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HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

THE REORGANISATION AGREEMENT

On 20 January 2020 (after trading hours), Triumphant Glory, a direct non-wholly owned subsidiary of the Company, entered into the Reorganisation Agreement with Geely Auto and Jiangsu Tiankai, pursuant to which Jiangsu Tiankai agreed to make capital contribution in the amount of US\$20,408,100 (or its equivalent in RMB) into Shandong Forever New Energy, an indirect non-wholly owned subsidiary of the Company.

Upon completion of the Capital Increase in accordance with the Reorganisation Agreement, Jiangsu Tiankai will own 50% equity interest in Shandong Forever New Energy, whereas Triumphant Glory's equity interest in Shandong Forever New Energy will be diluted from 49% to 24.5%.

THE AMENDED AND RESTATED JOINT INVESTMENT AGREEMENT

On 20 January 2020 (after trading hours), Triumphant Glory, Geely Auto and Jiangsu Tiankai also entered into the Amended and Restated Joint Investment Agreement to govern the operation and management, and the rights and obligations of the shareholders of Shandong Forever New Energy.

As a result of the Capital Increase and the termination of the Company's right to appoint a majority of the board of directors of Shandong Forever New Energy, Shandong Forever New Energy will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Company. Shandong Forever will be accounted for an associate of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

Immediately after the Capital Increase, the Group's equity interest in Shandong Forever New Energy will be diluted from 49% to 24.5%, which constitutes a deemed disposal of the interest in a subsidiary of the Company pursuant to Rule 19.29 of the GEM Listing Rules. As the highest of the applicable percentage ratios in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase gives rise to a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

As Geely Auto owns 51% equity interest in Shandong Forever New Energy immediately prior to the Completion and is therefore a substantial shareholder of Shandong Forever New Energy. Geely Auto, which is a 71.05% owned subsidiary of Zhejiang Geely, is a connected person of the Company. The Capital Increase constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Thus, the Capital Increase is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to whether the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder are entered into on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Halcyon Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder, in accordance with the GEM Listing Rules. Such appointment has been approved by the Independent Board Committee.

Given Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company through Geely International and Mr. Li holds 91.08% equity interest in Zhejiang Geely, Zhejiang Geely, Geely International, Mr. Li and their associates will be required to abstain from voting at the EGM to be convened, and if thought fit, to approve the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder.

Save for Zhejiang Geely, Geely International, Mr. Li and their associates, no Shareholder has any material interest in the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolutions in respect of the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder at the EGM.

Mr. Liu Jian and Mr. Ang Siu Lun, Lawrence, an executive Director and a non-executive Director of the Company respectively, are currently taking position in Companies which Mr. Li has controlling interests. In order to avoid the perception of a conflict of interest, Mr. Liu Jian and Mr. Ang Siu Lun, Lawrence have abstained from voting on the board resolutions in relation to the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement. To the best of the Director's knowledge, information and belief, having made all reasonable enquires, except for Mr. Liu Jian and Mr. Ang Siu Lun, Lawrence, none of the Directors is materially interested in the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement, and therefore none of the Directors is required to abstain from voting on the Board resolutions to approve the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) information on the Capital Increase; (ii) the recommendation of the Independent Board Committee in respect of the Capital Increase; (iii) the advice of the Independent Financial Adviser regarding the terms of the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement; and (iv) other information as required under the GEM Listing Rules, together with the notice of the EGM, shall be despatched to the Shareholders. To allow sufficient time for the preparation of the circular (including the advice of the Independent Financial Adviser), it is expected that the circular would be despatched to the Shareholders on or about 14 February 2020.

Completion is subject to the satisfaction of the conditions precedent under the Amended and Restated Joint Investment Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE REORGANISATION AGREEMENT

On 20 January 2020 (after trading hours), Triumphant Glory, a direct non-wholly owned subsidiary of the Company, entered into the Reorganisation Agreement with Geely Auto and Jiangsu Tiankai, pursuant to which Jiangsu Tiankai agreed to make capital contribution in the amount of US\$20,408,100 (or its equivalent in RMB) into Shandong Forever New Energy, an indirect non-wholly owned subsidiary of the Company.

