

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Offer Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Honbridge Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Offer Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Offer Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Offer Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Offer Acceptance.



**GEELY GROUP LIMITED**  
*(Incorporated in the British Virgin Islands  
with limited liability)*

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

**COMPOSITE DOCUMENT RELATING TO  
UNCONDITIONAL MANDATORY CASH OFFER BY  
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED**



**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)**

**Financial adviser to Geely Group Limited**



**Guotai Junan Capital Limited**

**Independent Financial Adviser to the Independent Board Committee of  
Honbridge Holdings Limited**

**BALLAS**  
C A P I T A L  
A subsidiary of Crosby

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A "Letter from Guotai Junan Capital" containing, among other things, the details of the terms of the Offer is set out on pages 10 to 18 of this Composite Document.

A "Letter from the Board" is set out on pages 19 to 27 of this Composite Document. A "Letter from the Independent Board Committee" containing its recommendations to the Offer Shareholders in respect of the Offer is set out on pages 28 to 29 of this Composite Document. A "Letter from the Independent Financial Adviser" containing its advice and recommendations to the Independent Board Committee and the Offer Shareholders in respect of the Offer is set out on pages 30 to 52 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Offer Acceptance. Acceptance of the Offer should be received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Thursday, 16 March 2023 or such later time(s) and/or date(s) as the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Offer Acceptance to any jurisdiction outside Hong Kong should read the section headed "IMPORTANT NOTICE" contained in this Composite Document before taking any action. 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, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Offer Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the website of the Stock Exchange at [www.hkgem.com](http://www.hkgem.com) and the website of the Company at <http://www.8137.hk>.

*This Composite Document and the accompanying Form of Offer Acceptance may not be released into or distributed directly or indirectly in the U.S. or any other jurisdiction where such release or distribution might be unlawful.*

Hong Kong, 23 February 2023

## **CHARACTERISTICS OF GEM**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

## CONTENTS

	<i>Page</i>
<b>Expected Timetable</b> .....	1
<b>Important Notice</b> .....	3
<b>Definitions</b> .....	4
<b>Letter from Guotai Junan Capital</b> .....	10
<b>Letter from the Board</b> .....	19
<b>Letter from the Independent Board Committee</b> .....	28
<b>Letter from the Independent Financial Adviser</b> .....	30
<b>Appendix I — Further Terms and Procedures for Acceptance of the Offer</b> .....	I-1
<b>Appendix II — Financial Information of the Group</b> .....	II-1
<b>Appendix III — General Information of the Group</b> .....	III-1
<b>Appendix IV — General Information of the Offeror</b> .....	IV-1
<b>Accompanying document — Form of Offer Acceptance</b>	

## EXPECTED TIMETABLE

*The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all times and dates in this Composite Document and the Form of Offer Acceptance refer to Hong Kong local times and dates.*

Despatch date of this Composite Document and the Form of Offer Acceptance ( <i>Note 1</i> ).....	Thursday, 23 February 2023
Opening date of the Offer ( <i>Note 1</i> ).....	Thursday, 23 February 2023
Latest time and date for acceptance of the Offer ( <i>Notes 2, 3 and 5</i> ).....	4:00 p.m. on Thursday, 16 March 2023
Closing Date ( <i>Notes 2 and 3</i> ).....	Thursday, 16 March 2023
Announcement of the results of the Offer (or its extension or revision, if any) on the website of the Stock Exchange ( <i>Note 2</i> ).....	no later than 7:00 p.m. on Thursday, 16 March 2023
Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer ( <i>Notes 4 and 5</i> ).....	Monday, 27 March 2023

*Notes:*

- (1) The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror extends the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “6. Right of withdrawal” in Appendix I to this Composite Document.
- (2) In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will be closed for acceptances on the Closing Date. The latest time and date for acceptance of the Offer will be at 4:00 p.m. on Thursday, 16 March 2023 unless the Offeror extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange by no later than 7:00 p.m. on Thursday, 16 March 2023, stating the results of the Offer and whether the Offer has been extended or has closed for acceptance. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.
- (3) Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out on Page I-2 in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
- (4) Remittances in respect of the consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be posted to those Offer Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed Form of Offer Acceptance and all requisite documents to render the acceptance under the Offer complete and valid in accordance with the Takeovers Code.

## EXPECTED TIMETABLE

- (5) If there is a tropical cyclone warning signal number 8 or above, or a “black rainstorm warning” or “extreme condition” caused by super typhoon:
- (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the posting of remittances will remain on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, as the case may be, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will be rescheduled to the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m., or such other day as the Executive may approve in accordance with the Takeovers Code.

