>Option in full (Note 4) |                           |
|--------------------------------|--|---------------------------|---|---------------------------|
|                                | No. of<br>Shares                       | Approximate<br>percentage | No. of<br>Shares  | Approximate<br>percentage |
| Hong Bridge (Note 1)           | 4,065,000,000                          | 65.40%                    | 6,065,000,000   | 73.82%                    |
| Ms. Foo Yatyan (Note 2)        | 22,460,000                             | 0.36%                     | 22,460,000  | 0.27%                     |
| Mr. Li Shu Fu (Note 3)         | 103,064,000                            | 1.66%                     | 103,064,000   | 1.25%                     |
| Public Shareholders            | 2,025,155,716                          | 32.58%                    | 2,025,155,716   | 24.66%                    |
| – Brilliant People Limited     | 440,568,000                            | 7.09%                     | 440,568,000   | 5.37%                     |
| – Other public<br>shareholders | 1,584,587,716                          | 25.49%                    | 1,584,587,716   | 19.29%                    |
|                                | <u>6,215,679,716</u>                   | <u>100.00%</u>            | <u>8,215,679,716</u>  | <u>100.00%</u>            |

### 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.
- Mr. Li Shu Fu is the father of Mr. Li Xing Xing.
- The shareholding structure set out in this column is shown for illustration purposes. As mentioned in the paragraph headed “Principal terms of the Option” above, the subscription rights under the Option 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 Option Shares being held in public hands.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

| <b>Date of announcement</b> | <b>Event</b>  | <b>Estimated net proceeds</b>   | <b>Intended use of proceeds as stated in the announcement(s)</b>                       |
|-----------------------------|---|---------------------------------|--|
| 5 March 2013                | Placing of convertible bonds under specific mandate | Approximately HK\$738.9 million | To be used by the Company to finance the Acquisition and working capital of the Group. |

### GEM LISTING RULES IMPLICATION

As at the date of this announcement, 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. Mr. He Xuechu and Mr. Li Xing Xing holds 68% and 32% of the total issued share capital of Hong Bridge respectively. Accordingly, Hong Bridge, Mr. He Xuechu and Mr. Li Xing Xing are connected person under chapter 20 of the GEM Listing Rules. As at the date of this announcement, Mr. Li Shu Fu, father of Mr. Li Xing Xing and Ms. Foo Yatyan, spouse of Mr. He Xuechu, holds 103,064,000 and 22,460,000 issued shares of the Company respectively. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hong Bridge and its associates do not hold any other securities in the Company.

As Hong Bridge is a connected person of the Company, the grant of the Option constitute a connected transaction of the Company under the GEM Listing Rules and are 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 Option Deed and the transactions contemplated thereunder including the specific mandate to issue the Option Shares.

Pursuant to the GEM Listing Rules, Hong Bridge, Mr. He Xuechu, Mr. Li Xing Xing and their respective associates are required to abstain from voting at the EGM to approve the grant of the Option and the grant of a specific mandate to allot and issue the Option Shares. To the best of the Directors' information, belief and knowledge, saved as disclosed above, no other parties have a material interest in relation to the grant of the Option.

## GENERAL

An Independent Board Committee will be established by the Company to advise the Independent Shareholders on the terms of the Option Deed including the specific mandate to issue the Option Shares and whether the entering into of the Option Deed including the specific mandate to issue the Option Shares are in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and Independent Shareholders in this regard. A circular containing, among other things, further details of the Option Deed, a letter of recommendations from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM is expected to be despatched to the Shareholders on or before 22 April 2013.

## DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

|                              |  |
|------------------------------|--|
| “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 Days”              | 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  |
| “Directors”                  | directors of the Company   |

|                               |  |
|-------------------------------|--|
| “EGM”                         | an extraordinary general meeting of the Company to be held to approve the Option Deed and the transactions contemplated thereunder including the specific mandate to issue the Option Shares   |
| “Exercise Price”              | HK\$1.5 per Option Share   |
| “GEM”                         | the Growth Enterprise Market of the Stock Exchange   |
| “GEM Listing Rules”           | the Rules Governing the Listing of Securities on the GEM   |
| “Grant Date”                  | the date of grant of the Option by the Company upon the fulfillment of the conditions precedent to the Option Deed   |
| “Group”                       | the Company and its subsidiaries   |
| “HK\$”                        | Hong Kong dollar, the lawful currency of Hong Kong   |
| “Hong Bridge”                 | Hong Bridge Capital Limited, a private limited liability company incorporated in the BVI, and is owned as to 68% by Mr. He and as to 32% by Mr. Li Xing Xing, respectively   |
| “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 Option Deed and the transactions contemplated thereunder including the specific mandate to issue the Option Shares |
| “Independent Shareholders”    | Shareholders of the Company other than Mr. He Xuechu, Mr. Li Xing Xing and Mr. Li Shu Fu and their respective associates   |
| “Last Trading Day”            | 28 March 2013, being the last trading day immediately before the entering into of the Option Deed  |
| “Listing Committee”           | the listing committee of the Stock Exchange for considering applications for listing and the granting of listing   |
| “Option”                      | the option to be granted by the Company to Hong Bridge pursuant to the Option Deed   |

|                           |  |
|---------------------------|--|
| “Option Deed”             | the option deed dated 2 April 2013 entered into between the Company and Hong Bridge in respect of the grant of Option  |
| “Option Share(s)”         | the new Shares to be allotted and issued by the Company to Hong Bridge (or such person(s) at its direction) upon the exercise of the Option  |
| “PRC”                     | the People’s Republic of China (which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan) |
| “Share(s)”                | the ordinary share(s) of HK\$0.001 each in the share capital of the Company  |
| “Shareholders”            | holders of the Shares  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “substantial Shareholder” | has the meaning ascribed to it under the GEM Listing Rules   |
| “Takeovers Code”          | the Hong Kong Code on Takeovers and Mergers  |
| “%”                       | per cent.  |

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

Hong Kong, 2 April 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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the “GEM Listing Rules” for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*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](http://www.8137.hk).*