The principal terms of the Reorganisation Agreement are as follows:

Date

20 January 2020 (after trading hours)

Parties

- (1) Jiangsu Tiankai;
- (2) Geely Auto; and
- (3) Triumphant Glory.

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

Event prior to the Capital Increase

On 20 January 2020, Geely Auto acquired 3% equity interest in Shandong Forever New Energy from 嘉興嘉樂投資合伙企業(有限合伙) (Jiaying Jiale Investment Partnership Corporation (Limited Partnership)), an Independent Third Party (other than its interest in Shandong Forever New Energy), resulting in an increase of its equity interest in Shandong Forever New Energy from 48% to 51%. The Company (through its direct non-wholly owned subsidiary, Triumphant Glory) continued to hold 49% equity interest in Shandong Forever New Energy.

Shandong Forever New Energy remained as an indirect non-wholly-owned subsidiary of the Company and its financial performance and results continued to be consolidated into the financial results of the Group due to the subsistence of the Company's right to appoint the majority of the members of the board of directors of Shandong Forever New Energy after the abovementioned acquisition.

Capital Increase

As at the date of this announcement, the registered capital of Shandong Forever New Energy is US\$20,408,100, and Shandong Forever New Energy is owned as to 49% by Triumphant Glory and 51% by Geely Auto.

Pursuant to the Reorganisation Agreement, Jiangsu Tiankai was introduced to the joint venture in Shandong Forever New Energy and shall make capital contribution in the amount of the Capital Contribution Sum, of which the entirety will be included in the registered capital of Shandong Forever New Energy.

Upon completion of the Capital Increase in accordance with the Reorganisation Agreement, the registered capital of Shandong Forever New Energy will be increased from US\$20,408,100 to US\$40,816,200. Jiangsu Tiankai, Geely Auto and Triumphant Glory will hold 50%, 25.5% and 24.5% equity interest in Shandong Forever New Energy, respectively. As a result of the Capital Increase and the termination of the Company's right to appoint a majority of the board of directors of Shandong Forever New Energy, Shandong Forever New Energy will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Company. For changes in Shandong Forever New Energy's board composition after the Capital Increase, please refer to the paragraph headed "Board of directors — Board composition" below.

The Capital Increase is subject to having obtained all relevant consents and approvals from governmental authorities (if applicable), Shandong Forever New Energy and other third parties, including but not limited to the resolutions of the board of directors and shareholders of Shandong Forever New Energy approving the Capital Increase and the amended articles of association of Shandong Forever New Energy or its any subsequent amendment.

Payment terms

Jiangsu Tiankai shall complete the Capital Increase by payment of the Capital Contribution Sum in cash into a designated account of Shandong Forever New Energy within 30 days after the Industrial and Commercial Administration Bureau has completed the registration of increase in share capital of Shandong Forever New Energy and issued the corresponding Business License for Enterprises as Legal Persons.

Technical co-operation

To promote the use of advanced technology and improve the product line of Shandong Forever New Energy, pursuant to the Reorganisation Agreement, Jiangsu Tiankai agreed to introduce its own NCM 622 and NCM 811 battery formula and technology to Shandong Forever New Energy for nil consideration which Shandong Forever New Energy is allowed to use for free indefinitely.

Basis of the Capital Contribution Sum

The Capital Contribution Sum was determined among the parties to the Reorganisation Agreement after arm's length negotiations with reference to the appraised value of Shandong Forever New Energy based upon its registered capital amount.

THE AMENDED AND RESTATED JOINT INVESTMENT AGREEMENT

On 20 January 2020 (after trading hours), Triumphant Glory, Geely Auto and Jiangsu Tiankai also entered into the Amended and Restated Joint Investment Agreement to govern the operation and management, and the rights and obligations of the shareholders of Shandong Forever New Energy. The principal terms of the Amended and Restated Joint Investment Agreement are as follows:

Date

20 January 2020 (after trading hours)

Parties

- (1) Jiangsu Tiankai;
- (2) Geely Auto; and
- (3) Triumphant Glory.

Term of operation of Shandong Forever New Energy

The term of operation of the Shandong Forever New Energy is 30 years.