**All time and date references contained in this Composite Document and accompanying Form of Offer Acceptance are to Hong Kong times and dates.**

Save as mentioned above, if the latest time for acceptance of the Offer do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

## **IMPORTANT NOTICE**

### **NOTICE TO OVERSEAS OFFER SHAREHOLDERS**

The making and implementation of the Offer to holders of the Offer Shares who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such holders are located. Such holders should inform themselves about and observe any applicable legal or regulatory requirements.

Please refer to the section headed “Overseas Offer Shareholders” of the “Letter from Guotai Junan Capital” in this Composite Document for further information.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

## DEFINITIONS

*In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors of the Company
“Business Day”	a day on which the Stock Exchange is open for transaction of business
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date stated in this Composite Document as the closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Honbridge Holdings Limited (洪橋集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Completion Date”	16 January 2023
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Offer Shareholders in connection with the Offer in compliance with the Takeovers Code
“Director”	the director(s) of the Company
“Euro American”	Euro American International Investment Group Limited, a company incorporated in the BVI with limited liability and wholly owned by Ms. Wang Li, spouse of Mr. Li
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director
“Form of Offer Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document

## DEFINITIONS

“Geely HK”	Geely International (Hong Kong) Limited 吉利國際(香港)有限公司, a company incorporated in Hong Kong with limited liability, which is owned as to approximately 91.08% by Mr. Li indirectly
“Geely Holding”	浙江吉利控股集團有限公司 Zhejiang Geely Holding Group Company Limited*, a company incorporated in the PRC, which is owned as to approximately 91.08% by Mr. Li
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guotai Junan Capital”	Guotai Junan Capital Limited, a corporation licensed under the SFO permitted to engage in type 6 regulated activity (as defined under the SFO), and the financial adviser to the Offeror in respect of the Offer
“Guotai Junan Securities”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed under the SFO permitted to engage in type 1, type 2 and type 4 regulated activities (as defined under the SFO) and a fellow subsidiary of Guotai Junan Capital, being the agent making the Offer for and on behalf of the Offeror
“He Controlled Shares”	the aggregate number of 80,399,189 Shares, which comprise (i) 57,939,189 Shares, representing approximately 0.59% of the total issued share capital of the Company as at the date of the Joint Announcement, held by Mr. He; and (ii) 22,460,000 Shares, representing approximately 0.23% of the total issued share capital of the Company as at the date of the Joint Announcement, held by Ms. Foo
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China



## DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the non-executive Directors who are not interested in the Offer, namely Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun and Mr. Yan Weimin established for the purpose of advising and giving a recommendation to the Offer Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Independent Financial Adviser” or “Ballas Capital”	Ballas Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed with the approval from the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee, the Offer Shareholders in connection with the Offer
“Irrevocable Undertakings”	collectively Mr. He’s Irrevocable Undertaking and Ms. Foo’s Irrevocable Undertaking
“Joint Announcement”	the joint announcement issued by the Offeror and the Company on 12 January 2023 in relation to, among others, the Offer and the Option Offer as defined and described in the Joint Announcement
“Last Trading Day”	12 January 2023, being the last trading day of the Shares immediately prior to the publication of the Joint Announcement
“Latest Practicable Date”	20 February 2023, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
“Mr. He”	Mr. He Xuechu, an executive Director
“Mr. He’s Irrevocable Undertaking”	the irrevocable undertaking given by Mr. He pursuant to the Sale and Purchase Agreement, details of which are set out in the paragraph headed “Irrevocable Undertakings” of the section headed “THE OFFER” of the “Letter from the Board” in this Composite Document
“Mr. Li”	Mr. Li Shufu, a director and the controlling shareholder of Geely Holding
“Ms. Foo”	Ms. FOO Yatian, the spouse of Mr. He

## DEFINITIONS

“Ms. Foo’s Irrevocable Undertaking”	the irrevocable undertaking dated 12 January 2023 given by Ms. Foo in connection with the Sale and Purchase Agreement, details of which are set out in the paragraph headed “Irrevocable Undertakings” of the section headed “THE OFFER” of the “Letter from the Board” in this Composite Document
“New Share Option Scheme”	the new share option scheme adopted by the Company on 26 May 2022, which entitles holder(s) thereof to subscribe for new Shares in accordance with the terms and conditions thereof
“Offer”	the unconditional mandatory cash offer to be made by Guotai Junan Securities for and on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offer Price”	HK\$0.08 per Offer Share in respect of the Offer
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties
“Offer Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it
“Offeror”	Geely Group Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Li
“Offeror Concert Parties”	the parties acting in concert, or presumed to be acting in concert, with the Offeror under the definition of “acting in concert” under the Takeovers Code, including but not limited to the Vendors, the Target Company, Ms. Foo, Geely HK, Mr. Li, Euro American and Ms. Wang Li
“Overseas Offer Shareholders”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this Composite Document, shall exclude Hong Kong, the Macao Special Administrative Region and Taiwan

