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## **HONBRIDGE HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

*(stock code : 8137)*

### **DISCLOSEABLE TRANSACTION FORMATION OF THE JOINT INVESTMENT PROJECT COMPANY**

#### **FORMATION OF THE PROJECT COMPANY**

The Company is pleased to announce that on 11 December 2015, Honbridge Power, Shanghai Maple and Jiaxing Jiale (the “**Parties**”) have entered into the Joint Investment Agreement to establish the Project Company. The Parties are required to complete the relevant registration procedure of the Project Company within 15 workings days after entering into the Joint Investment Agreement. The Project Company is owned as 49%, 48% and 3% by Honbridge Power, Shanghai Maple and Jiaxing Jiale respectively.

As the Company will be able to appoint the majority of the board of directors of the Project Company and the Board considers that the Group will be able to exercise significant influence over the Project Company, it will become an indirect non-wholly owned subsidiary of the Company and its financial performance and results will be consolidated into the results of the Company.

#### **PURPOSE OF THE PROJECT COMPANY**

The aim of the Project Company is to fully integrate business advantage and

resources invested by the Parties and to develop as a competitive new energy vehicle batteries company that possess industry leading research and development and manufacturing technology to meet the technical quality and cost requirements for the hybrid and pure electric vehicles market and overall not lower than the industry leading benchmark.

#### **BUSINESS SCOPE AND TERM OF OPERATION OF THE PROJECT COMPANY**

The Project Company will be established at Jinhua New Energy Automobile Industrial Park, Zhejiang Province, the PRC, which includes operation such as research and development, production, sales of lithium-ion battery and batteries system. The Project Land will occupy an area of approximately 200 Mu, and it can produce approximately 1,500,000 kWh lithium-ion battery for new energy vehicles annually after completion of the construction of the production facilities. The term of operation of the Project Company is twenty years from the date of incorporation of the Project Company.

#### **TOTAL INVESTMENT, REGISTER CAPITAL AND CAPITAL COMMITMENT**

The Project Company's total investment and Registered Capital is RMB1,500 million (equivalent to approximately USD234.8 million) and USD80 million respectively.

The capital contribution to be made by the Company is USD39.2 million and will be funded by the proceeds from placing of new shares of the Company in June 2015. The Parties are required to inject 10% of its agreed capital commitment along with the registration procedures within 15 working days after entering into the Joint Investment Agreement. The remaining part of the agreed capital commitments will be paid by each Parties before 31 December 2025.

#### **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under the GEM Listing Rules in respect of the arrangement in the Joint Investment Agreement exceeds 5% but

is less than 25%, the transactions contemplated under the Joint Investment Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the requirements of reporting and announcement.

References are made to the announcement of the Company dated 26 October 2015 (the “**Announcement**”). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

### **FORMATION OF THE PROJECT COMPANY**

Refer to the Investment Agreement stated in the Announcement, the Company and Zhejiang Geely shall establish the Project Company in Jinhua City, Zhejiang Province, the PRC to serve as the operation entity of the Project. The Company is pleased to announce that on 11 December 2015, Honbridge Power, Shanghai Maple and Jiaying Jiale (the “**Parties**”) have entered into the Joint Investment Agreement to establish the Project Company. The Parties are required to complete the relevant registration procedure of the Project Company within 15 workings days after entering into the Joint Investment Agreement. The Project Company is owned as 49%, 48% and 3% by Honbridge Power, Shanghai Maple and Jiaying Jiale respectively

As the Company will be able to appoint the majority of the board of directors of the Project Company and the Board considers that the Group will be able to exercise significant influence over the Project Company, it will become an indirect non-wholly owned subsidiary of the Company and its financial performance and results will be consolidated into the results of the Company.

### **THE JOINT INVESTMENT AGREEMENT**

The principal terms of the Joint Investment Agreement are set out as follows:

#### **Date**

11 December 2015

**Parties**

- (a) Honbridge Power;
- (b) Shanghai Maple; and
- (c) Jiaxing Jiale

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shanghai Maple and Jiaxing Jiale and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and their respective associates.