Total investment and registered capital

Shandong Forever New Energy's total investment and registered capital is US\$55 million and approximately US\$40.82 million respectively.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfillment of the following conditions:

- (a) Triumphant Glory and the Company having complied with all necessary internal procedures (including shareholders' and/or directors' approvals as required by laws, regulations and the GEM Listing Rules), and obtained all necessary approvals and consents for the Amended and Restated Joint Investment Agreement and the transactions contemplated thereunder from the Stock Exchange and other third parties (including the relevant regulatory and governmental authorities (if applicable));
- (b) having obtained all necessary approvals, authorizations and consents from the relevant governmental and regulatory authorities (including without limitation the relevant branch office of the Ministry of Commerce of the PRC and the Industrial and Commercial Administration Bureau), and complied with all necessary applications, valuations, registrations and filings (if applicable); and
- (c) the warranties given by each of the parties to the Amended and Restated Joint Investment Agreement remain true and accurate, there be no event which causes material breach of the obligations or representations and warranties of the parties.

Capital Increase and payment terms

Details of the Capital Contribution Sum and payment terms are set out in the section headed "The Reorganisation Agreement" above.

Approval of share transfer

Any party to the Amended and Restated Joint Investment Agreement may transfer, sell or dispose of any shares of Shandong Forever New Energy in any way to a third party subject to the approval of the board of directors and the completion of necessary registration with relevant regulatory authorities.

Board of directors

Board composition

The board of the Shandong Forever New Energy will consist of four directors, with two directors nominated by Jiangsu Tiankai, one director nominated by Geely Auto and one nominated by Triumphant Glory. The chairman will be appointed from the two directors nominated by Jiangsu Tiankai. The deputy chairman will be appointed from the one director nominated by Geely Auto.

Matters to be passed by unanimous consent by the directors of Shandong Forever New Energy

The following matters of Shandong Forever New Energy shall require unanimous consent in the board meeting of Shandong Forever New Energy:

- (1) amendments to the articles of association (including but not limited to change of business scope);
- (2) suspension, winding up, dissolution or liquidation of Shandong Forever New Energy;
- (3) increase or decrease of registered capital;
- (4) division, change of legal form or merger of Shandong Forever New Energy;
- (5) investments, provision of guarantees, major assets purchase or disposal and major connected transactions; and
- (6) other matters which require approval of the board in the articles of associations.

Profit distribution

Profits of Shandong Forever New Energy shall be distributed annually following the profit distribution plan proposed by the general manager and person in charge of finance subject to the board of directors' approval and other requirements under the articles of association of Shandong Forever New Energy.

Applicable laws and dispute resolution

The formation, effectiveness, interpretation, performance and dispute resolution resulting from the Amended and Restated Joint Investment Agreement are governed by applicable PRC laws and regulations.

In case of any dispute arising from or in connection with the Amended and Restated Joint Investment Agreement, the parties shall first resolve such dispute by friendly negotiations. In the event that no settlement can be reached through negotiations within one month after the other parties are first informed in writing of such dispute, any party may submit to the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) for arbitration in Beijing.

FINANCIAL EFFECT OF THE CAPITAL INCREASE

As a result of the Capital Increase, Shandong Forever New Energy will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Company. Shandong Forever New Energy will be accounted for an associate of the Company.

Based on the information available to the Company, it is estimated that the gain on the Deemed Disposal of approximately 24.5% equity interest in Shandong Forever New Energy amounting to approximately HK\$27.7 million will be recognised in the Group's consolidated financial statements.

Use of net proceeds

The net proceeds arising from the Capital Increase will be mainly utilised to increase the annual production capacity of Shandong Forever New Energy, to improve its research and development capability, to conduct research on new products and also for general working capital.

INFORMATION OF SHANDONG FOREVER NEW ENERGY

Shandong Forever New Energy is a Sino-foreign equity joint venture established and validly existing under the laws of the PRC, and is principally engaged in the research, production and sales of lithium-ion batteries in the PRC.

Currently, the production plant of Shandong Forever New Energy has a total floor area of approximately 130,000 square meters and its factory and office facilities cover a floor area of approximately 70,000 square meters. The annual production capacity of Shandong Forever New Energy amounts to 150,000 kWh of lithium iron phosphate battery or 225,000 kWh of ternary lithium battery.