## DEFINITIONS

“Relevant Period”	the period from 12 July 2022, being the date that is six months before the date of the commencement of the Offer Period, up to and including the Latest Practicable Date
“Registrar”	Union Registrars Limited, the share registrar of the Company in Hong Kong at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Sale Share(s)”	an aggregate of 6,886 shares in the Target Company held by the Vendors, representing 68.86% of the total issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 January 2023 and entered into, among others, the Vendors and the Offeror in relation to the acquisition of the Sale Shares
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Share Option”	share option(s) granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 21 May 2012, which entitles holder(s) thereof to subscribe for new Shares in accordance with the terms and conditions thereof
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strong Target”	Strong Target International Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Li
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC

## DEFINITIONS

“Target Company”	Hong Bridge Capital Limited, a company incorporated in the BVI with limited liability, which is owned as to 87.09% by Mr. Li indirectly
“U.S.”	the United States of America
“Vendors”	collectively, Mr. He and Mr. Li Xingxing
“%”	per cent

## LETTER FROM GUOTAI JUNAN CAPITAL



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

## LETTER FROM GUOTAI JUNAN CAPITAL

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

## LETTER FROM GUOTAI JUNAN CAPITAL

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.

## LETTER FROM GUOTAI JUNAN CAPITAL

### **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.



## LETTER FROM GUOTAI JUNAN CAPITAL

### 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;

## LETTER FROM GUOTAI JUNAN CAPITAL

- (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

## LETTER FROM GUOTAI JUNAN CAPITAL

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.

## LETTER FROM GUOTAI JUNAN CAPITAL

### 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).

## LETTER FROM GUOTAI JUNAN CAPITAL

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**

**Amy Chow**

*Deputy General Manager*

*Senior Vice President*

LETTER FROM THE BOARD



**HONBRIDGE HOLDINGS LIMITED**

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

**(Stock Code: 8137)**

*Executive Directors:*

Mr. He Xuechu (*Chairman*)

Mr. Liu Jian

*(Vice Chairman and Joint Chief Executive Officer)*

Mr. Liu Wei, William (*Joint Chief Executive Officer*)

*Non-executive Director:*

Mr. Yan Weimin

*Independent non-executive Directors:*

Mr. Chan Chun Wai, Tony

Mr. Ma Gang

Mr. Ha Chun

*Registered Office:*

P.O. Box 31119 Grand Pavilion  
Hibiscus Way, 802 West Bay Road  
Grand Cayman  
KY1-1205  
Cayman Islands

*Head Office and Principal Place  
of Business in Hong Kong:*

Unit 5402, 54th Floor  
Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

23 February 2023

*To the Offer Shareholders:*

Dear Sir/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 in relation to, among other things, the Sale and Purchase Agreement and the Offer. Unless the context requires otherwise, terms defined in this Composite Document shall have the same meanings when used herein.

## LETTER FROM THE BOARD

As mentioned in the Joint Announcement, the Company was informed by the Vendors that on 12 January 2023, the Offeror as the purchaser and the Vendors as the vendors entered into the Sale and Purchase Agreement, 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.

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. Mr. He and Ms. Foo intend to continue to hold such Shares until the close of the Offer.

On the Completion Date, 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; and (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 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.

As the Offeror acquired a statutory control (as referred to under the Takeovers Code) over the Target Company upon Completion and the Offeror and the Offeror Concert Parties are interested in approximately 62.40% in the Company, the Offeror is required to make an unconditional mandatory general offer for all the issued Shares of the Company (other than

## **LETTER FROM THE BOARD**

those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code.

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.

As stated in the “Letter from Guotai Junan Capital”, Guotai Junan Securities, on behalf the Offeror, makes the Offer to acquire all of the Offer Shares in issue at HK\$0.08 per Offer Share.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer, (ii) the letter from Guotai Junan Capital containing, among others, details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Offer Shareholders in relation to the Offer; (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in relation to the Offer; and (v) procedures for acceptance of the Offer.

