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## **HONBRIDGE HOLDINGS LIMITED**

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

**(Stock code: 8137)**

**(1) MEMORANDUM OF UNDERSTANDING  
IN RELATION TO THE AMENDMENTS OF CERTAIN TERMS OF  
THE SHARE PURCHASE AGREEMENT  
AND THE MANAGEMENT SERVICES AGREEMENT  
FOR THE ACQUISITION OF BRAZIL SAM IRON MINING PROJECT  
AND  
(2) UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

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**(1) MEMORANDUM OF UNDERSTANDING IN RELATION TO THE  
AMENDMENTS OF CERTAIN TERMS OF THE SHARE PURCHASE  
AGREEMENT AND THE MANAGEMENT SERVICES AGREEMENT FOR  
THE ACQUISITION OF BRAZIL SAM IRON MINING PROJECT**

This announcement is made by Honbridge Holdings Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Chapter. 571 of the Laws of Hong Kong).

References are made to the Company’s announcements dated 16 April 2010, 1 December 2010, 24 December 2010, 20 January 2011, 4 April 2011, 11 May 2011, 31 May 2011, 23 April 2012, 4 July 2012, 18 July 2012 and 12 September 2012, and the Company’s circular dated 5 November 2010 (the “**Circular**”). Capitalised terms used herein shall have the same meanings as those defined in the Circular unless otherwise stated.

## **BACKGROUND**

On 5 March 2010, Lit Mining (as the seller), VNN (also as the seller) (collectively, the “Sellers”), Esperanto, Mineral Ventures, Infinite Sky (as the buyer), New Trinity, and the Company entered into the Share Purchase Agreement in relation to the Acquisition. Pursuant to the Share Purchase Agreement, the Consideration of US\$390,000,000 (before adjustments) for the Acquisition was to be satisfied in cash in the following manners:

- (i) US\$10,000,000, to be deposited with the Escrow Agent on the third Business Day following the approval of the Share Purchase Agreement, the other Transaction Documents and the transactions contemplated thereunder by the Shareholders at the EGM and to be released to the Sellers on the tenth Business Day following the Resource Confirmation Date or, in the event Infinite Sky waives the closing condition regarding Resource Confirmation, the tenth Business Day following such waiver;
- (ii) US \$65,000,000 on the Closing Date;
- (iii) US\$115,000,000 on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained) (the “Approvals Payment”);
- (iv) US\$100,000,000 on the tenth Business Day following the Port Operation Commencement Date (the “Port Operation Payment”), being the later of (a) the Closing Date; and (b) the date by which an aggregate of 100,000 metric tons of pellets or pellet feed have been shipped through the Port on a commercial basis; and
- (v) US\$100,000,000 on the tenth Business Day following the Mining Production Commencement Date (the “Mining Production Payment”).

The issued share capital of SAM consists of 9,999 common shares and the Golden Share. On the Closing Date under (ii) above, all of SAM Shares will be transferred from Lit Mining to Infinite Sky, except for the Golden Share. The Golden Share carries certain voting rights before the Approval Date and the Golden Share will only be transferred from Lit Mining to Infinite Sky on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained) upon making the Approvals Payment under (iii) above pursuant to the Share Purchase Agreement.

Pursuant to the Share Purchase Agreement, subject to the closing conditions set forth in the Share Purchase Agreement, on the tenth Business Day following the Resource Confirmation Date, or, in the event, Infinite Sky decides to waive the condition regarding Resource Confirmation, the tenth Business Day following such waiver, VNN, Lit Mining, Infinite Sky, New Trinity, the Company and the Custodian shall enter into

the Security Agreement. Pursuant to the Security Agreement, Infinite Sky shall pledge, among other things relating to the New Trinity Shares, all of the New Trinity Shares (the “Pledged Interests”) to the Custodian in favor of VNN and Lit Mining. The Pledged Interests shall serve as collateral security for the obligation of the Company and Infinite Sky to make the Approvals Payment under (iii) above.