During the year ended 31 December 2018, Shandong Forever New Energy recorded a revenue of approximately HK\$18.2 million (equivalent to approximately RMB16.0 million), which was at the same level when compared to the revenue of approximately HK\$18.8 million (equivalent to approximately RMB16.5 million) recognised in 2017. However, the overall gross profit margin has deteriorated from -0.7% in 2017 to -27.9% in 2018. It was mainly due to the over-supply of similar products in the market which led to decrease in unit selling price of the products. On the other hand, raw material costs increased in 2018 when compared to 2017. Set out below is the consolidated financial information of Shandong Forever New Energy for the periods indicated prepared in accordance with HKFRS. It reflects the financial impact of Shandong Forever New Energy on the Group which is considered to be important information for Independent Shareholders to form a view on the Capital Increase.

	For the period ended 30 June 2019 HK\$'000	For the year ended 31 December 2018 HK\$'000	For the year ended 31 December 2017 HK\$'000
Current Assets	10,072	28,729	101,750
Non-current assets (<i>Note</i>)	<u>348,292</u>	<u>344,023</u>	<u>334,397</u>
Total Assets	358,364	372,752	436,147
Current Liabilities	15,629	28,057	21,360
Non-current liabilities	<u>70,976</u>	<u>71,085</u>	<u>75,195</u>
Total liabilities	<u>86,605</u>	<u>99,142</u>	<u>96,555</u>
Net Assets	<u><u>271,759</u></u>	<u><u>273,610</u></u>	<u><u>339,592</u></u>
Revenue	2,930	18,183	18,804
Cost of sales	<u>(4,145)</u>	<u>(23,260)</u>	<u>(18,940)</u>
Gross Loss	(1,215)	(5,077)	(136)
Loss before tax	(1,984)	(64,511)	(43,737)
Income tax credit	<u>—</u>	<u>—</u>	<u>17,736</u>
Loss for the period/year	<u><u>(1,984)</u></u>	<u><u>(64,511)</u></u>	<u><u>(26,001)</u></u>

Note: The non-current assets were mainly composed of the present value of unpaid capital contribution due from non-controlling interests of Shandong Forever New Energy. The balance as at 30 June 2019, 31 December 2018 and 31 December 2017 were approximately HK\$305 million, HK\$299 million and HK\$286 million respectively.

INFORMATION OF THE GROUP AND THE PARTIES INVOLVED

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.

Jiangsu Tiankai is a limited liability company established in the PRC and is principally engaged in the research, production and sales of lithium batteries and automobile parts in the PRC. Jiangsu Tiankai is a wholly-owned subsidiary of 余姚天開能源技術有限公司 (Yuyao Tiankai Energy Co., Ltd.*) (“Yuyao Tiankai”) whose principal business also included research, production and sales of lithium batteries and automobile parts in the PRC and had registered patents in relation to lithium batteries with registered capital of approximately RMB166.67 million. As advised by the Company, Yuyao Tiankai is owned as to 40% by 上海天開新能源技術有限公司 (Shanghai Tiankai New Energy Co., Ltd.*) (“Shanghai Tiankai”), 30% by 上海磊軼實業有限公司 (Shanghai Leiyi Co., Ltd.*), 25% by 無錫邦絲投資有限公司 (Wuxi Bangsi Investment Co., Ltd.*) and 5% by 中意寧波生態園控股有限公司 (Sino-Italy Ningbo Ecological Park Holdings Ltd.*). Shanghai Tiankai is owned as to 80% by 天開能源技術有限公司 (Tiankai Energy Company Limited*) (together with its subsidiaries, the “Tiankai Group”) which is then owned by three individuals who are Independent Third Parties. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquires, Jiangsu Tiankai and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons.

Geely Auto is a limited liability company established in the PRC and is a subsidiary of Zhejiang Geely. Zhejiang Geely and its subsidiaries are principally engaged in the sale of automobiles and related parts and components wholesale and retail business.

