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HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8137)

TERMINATION OF TERM SHEET, MAJOR TRANSACTION IN RELATION TO THE LOAN AGREEMENT AND DISCLOSURE PURSUANT TO RULES 17.15 AND 17.17 OF THE GEM LISTING RULES

Reference is made to the Announcement in relation to the Potential Investment.

TERM SHEET

The Board announces that on 25 March 2016, the Company entered into the Term Sheet with Cloudmatrix in relation to the Potential Investment.

Nonetheless, the Company has commercially decided not to proceed with the Potential Investment and terminated the Term Sheet.

LOAN AGREEMENT

On 11 April 2016, the Company entered into the Loan Agreement with the Borrower, pursuant to which the Company conditionally agreed to grant to the Borrower the Loan in the principal amount of HK\$540,000,000, bearing interest at a rate of 3% per annum for a term of 12 months (which may be extended to 24 months at the option of the Borrower).

GEM LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios under Rule 19.07 of the Listing Rules exceed 25% but all applicable percentage ratios are less than 100%, the provision of the Loan constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. In addition, as the Loan to the Borrower constitutes an advance to an entity under Rule 17.15 of the GEM Listing Rules and exceeds 8% under the assets ratio as defined under Rule 19.07 of the GEM listing Rules, the advance of the Loan to the Borrower is subject to the general disclosure obligation under Rule 17.17 of the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Loan. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Loan. As at the date of this announcement, the Relevant Shareholders control an aggregate of 4,122,939,189 Shares, representing approximately 52.44% of the total number of issued shares of the Company. Accordingly, pursuant to Rule 19.44 of the Listing Rules, written shareholders' approval is obtained in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Loan Agreement upon satisfaction of the conditions set out under Rule 19.44 of the Listing Rules.

A circular containing, amongst other things, further details about the Loan Agreement and the Loan will be despatched to the Shareholders. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 9 May 2016.

Reference is made to the Announcement in relation to the Potential Investment. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

TERM SHEET

The Board announces that on 25 March 2016, the Company entered into the Term Sheet with Cloudmatrix in relation to the Potential Investment.

Nonetheless, the Company has commercially decided not to proceed with the Potential Investment and terminated the Term Sheet.

LOAN AGREEMENT

On 11 April 2016, the Company entered into the Loan Agreement with the Borrower, pursuant to which the Company conditionally agreed to grant to the Borrower the Loan. The principal terms of the Loan Agreement are summarised as follows:

Date:	11 April 2016
Lender:	Honbridge Holdings Limited (the "Company")
Borrower:	Cloudrider Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Borrower and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Principal amount: HK\$540,000,000, which may be drawn down in two tranches (Tranche A: HK\$251,100,000, representing approximately 46.5% of the Loan; and Tranche B: HK\$288,900,000, representing approximately 53.5% of the Loan, subject to the Company's satisfaction of the additional security provided by the Borrower after the Tranche A Loan).

Purpose of the Loan: For funding mergers and acquisitions.

Maturity date: 12 months after the drawdown of the Tranche A Loan, subject to an option to extend by the Borrower to the date falling 24 months after the drawdown.

Conditions precedent: The provision of the Tranche A Loan is conditional upon, among other things, the sole director of the Borrower having approved the transactions contemplated under the Loan Agreement and the execution of share charges over shares in the Borrower by certain shareholders of the Borrower in favour of the Company.

The provision of the Tranche B Loan is conditional upon, among other things, the board of directors and shareholders of the relevant entity having approved granting the additional security as required by the Company and the execution of the relevant agreement thereof.

Repayment: The Borrower shall repay the outstanding amount of the Loan in full and the unpaid interest accrued thereon 12 months after the drawdown of the Tranche A Loan or on demand by the Company upon occurrence of an event of default (as defined in the Loan Agreement), whichever occurs first. The Borrower may, at its option extend the repayment date to the date that is 24 months after the initial drawdown of the Loan.

Early repayment: Subject to prior notice to the Lender, the Borrower may prepay all or any part of the Loan at any time without premium or penalty.

Interest: Interest shall accrue at the rate of 3% per annum payable on the date of repaying the Loan.

Security: The Tranche A Loan will be secured by (i) share charges to be provided by certain shareholders of the Borrower in favour of the Company in respect of certain shares of the Borrower, and (ii) additional security to be provided by the Borrower over all of its assets and undertaking in favour of the Company within 30 days of the date of the Loan Agreement, or such other security as required by the Company to its satisfaction.

