

[Press Release]

HONBRIDGE HOLDINGS LIMITED ENTERING INTO LONG TERM IRON CONCENTRATE SUPPLY & COOPERATION FRAMEWORK AGREEMENT WITH CAPITAL STEEL HOLDINGS LTD

(Hong Kong, 29 March 2011) Honbridge Holdings Limited ("Honbridge"/the "Company")(HKEx stock code: 8137) is pleased to announce that a legally binding Framework Agreement regarding long term iron concentrate supply and cooperation was entered into between the Company and Capital Steel Holding Limited ("Capital Steel").

According to the agreement, Capital Steel will disburse a maximum of USD1,500,000,000 as prepayment, to secure 10,000,000 tonnes of iron concentrate annually for a period of 15 years, starting from the mining production commencement date of SAM project. The prepayment will be paid by instalments after phase one of the SAM project has received all approvals from the Brazilian government. Iron concentrate to be supplied to Capital Steel should be priced at the following standard discounts: If the FOB purchase price for the iron concentrate with same quantity at major ports in Brazil is USD150 or above, a discount of 9% will be granted; USD110 to USD149.99 with a discount of 7%; USD70 to USD109.99 with a discount of 5% and no discount for those lower than USD70.

Within 3 years after the mining production commencement date, the Company will repay the prepayment and related interests by supply of iron concentrate to Capital Steel. However, Capital Steel will be able to convert the payment to be owed by the Company into equity interest of the Company. If The Company is not able to repay, the Company can repay the outstanding balance of the prepayment and the related interest by issuing the shares, convertible notes or mineral rights to Capital Steel.

The Company offers Capital Steel the preferential rights to provide more than the prepayment amount in order to obtain more supply of iron concentrate at discount, to acquire additional iron ore concentrate and to participate in the development of the other blocks of SAM. At the meantime, Capital Steel has agreed to purchase any amount exceeding of iron concentrate from the Company.

Moreover, Capital Steel may inject other resources such as iron ore mines it holds to the Company. If such iron ore mines are successfully injected, the Company will issue new shares or convertible notes to Capital Steel for the consideration. Capital Steel will hold no more than 30% equity interest of the Company in any event after the issue of new Shares. Such cooperation will be subjected to further negotiation, supplemental agreement between the two parties. The Company disclosed the related financial impact at the announcement.

The spokesman of the company said, "SAM Brazilian iron ore project move forward smoothly as expected. Entering into framework agreement with Capital Steel Holdings Limited, the China's leading steel company, the Group has more confidence in the SAM iron ore project to success."



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About the SAM Project of Honbridge

On 5 March 2010, the Company and VNN have entered into the Share Purchase Agreement to acquire 100% equity interest of SAM. The estimation of the total JORC compliant measured resources, Indicated Resources and Inferred Resources of the Block 7 and Block 8 are at least 3,500 million tonnes of ROM. The large scale intensive drilling program at Block 8 of the Project has been completed on 21 January 2011. A total of 459 drilling holes totalling 65,410 metres have been completed in Block 8. The resources quantity and resources category of Block 8 will be released after the technical adviser appointed by SAM, Golder, updates the estimate. SAM plans to construct a plant in Block 8 and/or Block 7 for mining, beneficiation, pipeline transportation and port with phase one annual production of 25 million tons and Fe>65% iron concentrate. The Company and SAM are seeking stable demand for the iron concentrate products.

Since the consideration payment for the acquisition of 100% equity interest of SAM is between US\$386.25 million to US\$405 million, the initial investment for the phase one development of the Project with annual production capacity of 25 million tons of iron concentrate amount is estimated to be approximately US\$3,000 million. The Company has been seeking cooperation opportunities with large scale iron and steel enterprises, large scale construction developers and funding from banks for the fund raising. Pursuant to this specific Framework Agreement and the strategic cooperation agreement entered into by the Company and 新汶礦業集團有限公司 (Xinwen Mining Group Co., Ltd) on 26 March 2010, the Company has conditionally secured funding of approximately US\$2,000,000,000 for the development of the Project. Such amount represents approximately 67% of the initial investment for the Phase one development of the Project.

About Capital Steel

Capital Steel is a subsidiary under the Shougang Group. Its principle activities are iron and steel, coking coal, non-ferrous metals, finance and railway. Its subordinate enterprises include Tong Hua Iron & Steel Group, Yi Li Iron & Steel Group and so on. Capital Steel holds several large scale enterprises and mineral resources in mainland China and overseas such as Australia and Democratic Republic of Congo. Shougang Group is one of the largest iron and steel enterprises in China with net assets of RMB100 billion. Since the self-produced iron concentrate is unable to meet the domestic demand, there is a huge demand for imported iron concentrate.

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For details, please refer to the following websites:

HKExnews: <http://www.hkexnews.hk/listedco/listconews/gem/20110329/GLN20110329139.pdf>

Honbridge website: www.8137.hk

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