Triumphant Glory is an investment holding company incorporated in the British Virgin Islands. It is directly owned as to 90.68% by the Company.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The revenue of Shandong Forever New Energy has been decreasing in the past few years. It was mainly due to the change in government policy such as general decrease in central government subsidies on new energy vehicles by 20% or above every year since 2017, it was a great challenge for new energy vehicles industry, especially for those new energy vehicles manufacturers which produce small-sized vehicles, and they are the key customer target of Shandong Forever New Energy. Because of the fierce competition from peer competitors and traditional petrol powered vehicles in the market, upward adjustment in selling price was impractical, to net-off the impact of the decrease in government subsidies, new energy vehicles manufacturers have to reduce the production costs. Lithium-ion battery is always a major part of new energy vehicles, so the selling price of lithium-ion batteries has been decreasing in the past few years. On the other hand, the price for essential lithium-ion battery raw materials including lithium and cobalt increased significantly in 2017 and 2018. Decrease in bulk purchase of raw material due to the decrease in sales order also diminished the bargaining power of Shandong Forever New Energy against suppliers. As a result, the gross loss ratio for Shandong Forever New Energy has been deteriorating.

The central government of China also encouraged the use of ternary battery (mainly NCM) for new energy vehicles because of its higher energy density. This has put Shandong Forever New Energy in a worse position because its major product line is lithium iron phosphate batteries which due to the chemical nature of elements used, cannot achieve energy density as high as NCM battery. The products of Zhejiang Forever New Energy Company Limited, the new lithium-ion battery plant of the Group, were pouch type NCM battery. The advanced techniques used in the pouch type NCM battery is a different path from lithium iron phosphate battery so the techniques are not exchangeable and there is few synergy between the two factories in respect of battery technology.

Some of the key customers of Shandong Forever New Energy could not cope with the change and faced significant financial difficulties. As a result, purchase order received from the major customers decreased. It was also very hard for Shandong Forever New Energy to develop new customers because of the small scale, ageing production line as well as products. Because of the uncertain future, Shandong Forever New Energy became more prudent on further expansion and investment. To save Shandong Forever New Energy, Triumphant Glory as well as other shareholder decided to introduce new strategic investor to increase the overall competitiveness of the lithium-ion battery plant. Jiangsu Tiankai which is also engaged in research, production and sales of lithium batteries was identified as a promising investor.

The Directors consider that the Capital Increase contemplated under the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement would strengthen the financial resources of Shandong Forever New Energy. The Capital Contribution Sum will be mainly utilised to install new production line which can enhance business growth and competitiveness of Shandong Forever New Energy. The terms of the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement have been agreed after arm's length negotiations among the parties thereto. Having considered the above, the Board is of the view that the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement is on 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

Following the Completion, the Group's equity interest in Shandong Forever New Energy will be diluted from 49% to 24.5%, which constitutes a deemed disposal of the interest in a subsidiary of the Company pursuant to Rule 19.29 of the GEM Listing Rules. As the highest of the applicable percentage ratios in respect of the Capital Increase exceeds 5% but is less than 25%, the Capital Increase gives rise to a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

As Geely Auto owns 51% equity interest in Shandong Forever New Energy immediately prior to the Completion and is therefore a substantial shareholder of Shandong Forever New Energy. Geely Auto, which is a 71.05% owned subsidiary of Zhejiang Geely, is a connected person of the Company. The Capital Increase constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Thus, the Capital Increase is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to whether the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder are entered into on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Halcyon Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder, in accordance with the GEM Listing Rules. Such appointment has been approved by the Independent Board Committee.

Given Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company through Geely International and Mr. Li holds 91.08% equity interest in Zhejiang Geely, Zhejiang Geely, Geely International, Mr. Li and their associates will be required to abstain from voting at the EGM to be convened, and if thought fit, to approve the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transactions contemplated thereunder.

Save for Zhejiang Geely, Geely International, Mr. Li and their associates, no Shareholder has any material interest in the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transaction contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolutions in respect of the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transactions contemplated thereunder at the EGM.

