



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

27/F, Grand Millennium Plaza  
181 Queen's Road  
Central Central, Hong  
Kong

23 February 2023

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED  
FOR AND ON BEHALF OF GEELY GROUP LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES IN HONBRIDGE HOLDINGS LIMITED  
(OTHER THAN THOSE OWNED AND/OR AGREED  
TO BE ACQUIRED BY GEELY GROUP LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement. As mentioned in the Joint Announcement, the Offeror as the purchaser and the Vendors as the vendors entered into the Sale and Purchase Agreement on 12 January 2023 (after trading hours), pursuant to which (i) Mr. He and Mr. Li Xingxing (son of Mr. Li) conditionally agreed to sell 38.09% and 30.77%, respectively, of the total issued share capital of the Target Company as at the date of the Sale and Purchase Agreement, and (ii) the Offeror conditionally agreed to acquire from Mr. He and Mr. Li Xingxing an aggregate of 68.86% of the total issued share capital of the Target Company as at the date of the Sale and Purchase Agreement.

On 16 January 2023, the Offeror and the Company jointly announced that Completion took place on the same date. Immediately after the Completion and as at the Latest Practicable Date, (i) the Offeror held 68.86% of the total number of issued shares of the Target Company; (ii) Strong Target held 18.23% of the total number of issued shares of the Target Company; (iii) Mr. He held 12.91% of the total number of issued shares of the Target Company. The Offeror and Strong Target, in aggregate, held 87.09% of the total number of issued shares of the Target Company immediately after the Completion.

As at the Latest Practicable Date, the Company had 9,854,533,606 Shares in issue. All 8,750,000 Share Options outstanding as at the date of the Joint Announcement have lapsed on 16 February 2023 in accordance with the terms of the Share Option Scheme. As at the Latest Practicable Date, there was no outstanding share option granted under the New Share Option Scheme.

As at the Latest Practicable Date, the Target Company held 4,065,000,000 Shares, representing approximately 41.25% of the entire issued share capital of the Company. The Offeror Concert Parties held in aggregate of 6,149,138,864 Shares, representing approximately

62.40% of the entire issued share capital of the Company. For details, please see section headed “3. Disclosure of Interests of the Offeror and Offeror Concert Parties” in Appendix IV to this Composite Document.

The Offeror has acquired a statutory control (as referred to under the Takeovers Code) over the Target Company and the voting rights in the Company held by the Target Company have effectively passed to the Offeror.

Pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer for all the issued Shares of the Company (other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties).

As (i) all 8,750,000 Share Options outstanding as at the date of the Joint Announcement have lapsed on 16 February 2023 in accordance with the terms of the Share Option Scheme; (ii) there was no outstanding share option granted under the New Share Option Scheme; and (iii) the Company does not intend to and has confirmed that it will not grant any further share option under the New Share Option Scheme between the Latest Practicable Date and the Closing Date, the Offeror is no longer required to and will not make (or procure to be made on its behalf) the Option Offer as defined and described in the Joint Announcement in accordance with Rule 13 of the Takeovers Code.

This letter forms part of this Composite Document and sets out, amongst other things, the details of the Offer, certain information on the Offeror, and the intention of the Offeror on the Group. Further terms of the Offer and the procedures for acceptances of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Offer Acceptance.

Offer Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Independent Financial Adviser” and the appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

**INFORMATION OF THE OFFER**

Guotai Junan Securities makes the Offer on behalf of the Offeror, subject to the terms set out in this Composite Document and in the Form of Offer Acceptance, on the following basis:

**For each Offer Share..... .. HK\$0.08 in cash**

**The Offeror will not increase the Offer Price. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.**

The Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all encumbrances and with all rights and benefits at any time accruing and attaching thereto on or after the date on which the Offer is made, being the date of despatch of the Composite

Document, including but not limited to the rights to receive all dividends and distributions declared, and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The Company confirmed that as at the date of the Latest Practicable Date, (i) it has not declared any dividend or other distributions which have not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer.

### **Comparisons of value**

The Offer Price of HK\$0.08 per Share represents:

- (i) a discount of approximately 90.6% to the closing price of HK\$0.850 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 77.5% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on 12 January 2023, being the Last Trading Day;
- (iii) a discount of approximately 77.5% to the average closing price of approximately HK\$0.356 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 77.5% to the average closing price of approximately HK\$0.355 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 75.2% to the average closing price of approximately HK\$0.322 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 83.1% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.47 per Share as at 31 December 2021, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$4,654,046,000 as at 31 December 2021 by 9,854,533,606 Shares in issue as at the date of the Composite Document; and
- (vii) a discount of approximately 83.8% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.49 per Share as at 30 June 2022, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$4,873,225,000 as at 30 June 2022 by 9,854,533,606 Shares in issue as at the date of the Composite Document.

