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HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

CONTINUING CONNECTED TRANSACTIONS SALES AGREEMENT

The Board is pleased to announce that, on 23 October 2017, Zhejiang Forever New Energy, a subsidiary of the Company, entered into the Sales Agreement with Volvo Car in relation to the sales of high performance ternary lithium-ion powered battery packs for one of the hybrid models of Volvo Car planning to be manufactured in the PRC.

Volvo Car is an automobile manufacturer incorporated in Sweden. It owns and controls the luxury European automobile brand “Volvo” and is principally engaged in the development, manufacture, and distribution of cars that includes sedans, sports wagons, cross country cars, and sport utility vehicles (SUVs) worldwide. Volvo Car has announced that all Volvo car models launched after 2019 will not be powered solely by internal combustion engine.

Shanghai Maple is a substantial shareholder of Zhejiang Forever New Energy as it holds 48% equity interest in Zhejiang Forever New Energy, and therefore it is a connected person of the Company at the subsidiary level. Shanghai Maple is held as to 90% by Zhejiang Geely, and Volvo Car is a non-wholly owned subsidiary of Zhejiang Geely. As such, both Zhejiang Geely and Volvo Car are associates of Shanghai Maple in accordance with Rule 20.11 of the GEM Listing Rules, and each of them is therefore a connected person of the Company at the subsidiary level.

Sales of high performance ternary lithium-ion powered battery packs from Zhejiang Forever New Energy to Volvo Car under the Sales Agreement constitutes continuing connected transactions for the Company pursuant to Chapter 20 of the GEM Listing Rules.

As (i) one or more of the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for the Sales Agreement, on an annual basis and in aggregate, will exceed 5%; and

(ii) the transactions under the Sales Agreement are transactions between the Group and connected persons at the subsidiary level on normal commercial terms, the Board has approved the transactions under the Sales Agreement, and the independent non-executive Directors have confirmed that the terms of the transactions under the Sales Agreement are fair and reasonable, the transactions under the Sales Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Therefore, the Sales Agreement is subject to the annual review, reporting and announcement requirements under Chapter 20 of the GEM Listing Rules, but exempt from the circular, independent financial advice and shareholders' approval requirements.

THE SALES AGREEMENT

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INFORMATION ON AND RELATIONSHIP BETWEEN THE PARTIES

Zhejiang Forever New Energy

Zhejiang Forever New Energy is a modern lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park which includes functions such as research and development, production, testing and inspection, demonstration and service, sales of high performance lithium-ion battery and battery system. Zhejiang Forever New Energy occupies an area of approximately 130,000 square meters and the plant is designed to possess a maximum production capacity of approximately 1,500,000 kWh high performance ternary lithium-ion powered battery annually. All of the major construction works have been completed and the first 500,000 kWh production line is in a final installation stage. The fully automatic production line adopts a state-of-the-art design and technologies for producing pouch type cells and the trial production will begin in the fourth quarter of 2017 while mass production will be ready by the end of the year. The second 500,000 kWh production line which will be used to produce prismatic type cell is scheduled to be installed and begin trial production by the end of the second quarter of 2018. The time for installation of the third 500,000 kWh production line will be decided based on the market demand.

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PRINCIPAL TERMS OF THE SALES AGREEMENT WITH VOLVO CAR

Parties:	(1) Zhejiang Forever New Energy (as the vendor) (2) Volvo Car (as the purchaser)
Date:	23 October 2017
Term:	From 23 October 2017 to 22 October 2020
Nature of Transaction:	Sale and purchase of high performance ternary lithium-ion battery pack. The exact volume of goods purchased by Volvo Car from Zhejiang Forever New Energy and the dates of delivery will be provided in individual purchase orders.
Pricing basis:	The price of goods under the Sales Agreement will be negotiated on an arm's length basis and determined in the ordinary course of business on normal commercial terms or on terms no less favourable to the Company than those provided to independent third parties and will be specified in individual purchase orders.

PROPOSED ANNUAL CAPS

The total proposed Annual Caps (excluding VAT) in respect of the Sales Agreement for the financial years ending 31 December 2017 and 31 December 2018 are set out as follows:

	<i>2017</i>	<i>2018</i>
	<i>RMB</i>	<i>RMB</i>
Proposed Annual Caps	30,000,000	280,000,000

The proposed Annual Caps were determined based on:

- (i) the estimated sales volume of high performance ternary lithium-ion powered battery packs for the year ending 31 December 2017 and 31 December 2018 respectively;
- (ii) the expected demand for the products to be provided by the Group pursuant to the Sales Agreement; and
- (iii) the current and forecast market price of high performance ternary lithium-ion powered battery packs in the market.

