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

VOLUNTARY ANNOUNCEMENT
ENTERING INTO THE BATTERY SHARING BUSINESS

This announcement is made voluntarily by Honbridge Holdings Limited (the “Company”, together with its subsidiaries, the “Group”). The board of directors (the “Directors”) of the Company (the “Board”) would like to keep the shareholders of the Company (the “Shareholders”) and potential investors informed of the latest business development of the Group.

Background

The Ministry of Industry and Information Technology of China released the compulsory "Technical Specifications for Safety of Electric Bicycles" 《電動自行車安全技術規範》 national standard in May 2018 (the “New National Standard”) which will be effective from 15 April 2019, after that local governments in China have released corresponding supporting policies to regulate electric bicycles’ safety performance, speed limit, production quality and pedal riding performance, etc., these policies will accelerate the transition of lead-acid battery in electric bicycles to lithium battery. The number of electric bicycles in mainland China is about 250 million at present and the production and sales number in 2017 was 31.13 million, which approximately 30% were for express delivery and food delivery. According to the New National Standard, one single set of electric bicycle battery is not enough to support the daily commercial range requirement, this has created a huge market demand for battery swapping.

Besides that, because of the technical advancement of batteries, the useful life of batteries are much longer than the useful life of electric bicycles. In addition, some electric car manufacturers are developing models which can swap battery directly for long-distance driving, this kind of car-battery separation model will lead to a huge market for battery swapping service and battery sharing.

Based on the above situation, the Directors believe that battery sharing will become a operational model in the new energy sector and has a huge market development potential.

Battery Sharing Business

The Group plans to establish a holding company to lead the battery sharing business (the “New Business Activities”). The Group will hold 90% equity interest and the remaining 10% interest will be used as equity incentive for technical and operational team member. The holding company will set up subsidiaries or branches for the New Business Activities in various cities in Mainland China from time to time according to the business development strategy and needs. The battery sharing business will initially launch in the field of commercial electric bicycles, activities include development of lithium battery under the same standard, installation of safe and convenient battery swapping points, APP application, with a business model which include self-operation and franchising, etc. After electric cars with car-battery separation model launched into the market, the Company will gradually enter into the electric car’s battery swapping market, and finally, with the support of internet technology, the Company will be developed into a new energy battery sharing operator.

The initial investment of the New Business Activities is expected to be RMB60 million, further investment will be injected or the business will be self-sustainable depends on the business development, other investors may also be introduced.

The Group is principally engaged in the research and development, production and sales of lithium-ion batteries and exploration and development of iron ore resources. Taking into consideration of (i) the relatively small scale of the lithium-ion battery business; (ii) the iron ore resources exploration and development business is still in a preliminary stage; and (iii) the New National Standard will promote the light weighing of electric bicycle and strengthen the demand of long range, it will also accelerate the transition of lead-acid battery in electric bicycles to lithium battery. The Board decides to commence the New Business Activities to diversify its income source and possibly enhance its financial performance. Although there will be policy, technical, operational and competition risks, the New Business Activities in the battery sharing business will be in the interest of the Company and the Shareholders as a whole.

The Board wishes to emphasis that opportunities, challenges and risks co-exist in the New Business Activities. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If the New Business Activities materialises, the Company will make further announcement in accordance with the applicable GEM Listing Rules or as and when appropriate.

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

Hong Kong, 10 December 2018

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 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 (“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.

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