## **Highest and lowest Closing prices of the Share**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.950 per Share on 26 January 2023 and HK\$0.240 per Share on 24 October 2022, respectively.

## **Irrevocable Undertakings**

Pursuant to and in connection with the Sale and Purchase Agreement, Mr. He and Ms. Foo have irrevocably undertaken that (i) from the date of the Sale and Purchase Agreement until the close of the Offer, they would not directly or indirectly sell, transfer or dispose of all or any of the He Controlled Shares or otherwise create any encumbrance on such Shares in any way; (ii) they would not accept the Offer in respect of the He Controlled Shares; and (iii) during the period from the date of the Sale and Purchase Agreement to six months after the close of the Offer, they would not purchase any Shares or any interest in the Shares at a consideration (or implied consideration) which is higher than HK\$0.08 per Share.

## **TOTAL VALUE OF THE OFFER**

On the basis of the Offer Price of HK\$0.08 per Offer Share and 3,705,394,742 Shares subject to the Offer (excluding the Shares to be acquired by the Offeror and the Offeror Concert Parties), the Offer is valued at approximately HK\$296,431,579.36.

## **CONFIRMATION OF FINANCIAL RESOURCES SUFFICIENCY**

The Offeror intends to finance and satisfy the Offer by way of internal cash resources.

Guotai Junan Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer.

## **EFFECTS OF ACCEPTING THE OFFER**

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

By accepting the Offer, the relevant Shareholders will be deemed to warrant that all Offer Shares to be sold by such person under the Offer are fully paid and free from all encumbrances and with all rights and benefits at any time accruing and attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the rights to receive all dividends and distributions declared, and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

## **HONG KONG STAMP DUTY**

In Hong Kong, seller's ad valorem stamp duty payable by the Offer Shareholders who accept the Offer and calculated at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Offer Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Offer Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

## **PAYMENT**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but within seven (7) business days (as defined in the Takeovers Code) following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Registrar or for the Offeror to render each such acceptance complete and valid in accordance with the Takeovers Code. No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

## **TAXATION ADVICE**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Company, Guotai Junan Capital, Guotai Junan Securities, Ballas Capital, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **COMPULSORY ACQUISITION**

The Offeror does not intend to privatise the Company by availing itself of any powers of compulsory acquisition of the remaining Shares not acquired under the Offer after the close of the Offer.

## **SHAREHOLDINGS AND DEALING IN SECURITIES OF THE COMPANY**

Your attention is drawn to the sections headed "4. Dealings in Shares" of Appendix III to this Composite Document. Save as disclosed in those sections, as at the Latest Practicable Date, there are no other shareholdings in the Company:

- (1) of the Offeror;
- (2) in which the directors of the Offeror are interested;
- (3) which any persons acting in concert with the Offeror own or control;

- (4) which the Offeror Concert Parties or any persons acting in concert with it has borrowed or lent; or
- (5) which the persons identified in paragraphs (1) to (4) above have dealt for value during the period commencing six months prior to the commencement of the Offer Period.

Nor are there any other arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exist between the Offeror, or any person acting in concert with it, and any other person.

## **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Li as at the date of the Joint Announcement. The principal activity of the Offeror is holding of shares of companies including acquiring and holding the Sale Shares. Mr. Li is the chairman and an executive director of Geely Automobile Holdings Limited, the shares of which are listed on the Stock Exchange (Stock Code: 0175). Mr. Li is also the controlling shareholder, founder, chairman of the board of directors of Geely Holding. Geely Holding and its subsidiaries are principally engaged in the sale of automobiles and related parts and components wholesale and retail business. Mr. Li has over 35 years of experience in the investment and management of the automobile manufacturing business in the PRC.

As at the date of the Joint Announcement, (a) Mr. Li, the ultimate beneficial owner of the Offeror, held (i) 103,064,000 Shares directly, representing approximately 1.04% of the entire issued share capital of the Company; and (ii) 1,850,675,675 Shares indirectly through Geely HK, which is owned as to approximately 91.08% by Mr. Li indirectly, representing approximately 18.78% of the entire issued share capital of the Company; (b) the Target Company held 4,065,000,000 Shares, representing approximately 41.25% of the entire issued share capital of the Company; (c) Ms. Wang Li, spouse of Mr. Li, held 50,000,000 Shares indirectly through Euro American, representing approximately 0.51% of the entire issued share capital of the Company; and (d) in addition to the Shares held by the Target Company, Mr. He and Ms. Foo held 57,939,189 Shares and 22,460,000 Shares, respectively, representing in aggregate approximately 0.82% of the entire issued share capital of the Company.