Mr. Liu Jian and Mr. Ang Siu Lun, Lawrence, an executive Director and a non-executive Director of the Company respectively, are currently taking position in Companies which Mr. Li has controlling interests. In order to avoid the perception of a conflict of interest, Mr. Liu Jian and Mr. Ang Siu Lun, Lawrence have abstained from voting on the board resolutions in relation to the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement. To the best of the Director's knowledge, information and belief, having made all reasonable enquires, except for Mr. Liu Jian and Mr. Ang Siu Lun, Lawrence, none of the Directors is materially interested in the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement, and therefore none of the Directors is required to abstain from voting on the Board resolutions to approve the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) information on the Capital Increase; (ii) the recommendation of the Independent Board Committee in respect of the Capital Increase; (iii) the advice of the Independent Financial Adviser regarding the terms of the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement; and (iv) other information as required under the GEM Listing Rules, together with the notice of the EGM, shall be despatched to the Shareholders. To allow sufficient time for the preparation of the circular (including the advice of the Independent Financial Adviser), it is expected that the circular would be despatched to the Shareholders on or about 14 February 2020.

Completion is subject to the satisfaction of the conditions precedent under the Amended and Restated Joint Investment Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Amended and Restated Joint Investment Agreement”	the amended and restated joint investment agreement dated 20 January 2020 entered into among Triumphant Glory, Geely Auto and Jiangsu Tiankai in relation to the conversion of Shandong Forever New Energy into a Sino-foreign equity joint venture
“associate(s)”	the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Capital Contribution Sum”	US\$20,408,100 (or its equivalent in RMB), being the sum of the Capital Increase
“Capital Increase”	the proposed capital contribution in Shandong Forever New Energy by Jiangsu Tiankai, subject to and in accordance with the terms and conditions of the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement
“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
“Completion”	the completion of the Capital Contribution pursuant to the terms and conditions contained in the Reorganisation Agreement and the Amended and Restated Joint Investment Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Deemed Disposal”	the reduction of the Group’s equity interest in Shandong Forever New Energy from 49% to 24.5% upon Completion
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Shareholders to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Reorganisation Agreement, the Capital Increase and the transactions contemplated thereunder

“Geely Auto”	浙江吉利汽車有限公司 (Zhejiang Geely Automobile Co., Ltd.*), a limited liability company established in the PRC and is a subsidiary of Zhejiang Geely
“Geely International”	Geely International (Hong Kong) Limited (吉利國際(香港)有限公司), a company incorporated in Hong Kong and is a substantial shareholder 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
“HKFRS”	Hong Kong Financial Reporting Standards
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising Independent Shareholders on the terms of the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transactions contemplated therein
“Independent Financial Adviser”	Halcyon Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Reorganisation Agreement, the Amended and Restated Joint Investment Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	any individual(s) or company(ies) who or which is/are independent and not connected with (within the meaning of the GEM Listing Rules) any of the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Independent Shareholders”	Shareholders other than Zhejiang Geely, Geely International, Mr. Li and their associates
“Jiangsu Tiankai”	江蘇天開能源技術有限公司 (Jiangsu Tiankai Energy Co., Ltd.*), a limited liability company established in the PRC
“kWh”	kilowatt-hour

“Mr. Li”	Mr. Li Shufu, a substantial shareholder of the Company who holds directly and indirectly approximately 19.78% interest in the Company and holds 91.08% equity interest in Zhejiang Geely
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Reorganisation Agreement”	the reorganisation agreement dated 20 January 2020 entered into among Jiangsu Tiankai, Geely Auto and Triumphant Glory in relation to the introduction of Jiangsu Tiankai into the joint venture in Shandong Forever New Energy and the Capital Increase
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shandong Forever New Energy”	山東衡遠新能源科技有限公司 (Shandong Forever New Energy Co., Ltd.*), a Sino-foreign equity joint venture established in the PRC and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement and prior to Completion
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Triumphant Glory”	Triumphant Glory Investments Limited (凱榮投資有限公司), a company incorporated in the British Virgin Islands with limited liability, and a direct non-wholly owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States

“Zhejiang Geely” 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Co., Ltd.*), a limited liability company established in the PRC, which indirectly owns 18.78% shareholding interest in the Company, and is a connected person of the Company

“%” per cent.

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

Hong Kong, 20 January 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 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