Should the actual annual purchase amount exceed the above proposed Annual Caps, the Company will revise the Annual Caps in compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules. The Annual Caps after the year ending 31 December 2018 will be proposed at the suitable time in compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The aforesaid continuing connected transactions between the Group and Volvo Car or its associate(s) were entered into in the ordinary and usual course of business of the Group. The Directors are of the view that securing world-renowned customer such as Volvo Car is an affirmation for the quality of the lithium-ion batteries produced by Zhejiang Forever New Energy and can effectively improve the Group's financial performance and deliver stable income to the Group. The Directors consider that the entering into of the Sales Agreement which sets out the proposed Annual Caps is constructive for the Group to sale the products and services thereunder, thereby benefiting the Group.

In view of the above-mentioned reasons and taking into account: (i) the estimated sales volume of high performance lithium-ion powered battery packs for the years ending 31 December 2017 and 31 December 2018 respectively; (ii) the expected demand for the

products to be provided by the Group pursuant to the Sales Agreement; and (iii) the current and forecast market price of high performance ternary lithium-ion powered battery packs in the market, the Sales Agreement was determined, and the Directors (including the independent non-executive Directors) are of the view that the Sales Agreement was entered into in the ordinary course of the Group's business and on normal commercial terms or on terms no less favourable to the Company than those provided to independent third parties, and the terms and Annual Caps set out in the Sales Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to comply with the pricing basis of the Sales Agreement and safeguard the interests of the Shareholders as a whole, the Company will take the following internal control measures:

The Group has formulated internal audit procedures to track, monitor and evaluate the transaction amounts under the Sales Agreement on a monthly basis, so as to ensure the Annual Caps are not exceeded.

For the sales of high performance ternary lithium-ion powered battery packs by the Group, terms in sales agreement of similar nature entered into with independent third parties will be compared to the Sales Agreement. The Group has also put in place relevant procedures and relevant steps to regularly monitor the relevant manufacturing cost items and costs of other necessary and reasonable expenses so as to ensure the proper determination of the selling price of high performance ternary lithium-ion powered battery packs to be sold to Volvo Car. The Group will negotiate the terms of such transactions on a regular basis to ensure that prices are fair and reasonable, and properly reflect the level of costs incurred by the Group in such transactions.

The independent non-executive Directors will also conduct a review on all continuing connected transactions each year and confirm that the transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company will also engage its independent auditors to report on transactions under the Sales Agreement each year. The independent auditors will review and confirm in the annual report whether transactions under the Sales Agreement have been approved by the Board, are in compliance with the pricing policies of the relevant agreement governing the transactions, and have not exceeded the relevant Annual Caps.

The Board will consider the results from the above reviews and take action to further strengthen the internal control measures on all continuing connected transactions of the Group, where necessary.

IMPLICATION OF THE GEM LISTING RULES

The Sales Agreement entered into between the Group and Volvo Car constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As (i) one or more of the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for the Sales Agreement, on an annual basis and in aggregate, will exceed 5%; and (ii) the transactions under the Sales Agreement are transactions between the Group and connected persons at the subsidiary level on normal commercial terms, the Board has approved the transactions under the Sales Agreement, and the independent non-executive Directors have confirmed that the terms of the transactions under the Sales Agreement are fair and reasonable, the transactions under the Sales Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Therefore, the Sales Agreement is subject to the annual review, reporting and announcement requirements under Chapter 20 of the GEM Listing Rules, but exempt from the circular, independent financial advice and shareholders' approval requirements.

None of the Directors is materially interested in the Sales Agreement, and therefore none of the Directors is required to abstain from voting on the Board resolutions to approve the Sales Agreement and the Annual Caps.

DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement have the meanings set out below:

“Annual Caps”	the annual caps for the transactions contemplated under the Sales Agreement with Volvo Car for the year ending 31 December 2017 and 31 December 2018 respectively
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Company”	Honbridge Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (Stock Code: 8137)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“kWh”	kilowatt-hour
“PRC”	the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Maple”	上海華普汽車有限公司, transliterated as Shanghai Maple Automobile Co., Ltd.*, a limited liability company incorporated under PRC Law and a 90% owned subsidiary of Zhejiang Geely
“Sales Agreement”	the sales agreement dated 23 October 2017 entered into between Zhejiang Forever New Energy and Volvo Car in relation to the sales of lithium-ion battery packs
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	Value added tax at the rate of 17%

“Volvo Car”	Volvo Car Corporation, a limited liability company incorporated in Sweden and is a non-wholly owned subsidiary of Zhejiang Geely
“Zhejiang Forever New Energy”	浙江衡遠新能源科技有限公司, transliterated as Zhejiang Forever New Energy Co., Ltd.*, a limited liability company incorporated in the PRC and a non-wholly owned subsidiary held indirectly as to 49% by the Company
“Zhejiang Geely”	浙江吉利控股集團有限公司, transliterated as Zhejiang Geely Holding Group Co., Ltd.*, a limited liability company incorporated in the PRC, which owns 90% equity interest in Shanghai Maple
“%”	per cent

** The English translation of the Chinese name is for identification purposes only, and should not be regarded as the official English translation of such name.*

By order of the Board
Honbridge Holdings Limited
YEUNG Ho Ming
Company Secretary

Hong Kong, 23 October 2017

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 nonexecutive directors and Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.8137.hk.