Save as disclosed above, none of the Offeror and the Offeror Concert Parties is interested in any Shares.

## **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group.

The Offeror will conduct a review of the existing principal businesses, business development strategy and the financial position of the Group following the close of the Offer for the purpose of formulating business plans and strategies for the future development and expansion of the Group's principal business. Subject to the results of the review, the Offeror

may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporation actions materialize, further announcement(s) will be made in accordance with the GEM Listing Rules and the Takeovers Code (if applicable) .

Save for the Offeror's intention regarding the Group as set out above, as at the date of the Joint Announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreements, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of the employees or to redeploy any fixed assets of the Group (other than in the ordinary and usual course of business of the Group) as at the date of the Joint Announcement.

### **PROPOSED CHANGE OF THE BOARD COMPOSITION**

The Board is currently made up of three executive Directors, one non-executive Director and three independent non-executive Directors.

The Offeror intends to nominate new Directors to the Board in accordance with relevant requirements of the Takeovers Code, the GEM Listing Rules or other applicable regulations. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules. As at the date of the Composite Document, the Offeror has not reached any final decision as to who will be nominated as new Directors. Further announcement(s)/disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Mr. Li, the sole director of the Offeror, has undertaken and the new Directors to be appointed (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. Such steps may include, without limitation, a placing down of sufficient number of the Shares by the Offeror where appropriate.

## **OVERSEAS OFFER SHAREHOLDERS**

As at the Latest Practicable Date, based on the record in the Company's register of members and the Company's internal record, outside of Hong Kong, the Company had eight (8) Overseas Offer Shareholders in Australia, the State of New York, U.S., Malaysia, Singapore, the PRC and Canada.

The Offeror intends to make the Offer available to all Offer Shareholders, including those who are resident outside Hong Kong. However, Overseas Offer Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong may be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

Based on the legal advice obtained in relation to the laws of the U.S., any offer to purchase or purchase of securities to Overseas Offer Shareholders in the State of New York, U.S. must be made in accordance with applicable federal and state laws and regulations. One such requirement is that this Composite Document and the Form of Offer Acceptance may only be despatched to Overseas Offer Shareholders in the State of New York, U.S. by a broker-dealer registered with the State of New York, U.S.. The Company's register of members showed that as at the Latest Practicable Date, there was only one Overseas Offer Shareholder in the State of New York, U.S. (the "U.S. Offer Shareholder") who held 3,000 Shares, representing approximately 0.00003% of the total number of the issued Shares. As the U.S. Offer Shareholder only held a small number of Shares, the sole director of the Offeror and the Directors consider that it is unduly onerous and burdensome to engage a broker-dealer registered with the State of New York, U.S. to despatch the Composite Document and the Form of Offer Acceptance to the U.S. Offer Shareholder who only holds a small number of Shares. Therefore, the Company and the Offeror have applied for, and the Executive has granted, a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code for excluding the U.S. Offer Shareholder from receiving this Composite Document and the Form of Offer Acceptance.

The sole director of the Offeror and the Directors had been advised by the local counsel in Australia, Malaysia, Singapore, PRC and Canada that this Composite Document and the Form of Offer Acceptance may be forwarded to such Overseas Offer Shareholder and will do so accordingly.

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Offer Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Offer Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).



**Any acceptance by any Overseas Offer Shareholders will be deemed to constitute a representation and warranty from such Overseas Offer Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Offer Shareholders should consult their professional advisers if in doubt.**

#### **FURTHER MATTERS RELATING TO THE OFFER**

Please refer to Appendix I to this Composite Document for information regarding the acceptance of the Offer and settlement of consideration.

#### **GENERAL**

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company or in the case of joint holders of the Offer Shares, to the Offer Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form of Offer Acceptance completed, returned and received by the Registrar. None of the Company, the Offeror, Guotai Junan Capital, Guotai Junan Securities, Ballas Capital or any of their respective directors or professional advisers or other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.


#### **ADDITIONAL INFORMATION**

Shareholders are strongly encouraged and advised to read this Composite Document carefully, including the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, as to whether the terms of the Offer are fair and reasonable so far as the Shareholders are concerned, and to consult their professional advisers as they see fit and necessary, before deciding whether or not to accept the Offer. Shareholders’ attention is further drawn to the additional information set out in the appendices to this Composite Document, which form part of this Composite Document.

Yours faithfully,  
For and on behalf of  
**Guotai Junan Capital Limited**



**Iris Leung**  
*Deputy General Manager*



**Amy Chow**  
*Senior Vice President*