**PURPOSE OF THE PROJECT COMPANY**

The aim of the Project Company is to fully integrate business advantage and resources invested by the Parties and to develop as a competitive new energy vehicle batteries company that possess industry leading research and development capability and manufacturing technology that can meet the technical quality and cost requirements for the hybrid and pure electric vehicles market and overall not lower than the industry leading benchmark.

**BUSINESS SCOPE AND TERM OF OPERATION OF THE PROJECT COMPANY**

The Project Company will be established at Jinhua New Energy Automobile Industrial Park, Zhejiang Province, the PRC, which includes operation such as research and development, production, sales of lithium-ion battery and batteries system. The Project Land will occupy an area of approximately 200 Mu, and it can produce approximately 1,500,000 kWh lithium-ion battery for new energy vehicles annually after completion of the construction of the production facilities. The term of operation of the Project Company is twenty years from the date of incorporation of the Project Company.

**TOTAL INVESTMENT, REGISTER CAPITAL AND CAPITAL COMMITMENT**

In consideration of the factors such as industry conditions of lithium-ion battery for new energy vehicles in the PRC, its own financial and capital position,

shareholding structure and budget of the Project Company, Party A, Party B and the Company agreed to amend total investment in the Project Company from RMB2,050 million to RMB1,500 million (approximately USD234.8 million) on 11 December 2015. Other than the amendment of total investment, all other principal terms and conditions of the Investment Agreement shall remain unchanged and in full force and effect. The Directors consider that the change in total investment would not have a material adverse impact on the Project as a whole.

The Project Company's total investment and Registered Capital is RMB1,500 million (equivalent to approximately USD234.8 million) and USD80 million respectively. Any increase to the Registered Capital will be subject to the approval of the board of the Project Company.

**THE DETAILS OF CAPITAL COMMITMENT TO BE MADE BY THE PARTIES ARE AS FOLLOWS:**

<b><u>Parties</u></b>	<b><u>Capital Commitment</u></b> <b><u>(USD)</u></b>	<b><u>Means of</u></b> <b><u>Contribution</u></b>	<b><u>Shareholding</u></b>
Honbridge Power	39.2 million	Cash	49%
Shanghai Maple	38.4 million	Cash and intellectual property rights	48%
Jiaxing Jiale	2.4 million	Cash	3%
<b>Total</b>	<b>80.0 million</b>		<b>100%</b>

The capital contribution to be made by the Company will be funded by the proceeds from placing of new shares of the Company in June 2015. The Parties are required to inject 10% of its agreed capital commitment along with the registration procedures within 15 working days after entering into the Joint Investment Agreement. The remaining part of the agreed capital commitments will be paid by the Parties before 31 December 2025.

At least USD14.4 million capital commitment of Shanghai Maple will be settled by cash while the value of the intellectual property rights mentioned above will be assessed by an independent valuation firm which to be agreed and appointed by

Honbridge Power and Shanghai Maple. If the valuation of intellectual property right is less than USD24 million (or equivalent RMB) according to the asset valuation report, Shanghai Maple is required to settle the related difference by cash; if the valuation of intellectual property right is higher than USD24 million (or equivalent RMB), the premium portion will be paid by the Project Company to Shanghai Maple.

#### **COMPOSITION OF THE BOARD OF THE PROJECT COMPANY**

The board of the Project Company will consist six directors, with four directors nominated by Honbridge Power, two directors nominated by Shanghai Maple. The chairman will be appointed from the four directors nominated by Honbridge Power. The deputy chairman will be appointed from the two directors nominated by Shanghai Maple.

#### **SUPERVISOR OF THE PROJECT COMPANY**

There will be one supervisor in the Project Company. The supervisor will be nominated by Shanghai Maple.

#### **COMPOSITION OF THE MANAGEMENT OF THE PROJECT COMPANY**

The management of the Project Company will comprise one general manager and one finance manager. They will be appointed by the board of the Project Company.

