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HONBRIDGE HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8137)

DISCLOSEABLE TRANSACTION
DISPOSAL OF SHARES IN A LISTED COMPANY

On 19 June 2020 (after trading hours), the Company and the Purchaser entered into the Agreement in relation to the Disposal.

As the highest of the applicable percentage ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

On 19 June 2020 (after trading hours), the Company and the Purchaser entered into the Agreement in relation to the Disposal. The principal terms of the Agreement are set out below.

Subject matter

The Company will sell the Sale Shares to the Purchaser.

As at the date of the Agreement, the Sale Shares represent approximately 19.29% of the issued share capital of the Target.

The number of the Sale Shares may be adjusted in accordance with the manner as set out in the paragraph headed “**Adjustment to the number of the Sale Shares**” below.

Consideration

The consideration for the Sale Shares is HK\$240,000,000, which represents HK\$0.6 per Target Share subject to the adjustment as set out in the paragraph headed “**Adjustment to the number of the Sale Shares**” below. The consideration shall be payable in cash, check or cashier order in the following manner.

	Date	Amount payable (HK\$)
First instalment	Before 20 July 2020	25,000,000
Second instalment	On or before 30 September 2020	95,000,000
Third instalment	On or before 30 June 2021	120,000,00

Adjustment to the number of the Sale Shares

If the Purchaser defaults in the payment of the second instalment, the Company may elect to forfeit the first instalment or increase the consideration per Target Share from HK\$0.6 per Sale Share to HK\$0.66 per Sale Share, such that the number of Target Shares to be transferred to the Purchaser upon completion of the Disposal will be reduced to the number equal to the consideration received by the Company divided by HK\$0.66 per Target Share.

If the Purchaser defaults in the payment of the third instalment, the Company will increase the consideration per Target Share from HK\$0.6 per Sale Share to HK\$0.66 per Sale Share, such that the number of Target Shares to be transferred to the Purchaser upon Completion will be reduced to the number equal to the consideration received by the Company divided by HK\$0.66 per Target Share.

So the final number of Sale Shares may be lower than the expected 400,000,000 Target Shares.

Conditions precedent

Completion of the Disposal is conditional upon the fulfilment of the following conditions precedent.

- (i) all necessary approvals, authorisations and consents under the applicable laws having been obtained; and
- (ii) the Purchaser having delivered to the Company a legal opinion in relation to, among others, the due incorporation, good standing and absent of insolvency proceedings of the Purchaser.

Completion of the Disposal targets to take place on or before 30 June 2021 or any other date as agreed between the Company and the Purchaser. If the Purchaser defaults in the payment of the second instalment and/or the third instalment, completion of the transfer of the adjusted number of Sale Shares may take place before the target completion date.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group

The Group is principally engaged in research and development and production of lithium-ion powered batteries for new energy vehicles and investment in mineral resources exploration and development.

The Purchaser

The Purchaser is principally engaged in investment holding. It is ultimately owned by Ms. Luo Hehua.

To the best of the Director's knowledge, information and belief, having made all reasonable enquires, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons.

FINANCIAL EFFECT OF THE DISPOSAL

As a result of the Disposal, based on the consideration of HK\$240,000,000 and 400,000,000 Target Shares, the Group is expected to recognize a gain of approximately HK\$128,000,000 as at the date of completion of the Disposal which is estimated on the basis of the difference between the book value of the Sales Shares as at the date of this announcement and disposal price (exclusive of the transaction costs). The actual amount of gain or loss as a result of the Disposals to be recorded by the Company will be subject to the book value of the Sales Shares as at the date of completion of the Disposal, any potential adjustment to the number and the per share price of the Sale Shares, the review and final audit by the auditor of the Company.

INFORMATION ON THE TARGET

The Target is a conglomerate which combines commercial enterprises with investments and is currently mainly engaged in internet data centre ("IDC"), information home appliances, investing and leasing.

The following financial information is extracted from the 2019 annual report of the Target:

	2019 HK\$'000 (audited)	2018 HK\$'000 (audited)
Revenue	325,312	400,843
Profit/(loss) before tax	54,627	(404,095)
Profit/(loss) for the year	40,686	(397,896)

	As at 31 December 2019 HK\$'000 (audited)
Total assets	2,520,072
Net assets	2,105,805

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of the Agreement, the Company holds 450,357,200 Target Shares, representing approximately 21.72% of the issued share capital of the Target. The Company originally

obtained the Sale Shares in December 2019 through an enforcement of a security due to the default of a loan by a debtor. The Disposal presents the Group with an opportunity to realise its holding in the Target. The net proceeds of the Disposal is expected to be applied as general working capital of the Group.

The consideration was determined after arm's length negotiations between the parties to the Agreement taking into account the sale of a substantial interest in the Target and the recent trading price per Target Share. The consideration of HK\$0.6 per Target Share represents a premium of 114% to the closing price of HK\$0.28 per Target Share on the date prior to the date of the Agreement. Given the consideration per Target Share is at a premium to the current market price and the Disposal allows the Company to realise its holding in the Target, the Board considers that the terms of the Agreement (including the consideration) are normal commercial terms and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Based on the consideration of HK\$240,000,000 and 400,000,000 Target Shares, the highest of the applicable percentage ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires.

“Agreement”	the agreement dated 19 June 2020 entered into between the Purchaser and the Company in relation to the Disposal
“Board”	the board of the Company
“Company”	Honbridge Holdings Limited (洪橋集團有限公司), an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM of the Stock Exchange
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Company to the Purchaser
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“PRC”	the People’s Republic of China
“Purchaser”	Bronze Pony Investments Limited, a company incorporated in the Cayman Islands with limited liability
“Sale Shares”	400,000,000 Target Shares, subject to adjustment as explained in the section headed “ Adjustment to the number of the Sale Shares ” of this announcement
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Yuxing Infotech Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8005)
“Target Shares”	ordinary shares of par value HK\$0.025 of the Target
“%”	per cent.

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

Hong Kong, 19 June 2020

As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Jian and Mr. Liu Wei, William as executive directors; Mr. Ang Siu Lun, Lawrence and Mr. Yan Weimin as non-executive 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 (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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.