This letter forms part of this Composite Document and sets out, amongst other things, certain background information of the Offeror and the intentions of the Offeror in relation to the Group. Further details on the terms of the Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Form of Offer Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

Your attention is also drawn to the “Letter from Guotai Junan Capital”, the “Letter from the Independent Board Committee” to the Offer Shareholders and the “Letter from the Independent Financial Adviser” to the Independent Board Committee, the Offer Shareholders, as contained in this Composite Document, the accompanying Form of Offer Acceptance and the appendices which form part of this Composite Document.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee has been formed in accordance with Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The Independent Board Committee comprises of all the non-executive Directors who are not interested in the Offer, being Mr. Chan Chun Wai, Tony, Mr. Ma Gang, Mr. Ha Chun and Mr. Yan Weimin. Mr. Chan Chun Wai, Tony and Mr. Yan Weimin hold 1,000,000 Shares and 30,000,000 Shares respectively, representing approximately 0.01% and 0.30% of the total issued share capital of



## LETTER FROM THE BOARD

the Company as at the date of this Composite Document. Their respective shareholding in the Company is small and their interests are no difference from other Offer Shareholders and are not considered to be interested in the Offer.

Ballas Capital Limited has been appointed as the Independent Financial Adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee in respect of the Offer, as to whether the terms of the Offer are fair and reasonable, and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Board Committee addressed to the Offer Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

### THE OFFER

Guotai Junan Securities, on behalf the Offeror, makes the Offer 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 as at the date of this 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 this Composite Document.

The Company confirms that as at 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 is equal to the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement and represents:

- (i) 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;

## LETTER FROM THE BOARD

- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) a discount of 90.6% to the closing price of HK\$0.850 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (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 Latest Practicable Date; 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 Latest Practicable Date.

### **Highest and lowest closing prices of the Shares**

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.

## LETTER FROM THE BOARD

### Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Offer Shareholders, taxation advice, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Guotai Junan Capital” and Appendix I to this Composite Document and the accompanying Form of Offer Acceptance.

### INFORMATION OF THE GROUP

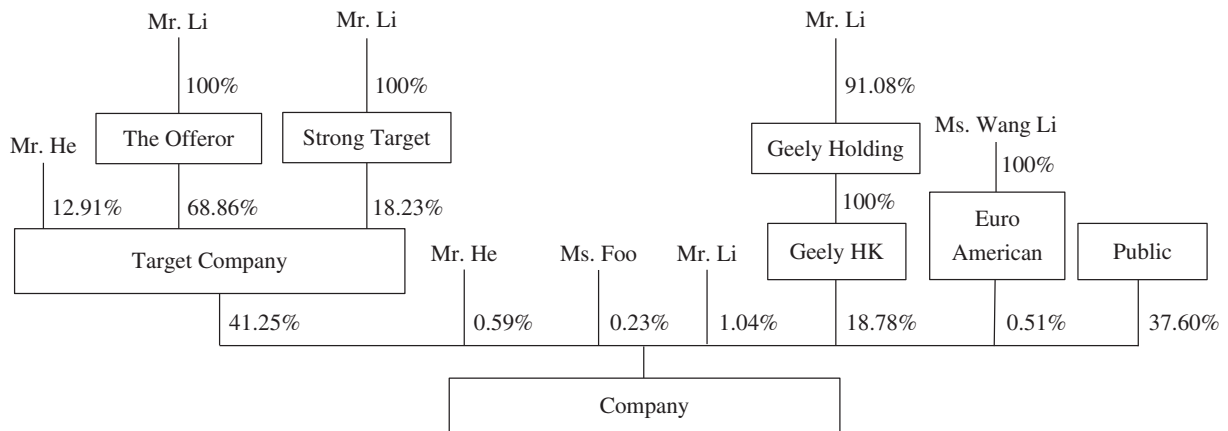
The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the GEM of the Stock Exchange. The Group is principally engaged in the business of research and development, production, sales of lithium-ion battery and battery system, provision of online car-hailing services and electric bicycle battery swapping services and research and exploration of iron ores.

Financial and general information in relation to the Group are set out in Appendix II titled “Financial Information of the Group” and Appendix III titled “General Information of the Group” to this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY AND THE TARGET COMPANY

As at the Latest Practicable Date, (i) the Offeror was the single largest shareholder of the Target Company holding 68.86% of all issued shares of the Target Company; and (ii) the Target Company held approximately 41.25% of all issued Shares.