#### **INFORMATION OF SHANGHAI MAPLE**

Shanghai Maple is a company incorporated in Shanghai in the PRC, and is principally engaged in manufacturing and sales of automobile. The parent company of Shanghai Maple is Zhejiang Geely. Zhejiang Geely owns and controls the automobile brand “Geely” in the PRC, luxury European automobile brand “Volvo” and The London Taxi Company, and also one of the Fortune Global 500 companies in 2014. Zhejiang Geely announced “Blue Geely” initiative on 18 November 2015, 90% of Zhejiang Geely sales will be contributed by new energy vehicle sales by 2020 and its new energy sales will be contributed by 65% plug-in electric hybrids and hybrid electric vehicles and 35% pure electric vehicles. Moreover, Volvo and The London Taxi Company are launching massive new

energy vehicle development plan.

### **INFORMATION OF JIAXING JIALE**

Jiaxing Jiale is a company incorporated in Zhejiang Province in the PRC, and is principally engaged in investment and investment management.

### **INFORMATION AND BUSINESS OF THE COMPANY**

The Company is principally engaged in trading and manufacturing of lithium-ion battery, investment in new energy and resource sector and exploration of mineral resources. The Group intends to enter the field of new energy vehicles 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, 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.

### **REASON AND BENEFIT OF THE JOINT INVESTMENT AGREEMENT**

Benefit from the global awareness of environmental protection and policies favouring new energy, there is an increasing number of automobile enterprises which start to expand the production scale of electric vehicles, including hybrid electric vehicle and pure electric vehicle. Lithium-ion battery cells which is the power and energy storage carrier of new energy vehicles, have been under tremendous and sustained market demand. Under these good business development opportunities, the Project Company can build a solid foundation in lithium-ion battery field through co-operation with Shanghai Maple in developing the Project.

The terms in the Joint Investment Agreement, which have been agreed after arm's length negotiations between the parties thereto. After considering the above factors, the Directors consider that the Joint Investment Agreement is on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under the GEM Listing Rules in respect of the arrangement in the Joint Investment Agreement exceeds 5% but is less than 25%, the transactions contemplated under the Joint Investment Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the requirements of reporting and announcement.

## **DEFINITIONS**

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

<b>“Shanghai Maple”</b>	Shanghai Maple Automobile Company Limited, a limited liability company incorporated under PRC law
<b>“Jiaxing Jiale”</b>	嘉興嘉樂投資合伙企業(有限合伙), transliterated as Jiaxing Jiale Investment Partnership Corporation (limited partnership)*, a limited partnership incorporated under PRC law
<b>“Board”</b>	the board of Director;
<b>“Company”</b>	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
<b>“Directors”</b>	directors of the Company;
<b>“GEM”</b>	the Growth Enterprise Market of the Stock Exchange
<b>“GEM Listing Rule”</b>	the Rules Governing the Listing of Securities on the GEM
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Honbridge Power”</b>	Honbridge Power Limited, a limited liability company incorporated in the British Virgin Islands, and is wholly owned by Honbridge Holdings Limited

“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the PRC;
“ <b>Joint Investment Agreement</b> ”	the agreement entered into among the company, Honbridge Power, Shanghai Maple and Jiaxing Jiale on 11 December 2015 in relation to the Project Company
“ <b>PRC</b> ”	the People’s Republic of China
“ <b>Project</b> ”	modern lithium-ion battery enterprise
“ <b>Project Company</b> ”	浙江衡遠新能源科技有限公司, transliterated as Zhejiang Forever New Energy Company Limited*, a limited liability company to be incorporated under PRC law
“ <b>Registered Capital</b> ”	the registered capital of the Project Company
“ <b>Stock Exchange</b> ”	The Stock Exchange of Hong Kong Limited
“ <b>USD</b> ”	United States dollar, the lawful currency of the United States of America
“ <b>Zhejiang Geely</b> ”	浙江吉利控股集團有限公司(Zhejiang Geely Holding Group Company Limited), a limited liability company incorporated under PRC law
“ <b>%</b> ”	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 of  
**Honbridge Holdings Limited**  
**YEUNG Ho Ming**  
*Company Secretary*

Hong Kong, 11 December 2015

*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 collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market 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 Growth Enterprise Market website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the website of the Company at [www.8137.hk](http://www.8137.hk).*