

## 【 Press Release 】

### **Honbridge Holdings Limited Announces to Issue Convertible Bonds to Zhejiang Geely Holdings Group Company Limited for a Capital Raising of HKD 740 Million**

(Hong Kong, 5<sup>th</sup> March, 2013) Honbridge Holdings Limited (“Honbridge” or the “Company”) is pleased to announce to issue a 5-year tenor Convertible Bonds to Zhejiang Geely Holdings Group Company Limited (“Zhejiang Geely”) in the principal amount of HKD 740 million. The initial conversion price is HKD 0.37 per share, which if exercised could be converted into 2 billions of Honbridge ordinary shares, as a result becoming one of the major Shareholders of Honbridge. The subscription of Convertible Bonds is subject to approvals from relevant parties.

On 5<sup>th</sup> March, 2010, Honbridge has reached a number of agreements with VNN, a subsidiary of Votorantim Brazil, to acquire the Sul Americana de Metais S.A. (“SAM”) Iron Ore Company at a Consideration of not more than USD 405 Million, divided into five Installments. On 14<sup>th</sup> Jan 2013, Honbridge and VNN have also established a Memorandum of Understanding that Honbridge is to close the transaction before March 2013, which is to pay the second installment of the Consideration, and to obtain 99.99% shares of SAM. In addition, SAM still needs financing for the early-phase expenditure of the whole project.

Zhejiang Geely, China's largest sedan manufacturer and multinational enterprise, currently has the China domestic brand called “Emgrand”, “Englon”, “GLEagle” and the European deluxe brand called “Volvo”. The magazine “Fortune” has ranked it 475<sup>th</sup> out of the top 500 international enterprises in 2012, being one of the five China private enterprises which are among the top 500. It is also ranked to be the 71<sup>st</sup> out of the top 500 Chinese enterprises in the assessment hosted by the China Enterprise Confederation and the China Enterprise Directors Association in 2012.

Zhejiang Geely aims to expand its car manufacturing business globally. Since car manufacturing requires an enormous amount of iron and steel, they represent a significant proportion of the total manufacturing cost. Being the world's largest steel producer and consumption country, China has a strong demand for iron ore. Zhejiang Geely's invest in Honbridge would indirectly get involved in Honbridge's iron ore business in Brazil, which is beneficial in establishing an industry alliance with the Steel enterprises, as well as an important means to hedge against the price fluctuation of the Iron and Steel. It is a reasonable and important extension of Zhejiang Geely's entire car manufacturing business chain.

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The Spokesman says, “The Company is glad to have Zhejiang Geely, one of the top 500 international enterprises, as the strategic investor. The Board is very confident towards SAM Iron Ore project in Brazil, and will endeavor to make more contributions for all the shareholders and investors.”

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**Brazil SAM Iron Ore Project:**

[http://www.8137.hk/admin/upload\\_img/file/PPT/SAM%20Iron%20Ore%20Project%20-%20website%20\(CHI\)%20\(2012\\_11\\_16\).pdf](http://www.8137.hk/admin/upload_img/file/PPT/SAM%20Iron%20Ore%20Project%20-%20website%20(CHI)%20(2012_11_16).pdf)

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