It was also provided in the Share Purchase Agreement that, among other things, in the event Infinite Sky fails to make the Approvals Payment under (iii) above, Infinite Sky, VNN and Lit Mining shall jointly direct the Custodian to release and deliver the New Trinity Certificate to Lit Mining (and thus the indirect equity interests in the SAM Shares) and which shall be the sole remedy of VNN and Lit Mining in respect of Infinite Sky’s failure to make the Approvals Payment.

## **THE MOU**

On 14 January 2013, the Company and VNN have entered into a memorandum of understanding (the “**MOU**”) which acts as an outline of the understanding reached by them as regards the proposed amendment to the Share Purchase Agreement (the “**SPA Amendments**”) and the Management Services Agreement (the “**MSA Amendments**”) (collectively, the “**Amendments**”) as well as Closing. The Amendments are intended to, amongst other things, facilitate the Company’s ability to obtain financing to achieve Closing and therefore ownership of SAM and to fund SAM’s ongoing capital expenditure requirements. All of SAM Shares will be transferred from Lit Mining to the Group at Closing, except for the Golden Share.

Subject to on-going negotiations, the Company and VNN intend to incorporate the SPA Amendments into a formal amendment to the Share Purchase Agreement (the “**Supplemental SPA**”) and the MSA Amendments into a formal amendment to the Management Services Agreement (the “**Supplemental MSA**”) on or before 7 February 2013. The Supplemental SPA and the Supplemental MSA may also contain additional terms and conditions that are consistent with the MOU.

Pursuant to the MOU, it is also the intention of the parties that, upon entering into the Supplemental SPA, the Company will advance US\$7 million to SAM (i) to fund projected expenditures through 31 March 2013 and (ii) such that VNN can be reimbursed by SAM for funds provided by VNN to SAM, including applicable interests, for the Project through the date of the execution of the Supplemental SPA. To the extent that the Supplemental SPA is executed after the Closing, the Company shall cause SAM to immediately carry out the reimbursement in favor of VNN.

The Company will, pursuant to the requirements of the GEM Listing Rules, make further announcements in relation to the above as and when appropriate.

## **AMENDMENTS TO THE SHARE PURCHASE AGREEMENT**

### **Amendments to payment structure**

Pursuant to the SPA Amendments, the Company or Infinite Sky or New Trinity may choose to make the Approvals Payment to the Sellers on a date (the “**Early Approval Payment Date**”) that is the earlier of (i) the date when the Company obtains sufficient funding to make such payment; and (ii) the six-month anniversary of the date of the Closing, irrespective of whether all Required Approvals have been obtained.

In the event that the Approvals Payment to the Sellers is made on or prior to the Early Approval Payment Date, the Port Operation Payment will be reduced to US\$40,000,000 and the Mining Production Payment will be reduced to US\$40,000,000.

In the event that the Company does not pay the Approvals Payment to the Sellers on or prior to the Early Approval Payment Date, unless all parties to the Share Purchase Agreement agree otherwise in writing, the Company or Infinite Sky or New Trinity shall make the Approvals Payment in accordance with the original payment structure and the Port Operation Payment and the Mining Production Payment will each remain as US\$100,000,000.

In the event the Company, New Trinity and/or Infinite Sky elect not to make the Approvals Payment (i) on or before the Early Approval Payment Date, and (ii) pursuant to original payment structure as set out in the Share Purchase Agreement, the Sellers may elect, at their sole discretion, either (a) the release of the SAM Shares to the Sellers or (b) the reallocation of half of the Approvals Payment to each of the Port Operation Payment and the Mining Production Payment such that each payment would be increased by US\$57,500,000. The Sellers shall have 60 days from the earlier of (i) the date the Company notifies the Sellers of its election not to make the Approvals Payment, and (ii) the expiration of the relevant grace period upon the Approvals Payment has become due and payable under the Share Purchase Agreement, to notify the Company of their election. The Sellers shall have the right to conduct due diligence on SAM in order to assist them in making the above election. The parties acknowledge that none of the Company, the Buyer and/or New Trinity will be obligated to achieve the Mining Production Commencement Date or the Port Operation Commencement Date, even in the case where the Sellers select option (b) above.

