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## **HONBRIDGE HOLDINGS LIMITED**

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

(stock code : 8137)

### **VOLUNTARY ANNOUNCEMENT ENTERING INTO AN IRON PELLET FEED LONG TERM SUPPLY AND PURCHASE FRAMEWORK AGREEMENT WITH HUNAN VALIN IRON & STEEL GROUP CO., LTD.**

This announcement is made by the Company on a voluntary basis to keep the Shareholders and potential investors of the Company informed of the latest business development of the Group.

#### **BACKGROUND**

Reference is made to (i) the announcement of the Company dated 16 April 2010 (the “**Announcement**”) regarding the entering into of the definite Share Purchase Agreement in relation to the Acquisition between Lit Mining and VNN as the sellers, Esperento and Mineral Ventures; Infinite Sky, as the buyer, New Trinity, and the Company; (ii) the circular of the Company dated 5 November 2010 (the “**Circular**”) in relation to, among others, the Acquisition, which is subsequently approved by the Shareholders at the EGM dated 23 November 2010 as disclosed in the notice of EGM published on the same date; and (iii) the announcement of the Company dated 24 December 2010 regarding the update on estimated mineral resources and valuation of SAM Iron Mine Project. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

#### **THE IRON PELLET FEED LONG TERM SUPPLY AND PURCHASE FRAMEWORK AGREEMENT**

The Board is pleased to announce that: on 17 January 2011, the Company and Hunan Valin Iron & Steel Group Co., Ltd. (“**Valin Iron & Steel Group**”) entered into an Iron Pellet Feed Long Term Supply and Purchase Agreement (the “**Agreement**”).

Parties:

Purchaser: Valin Iron & Steel Group

Supplier: The Company

Valin Iron & Steel Group, established in Hunan Province of the People's Republic of China, is a third party independent of the Company.

Principal terms and conditions of the Agreement:

1. **Products:** The Company agreed to sell and Valin Iron & Steel Group agreed to purchase the iron pellet feed produced by SAM in Brazil.
2. **Terms and Quantity:** Starting from the date of the production of SAM in Brazil (the "**Production Date**"), the Company will supply Valin Iron & Steel Group or a subsidiary of Valin Iron & Steel Group or a party as designated by Valin Iron & Steel Group an annual quantity of no more than 10,000,000 tonnes of iron pellet feed, for a term of 15 years.
3. **Inspection Standard:** Both parties agreed to adopt the Certificate of Inspection and Quarantine (商檢證書) issued by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (國家出入境檢驗檢疫局) as the standard of inspection.
4. **Price:** By reference to the open market price in China (the FOB price of standard shipping from Brazil or the CIF price in Southern China ports), Valin Iron & Steel Group will have a certain amount of discount. The rate of discount will be negotiated in due course.
5. **Payment Terms:** The Company and Valin Iron & Steel Group will follow the industry generally acceptable payment terms.
6. **Definite Agreement:** A definite agreement in accordance with international trading practice detailing the rights and obligations of the supplier and the purchaser of iron pellet feed will be entered into between the two parties before the Production Date.
7. Whenever the conditions for the exchange of products are met, the Company and Valin Iron & Steel Group may exchange iron pellet feed with final steel products.

## **REASONS FOR ENTERING INTO THE AGREEMENT**

On 5 March 2010, the Company and its wholly owned subsidiary have entered into the Share Purchase Agreement with VNN to acquire 100% equity interest of SAM (the "**SAM Iron Mine Project**"). As disclosed in the announcement dated 24 December 2010, the total estimated mineral resources including Measured Resources, Indicated Resources and Inferred Resources on Block 8 by Golder based on the drilling information and testing results up to 20 October 2010 combined with the estimated mineral resources on Block 7 based on an earlier analysis by Coffey Mining according to the drilling information and testing analysis results up to 20 May 2009, total Measured Resources, Indicated Resources and Inferred Resources in accordance with JORC Code are estimated to be at least 3,500 million tons.

SAM is planning to build the first stage mining, beneficiation, pipeline transportation and port construction of annual production of 25 million tons of iron pellet feed in Block 8 and/or Block 7. The Company and SAM will seek customers and establish stable and long term relationship for the iron pellet feed products.

Valin Iron & Steel Group is a large scale steel enterprise in China which has been one of the China Top 10 Steel Enterprises. Valin Iron & Steel Group has also been one of the China Top 100 Industrial Enterprises for several years. Valin Steel & Iron Group will secure stable iron pellet feed supply channel.

For the mutual benefits of both parties and for the long term development of SAM Iron Mine Project, the Company and Valin Iron & Steel Group entered into the Agreement.

### **LATEST DEVELOPMENT OF THE SAM IRON MINE PROJECT**

The intensive drilling program of SAM Iron Mine Project on Block 8 has the last 3 holes remaining in progress which is expected to be completed in a few days. As at 13 January 2011, a total of 459 drilling holes totalling 65,076 metres have been completed in the first and second stages of the drilling program. Further update on the mineral resources will be issued later and will be announced in due course. SAM will commence the preliminary testing exploratory drilling program on Block 12 and Block 13.

On behalf of the Board  
**Honbridge Holdings Limited**  
**LIU Wei, William**  
*Director and CEO*

Hong Kong, 17 January 2011

*As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Wei, William and Mr. Shi Li Xin as executive directors; 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 GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website [www.8137.hk](http://www.8137.hk)*