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HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

ANNOUNCEMENT ON CONNECTED TRANSACTION ESTABLISHMENT OF A JOINT VENTURE

The Board announces that on 16 April 2019, Honbridge Tech, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Hangzhou UGO and Hangzhou Hexijiao to establish the Joint Venture. The Joint Venture will be principally engaged in the business of online car-hailing services and related services in Europe.

Honbridge Tech is a wholly-owned subsidiary of the Company while Hangzhou UGO is an associate of Mr. Li Shufu, who is a substantial shareholder of the Company. Accordingly, Hangzhou UGO is an associate of a connected person of the Company and the establishment of the Joint Venture constitutes a connected transaction for the Company for the purpose of Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios in respect of the Group's investment contemplated under the Joint Venture Agreement are more than 0.1% but less than 5%, the entering into of the Joint Venture Agreement is subject to the reporting and announcement requirements and exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

The Joint Venture Agreement

On 16 April 2019, Honbridge Tech, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement for the formation of the Joint Venture with two other parties, namely Hangzhou UGO and Hangzhou Hexijiao. The principal terms of the Joint Venture Agreement are as follows:

Date

16 April 2019

Parties

- (1) Hangzhou UGO;
- (2) Hangzhou Hexijiao; and
- (3) Honbridge Tech, a wholly-owned subsidiary of the Company.

Principal business of the Joint Venture

The Joint Venture will be initially engaged in online car-hailing services in Paris, France and related services and will gradually extend its online car-hailing services to other cities in Europe depending on its business development progress.

Use of technology

Under the terms of the Joint Venture Agreement, Hangzhou UGO will grant the Joint Venture free of charge for two years, use of its proprietary software system to operate the Joint Venture's online car-hailing service, after which Hangzhou UGO will negotiate with the Joint Venture the appropriate fees for the use of such software system.

Capital Structure of the Joint Venture

The Joint Venture will have a registered capital of RMB80 million, which has been determined by the parties after arm's length negotiations by reference to the expected capital requirement of the Joint Venture. Within 15 calendar days of the registration of the Joint Venture, the registered capital will be contributed in cash by the parties as follows:

	Amount to be contributed <i>RMB'000</i>	Percentage interest in the Joint Venture
Hangzhou UGO	32,000	40%
Hangzhou Hexijiao	32,000	40%
Honbridge Tech	<u>16,000</u>	<u>20%</u>
Total	<u><u>80,000</u></u>	<u><u>100%</u></u>

The Company will comply with the requirements of the GEM Listing Rules if it contributes further capital to the Joint Venture.

Transfer restriction

Unless Hangzhou UGO agrees in writing, no other shareholder in the Joint Venture is permitted to transfer any shares in the Joint Venture to any other party if such transfer would result in disposal in aggregate of 5% or more of such shareholder's shareholding in the Joint Venture shown in the table above.

Management of the Joint Venture

The board of directors of the Joint Venture will comprise of five members, two of whom will be nominated by Hangzhou UGO, two of whom will be nominated by Hangzhou Hexijiao, and one of whom will be nominated by Honbridge Tech. The Joint Venture Agreement provides that certain matters to be decided by the board of directors of the Joint Venture will need to be voted in favor by a director nominated by Hangzhou UGO in order for such board resolution to be effective. Similarly, certain matters to be decided at a general meeting of the Joint Venture will only be effective if voted in favor by Hangzhou UGO.

As the Group will only have a minority interest in the Joint Venture and will not have control of the board of directors of the Joint Venture, the Group's investment in the Joint Venture will be equity accounted for in the consolidated financial statements of the Group.

Right of First Refusal

Hangzhou UGO has the right of first refusal to purchase any proposed transfer of shares in the Joint Venture proposed by any other Joint Venture shareholder.

Tag-along Right

Hangzhou UGO has the right, in the event any other Joint Venture shareholder finds a willing buyer for the shares in the Joint Venture held by such shareholder, to demand the potential buyer to purchase a proportionate amount of shares in the Joint Venture from Hangzhou UGO.

Reasons for the establishment of the Joint Venture

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.