#### Simplified shareholding structure of the Company and the Target Company as at the Latest Practicable Date



## LETTER FROM THE BOARD

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date:

<b>Shareholder</b>	<b>No. of Shares</b>	<b>Approximate %</b>
<i>The Offeror and the Offeror Concert Parties</i>		
The Offeror	—	—
Target Company	4,065,000,000	41.25
	<i>(Note 1)</i>	
Mr. He	57,939,189	0.59
Ms. FOO <i>(Note 2)</i>	22,460,000	0.23
Geely HK	1,850,675,675	18.78
Mr. Li	103,064,000	1.04
Euro American <i>(Note 3)</i>	50,000,000	0.51
<b>Sub-total</b>	6,149,138,864	62.40
<i>Public Shareholders</i>	3,705,394,742	37.60
<b>Total</b>	<b>9,854,533,606</b>	<b>100</b>

*Notes:*

1. Immediately before Completion, the Target Company was owned as to 51% by Mr. He, 30.77% by Mr. Li Xingxing, son of Mr. Li, and 18.23% by Strong Target. Strong Target is wholly-owned by Mr. Li. Immediately after Completion and as at the Latest Practicable Date, the Target Company was owned as to 68.86% by the Offeror, as to 18.23% by Strong Target and as to 12.91% by Mr. He. The Offeror is wholly-owned by Mr. Li.
2. Ms. FOO is the spouse of Mr. He.
3. Euro American is wholly-owned by Ms. Wang Li, the spouse of Mr. Li.
4. Certain percentage figures included in this table may be subject to rounding adjustments, if any.

### INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “Information on the Offeror” in the “Letter from Guotai Junan Capital” and Appendix IV “General Information of the Offeror” to this Composite Document.

### INTENTION OF THE OFFEROR REGARDING THE GROUP

Please refer to the paragraph headed “Intentions of the Offeror regarding the Group” in the “Letter from Guotai Junan Capital” in this Composite Document for detailed information on the Offeror’s intention on the business and management of the Group.

The Board is aware of the intention of the Offeror in respect of the Company as disclosed and is willing to render reasonable cooperation to Offeror to support its intention regarding the Group to the extent it considers that it is in the interests of the Company and Shareholders as a whole.

## LETTER FROM THE BOARD

### FUTURE BUSINESS DEVELOPMENT STRATEGY

The Group will continue to identify and review potential projects in the new energy and mining sectors which are suitable for the Group from time to time, to seek opportunities of mergers and acquisitions, investment, and collaboration in such two sectors to create value for Shareholders. The Company is currently studying and reviewing several independent third parties' projects in the lithium battery industry chain, one of which has been in the due diligence stage.

If there is further information regarding the potential transaction, the Company will make further announcements in due course as appropriate and comply with relevant requirements in accordance with the GEM Listing Rules and the Takeovers Code (if applicable). As at the Latest Practicable Date, no formal agreement is being entered into, the potential transaction may or may not proceed. Shareholders and any potential investors are advised to take caution in dealing in the Shares.

### 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 this 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

As mentioned in the "Letter from Guotai Junan Capital" in this Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the closing of the Offer.

Pursuant to the GEM Listing Rules, if, at the closing of the Offer, less than the minimum prescribed percentage of public float applicable to the Company, being 25.0% of the issued share capital of the Company, are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- 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.

## LETTER FROM THE BOARD

Therefore, it should be noted that upon closing of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

Mr. Li, the sole director of the Offeror, has undertaken and the new Directors to be appointed (if any) will 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.

### RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 28 to 29 of this Composite Document and the “Letter from the Independent Financial Adviser” set out on pages 30 to 52 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation. The Offer Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I titled “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Offer Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,

By order of the board of directors of

**Honbridge Holdings Limited**

**LIU Wei, William**

*Executive Director and Joint Chief Executive Officer*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter of recommendation from the Independent Board Committee to the Offer Shareholders in respect of the Offer prepared for the purpose of inclusion in this Composite Document.*



### **HONBRIDGE HOLDINGS LIMITED**

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

**(Stock Code: 8137)**

23 February 2023

*To the Offer Shareholders:*

Dear Sir/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)**

We refer to this Composite Document dated 23 February 2023 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter have the same meanings as defined in this Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Offer Shareholders) as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer.