The Loan is intended to be funded by the net proceeds received from the Placing and the Subscription.

The terms of the Loan Agreement (including the interest rate) have been arrived at by the Company and the Borrower after arm's length negotiation, having regard to the commercial practice and the amount of the Loan. The Directors consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The Group is principally engaged in manufacturing and trading of lithium-ion battery, investment in new energy and resource sector and exploration of mineral resources. The Group is determined to develop in new energy vehicles industry and intends to acquire the complete core technology such as battery system, electric motor system and vehicle control module by acquisitions. The strategy is to conduct business consolidation by mergers and acquisitions globally in order to obtain the cutting-edge techniques and to integrate creativity for producing and selling new energy vehicles, and to industrialize the production of new energy vehicles and related core components in the PRC and follow this direction to seek for mergers and acquisitions opportunities.

As set out in the Announcement, the Company has decided to improve the Group's capital efficiency and to better utilise its cash by making short-term investment to generate better returns to its Shareholders. The Board has commercially decided not to proceed with the Potential Investment and is of the view that the annual interest income of approximately HK\$16,200,000 would provide a stable income stream with relatively lower risk to the Company in short run. Accordingly, the Directors believe that the terms of each of the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE BORROWER

The Borrower is an investment holding company incorporated in the British Virgin Islands with limited liability.

GEM LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios under Rule 19.07 of the Listing Rules exceed 25% but all applicable percentage ratios are less than 100%, the provision of the Loan constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. In addition, as the Loan to the Borrower constitutes an advance to an entity under Rule 17.15 of the GEM Listing Rules and exceeds 8% under the assets ratio as defined under Rule 19.07 of the GEM listing Rules, the advance of the Loan to the Borrower is subject to the general disclosure obligation under Rule 17.17 of the GEM Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Loan. As such, no Shareholders are required to abstain from voting in favour of the resolution approving the Loan. As at the date of this announcement, the Relevant Shareholders control an aggregate of 4,122,939,189 Shares, representing approximately 52.44% of the total number of issued shares of the Company. Accordingly, pursuant to Rule 19.44 of the Listing Rules, written shareholders' approval is accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Loan Agreement upon satisfaction of the conditions set out under Rule 19.44 of the Listing Rules.

Details of the shareholding of the Relevant Shareholders in the Company are as follows:

	Number of Shares in the Company		Approximate percentage of shareholding (%)
	Beneficial owner	Total number of shares held	
Hong Bridge Capital Limited	4,065,000,000 <i>(Note 1)</i>	4,065,000,000	51.71
HE Xuechu	57,939,189	<u>4,122,939,189</u>	<u>52.44</u>
Total		<u><u>4,122,939,189</u></u>	<u><u>52.44</u></u>

Note:

- The 4,065,000,000 Shares were held by Hong Bridge Capital Limited. Mr. HE Xuechu, the controlling Shareholder and Director, who holds 68% equity interest of Hong Bridge Capital Limited.

Accordingly, pursuant to Rule 19.44 of the Listing Rules, written shareholders' approval has been obtained to approve the terms of, and the transactions contemplated, under the Loan Agreement upon satisfaction of the conditions set out under Rule 19.44 of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing, amongst other things, further details about the Loan Agreement and the Loan will be despatched to the Shareholders. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company will apply to the Stock Exchange for an extension of time for despatch of the circular by no later than 9 May 2016.

GENERAL

Shareholders and potential investors should note that the Loan contemplated under the Loan Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed.

Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Announcement”	the announcement made by the Company dated 25 March 2016 in relation to the Potential Investment
“Borrower”	Cloudrider Limited, a company incorporated in the British Virgin Islands with limited liability and is held as to approximately 35.65% by Lontrue Co., Limited (朗源股份有限公司), a company established in Shandong Province, the PRC, and the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 300175), and three other shareholders
“Loan”	the loan in the principal amount of HK\$540,000,000 to be granted by the Company to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 11 April 2016 entered into between the Company and the Borrower in relation to the provision of the Loan
“Relevant Shareholders”	the closely allied group of Shareholders comprising Hong Bridge Capital Limited and Mr. HE Xuechu, who are together interested in 4,122,939,189 Shares (representing approximately 52.44% of the total number of issued shares of the Company) as at the date of this announcement
“Shareholders”	holder(s) of share(s) of the Company
“%”	per cent.

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

Hong Kong, 11 April 2016

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 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 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 or deceptive; (2) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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