As disclosed in the annual report of the Company for the year ended 31 December 2018, the Group is always seeking opportunities to invest and collaborate in areas such as autonomous driving and shared mobility, of which online car-hailing is a form. The Joint Venture presents itself as a unique opportunity for the Group to diversify its income stream by entering the business of shared mobility. Through the Joint Venture, the Group will be entering the online car-hailing business in partnership with Hangzhou UGO, which successfully executed this business in the PRC under the brand "Cao Cao" (「曹操」), giving the Joint Venture a head-start from using the technology of Hangzhou UGO, which in itself should come at considerable savings, both financially and in terms of time otherwise required for testing. The Group will also benefit from the experience and expertise of Hangzhou UGO in this area. If autonomous driving technology reaches L4 and L5 level, shared mobility will become a disruptive trend. Such an investment could provide the Group with valuable experience for enabling its participation in the future in the business of large-scale vehicles sharing and mobility.

The Directors consider it reasonable to offer Hangzhou UGO but not to Hangzhou Hexijiao the terms above pursuant to the Joint Venture Agreement, in order to have Hangzhou UGO provide the technology and experience in operating online car-hailing businesses to the Joint Venture. In so deciding, the Directors took into account the fact that Hangzhou Hexijiao is also offering the same terms to Hangzhou UGO.

The Directors (including the independent non-executive Directors) considered that the Joint Venture Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the establishment of the Joint Venture is in the interests of the Company and the Shareholders as a whole.

Information on the Parties

Honbridge Tech is an investment holding company incorporated in the British Virgin Islands. It is a wholly-owned subsidiary of the Company.

Hangzhou UGO is a strategic investment enterprise operating in the new energy vehicles sharing business established in the PRC in 2015. Hangzhou UGO is currently operating an online car-hailing service under the brand “Cao Cao” (「曹操」) in the PRC, and has currently obtained the business licenses for online car-hailing in 70 cities of the PRC and commenced operations in 30 cities with a total of approximately 34,000 online hailed cars providing transport services and gradually expanding. The vehicles are primarily new energy vehicles, whose passengers place orders for rides through the internet on mobile phone applications. In the future, Hangzhou UGO intends to apply autonomous vehicle technology as well as flying car technology to offer more diversified transport options for passengers.

Hangzhou Hexijiao is a holding company established in the PRC and wholly-owned by Mr. Liu Sheng, a merchant engaged in commerce between PRC and France. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Hangzhou Hexijiao and its ultimate beneficial owner are independent of and not connected with the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Honbridge Tech is a wholly-owned subsidiary of the Company while Hangzhou UGO is an associate of Mr. Li Shufu, who is a substantial shareholder of the Company. Accordingly, Hangzhou UGO is an associate of a connected person of the Company and the establishment of the Joint Venture constitutes a connected transaction for the Company for the purpose of Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios in respect of the Group’s investment contemplated under the Joint Venture Agreement are more than 0.1% but less than 5%, the entering into of the Joint Venture Agreement is subject to the reporting and announcement requirements and exempt from the independent Shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules.

None of the Directors had any material interest in the transaction contemplated under the Joint Venture Agreement, and therefore they are not required under the GEM Listing Rules to abstain from voting on the relevant Board resolution. However, Mr. Liu Jian, an executive Director and Mr. Ang Siu Lun, Lawrence, a non-executive Director have voluntarily abstained from voting on the Board resolution(s) approving the aforesaid transaction.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors 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
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hangzhou Hexijiao”	杭州禾曦嬌科技有限公司 (Hangzhou Hexijiao Technology Co., Ltd.*), a company established in the PRC
“Hangzhou UGO”	杭州優行科技有限公司 (Hangzhou UGO Tech Co., Ltd.), a company established in the PRC
“Honbridge Tech”	Honbridge Technology Limited (洪橋科技有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Joint Venture”	the proposed joint venture company to be established by Honbridge Tech, Hangzhou UGO and Hangzhou Hexijiao
“Joint Venture Agreement”	the agreement dated 16 April 2019 entered into among Honbridge Tech, Hangzhou UGO and Hangzhou Hexijiao in relation to the establishment of the Joint Venture
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“substantial shareholder” has the meaning ascribed to it under the GEM Listing Rules

“%” per cent.

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

Hong Kong, 16 April 2019

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 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.

* *For identification purpose only*