### **Amendments to acceleration event**

Pursuant to the Share Purchase Agreement, an Acceleration Event will occur in the event that Mr. He and his Family Group cease to own, directly or indirectly, at least 30 percent of the issued and outstanding Shares, in which the payment of the unpaid portion of the Consideration to the Sellers will be accelerated.

Pursuant to the SPA Amendments, the above dilution threshold will be amended such that the Acceleration Event will occur only in the event that Mr. He and his Family Group cease to own, directly or indirectly, at least 15 percent of the issued and outstanding Shares.

## **Termination Date**

The Supplemental SPA will also provide that the Termination Date be extended to 5 September 2014.

## **AMENDMENTS TO THE MANAGEMENT SERVICES AGREEMENT**

Pursuant to the Management Services Agreement, the Management Services Agreement shall be in effect for a term that shall commence on the date of the Management Services Agreement and shall expire on the earliest of (a) receipt by VNN and Lit Mining of all the payments relating to Port Operation Commencement Date and Mining Production Commencement Date, (b) the termination of the Share Purchase Agreement in accordance with its terms, (c) the occurrence of an Acceleration Event other than the Acceleration Event (i) relating to Infinite Sky's material breach of certain covenants in the Share Purchase Agreement, (d) the 48-month anniversary of the date of the Management Services Agreement, and (e) such other date as may be agreed between Mineral Ventures and the Company (the "**Expiration Date**").

Pursuant to the MSA Amendments, the Expiration Date will be amended and shall be the later of (i) the Closing; and (ii) the earlier of (a) the effectiveness of the Supplemental SPA and (b) the Approvals Payment. If none of (a) or (b) above is reasonably likely to occur, Mineral Ventures or VNN may elect to terminate the Management Services Agreement at their discretion by providing the Company with a ten-day prior written notice.

## **OTHER TERMS OF THE MOU**

It is also set out in the MOU that the Company and VNN will use their best efforts to achieve Closing pursuant to the terms of the Share Purchase Agreement as soon as possible on or before 31 March 2013.

## **GENERAL**

The Amendments as set out in the MOU shall be non-legally binding and are conditioned on mutually acceptable definitive amendments to both the Share Purchase Agreement and Management Service Agreements being executed and delivered by the appropriate parties, and being approved by the Shareholders (if required). The Amendments are therefore still subject to further negotiations and execution of the Supplemental SPA and the Supplemental MSA between the parties.

**As the Amendments as set out in the MOU is not legally binding, the Company may or may not proceed to the signing of the Supplemental SPA and the Supplemental MSA. Shareholders and investors are advised to exercise caution when dealing in the Shares.**

## (2) UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The following announcement is made at the request of The Stock Exchange of Hong Kong Limited. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The Board has noted the increase in the price and trading volume of the Shares today. The Company is in discussions with an investor in respect of potential fund raising to finance the Company's business development. As at the date of this announcement, no letter of intent or definitive agreement has been entered into by the Company.

Save for the MOU and the contents disclosed above in this announcement, the Board confirms that there are no negotiations or agreements relating to any intended acquisition or realisation which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules or any inside information that needs to be disclosed under Part XIVA of the Securities and Future Ordinance (Chapter. 571 of the Laws of Hong Kong), which is or may be of a price-sensitive nature.

This announcement is made by the order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this statement.

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

Hong Kong, 14 January 2013

*As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Wei, William and Mr. Shi Lixin as executive Directors; Mr. Ang Siu Lun, Lawrence and Mr. Yan Weimin as non-executive Directors and Mr. Chan Chun Wai, Tony, Mr. Fok Hon and Mr. Ma Gang as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the "GEM Listing Rules" for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; and (2) there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the day of its posting and on the Company's website [www.8137.hk](http://www.8137.hk).*