Ballas Capital Limited has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the Offer and, in particular, whether the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” on pages 30 to 52 of this Composite Document.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We further draw your attention to the “Letter from Guotai Junan Capital” set out on pages 10 to 18 of this Composite Document which contains, among other things, information about the Offer. We also draw your attention to the “Letter from the Board” set out on pages 19 to 27 of this Composite Document and the additional information set out in this Composite Document, including the Appendices to this Composite Document and the accompanying Form of Offer Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

### RECOMMENDATION

Having considered the terms of the Offer, the information contained in this Composite Document and having taken into account the advice and recommendations of the Independent Financial Adviser and the principal factors taken into consideration by it in arriving at its opinion, we consider that the terms of the Offer are not fair and reasonable so far as the Offer Shareholders are concerned. Therefore, we do not recommend the Offer Shareholders to accept the Offer.

The Offer Shareholders who intend to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer. In any event, the Offer Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

Notwithstanding our recommendation, the Offer Shareholders should consider carefully the terms of the Offer and then decide whether to accept or not to accept the Offer. You are strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in this Composite Document.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee of  
**Honbridge Holdings Limited**

**Mr. Chan Chun Wai,**  
**Tony**

*Independent*  
*Non-executive Director*

**Mr. Ma Gang**

*Independent*  
*Non-executive Director*

**Mr. Ha Chun**

*Independent*  
*Non-executive Director*

**Mr. Yan Weimin**

*Non-executive Director*



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is a text of a letter of advice from Ballas Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.*

**BALLAS**  
C A P I T A L  
A subsidiary of Crosby

5/F Capital Centre  
151 Gloucester Road  
Wanchai, Hong Kong

23 February 2023

*To the Independent Board Committee*

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**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer. Our aforesaid appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. Details of the Offer are set out in the “Letter from the Board” contained in this Composite Document dated 23 February 2023, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context requires otherwise.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee (comprising all the non-executive Directors who are not interested in the Offer, being Mr. Chan Chun Wai, Tony, Mr. Ma Gang, Mr. Ha Chun and Mr. Yan Weimin) has been formed in accordance with Rules 2.1 and 2.8 of the Takeovers Code to give a recommendation to the Offer Shareholders in respect of the Offer, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

### **THE INDEPENDENT FINANCIAL ADVISER**

As the Independent Financial Adviser in respect of the Offer, our role is to advise the Independent Board Committee in respect of the Offer and as to whether the terms of the Offer are fair and reasonable, and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated or connected, financially or otherwise, with the Company or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting in concert with any of them. Save for acting as the independent financial adviser in respect of certain continuing connected transactions and connected transactions (the “**IFA Engagements**”) of Geely Automobile Holdings Limited (“**Geely Automobile**”), a company listed on the main board of the Stock Exchange (Stock Code: 0175), details of which are set out in the circulars of Geely Automobile dated 5 August 2021, 16 November 2021, 30 November 2021 and 26 October 2022 and the announcements of Geely Automobile dated 12 December 2022 and 20 January 2023, which Mr. Li is a substantial shareholder of Geely Automobile and the Offeror is an associated company of Geely Automobile, we have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of this Composite Document. We obtained the mandates to act as independent financial adviser for the IFA Engagements through the referral of a professional adviser of Geely Automobile for the transactions relating to the IFA Engagements. In obtaining the respective mandates to act as independent financial adviser, there was no involvement from the Offeror, Mr. Li or their representatives.

Pursuant to Rule 17.96 of the GEM Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Offer is not conditional upon the outcome of the Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

### **BASIS OF OUR ADVICE**

In formulating our opinion, we have reviewed (i) the Composite Document; (ii) the annual reports of the Company for the years ended 31 December 2020 and 2021 respectively (the “**2020 Annual Report**” and the “**2021 Annual Report**”); (iii) the half year report of the Company for the six months ended 30 June 2022 (the “**2022 Half Year Report**”); and (iv) the third quarterly report of the Company for the nine months ended 30 September 2022 (the “**9M2022 Quarterly Report**”).

We have relied on the statements, information, opinion and representations contained or referred to in the Composite Document and/or provided to us by the Company, the Directors and the Management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in this Composite Document and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the Latest Practicable Date. The Company will notify the Shareholders of any material changes to information contained or referred to in this Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed as soon as practicable when there are any material changes to Latest Practicable Date.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in this Composite Document, and information relating to the Company provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information (which included reviewing the Composite Document, the 2020 Annual Report, the 2021 Annual Report, the 2022 Half Year Report and the 9M2022 Quarterly Report); to reach an informed view and to provide a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Shareholders as a result of the Offer. In particular, Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advisers on tax matters.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our advice for the Offer, we have considered the following principal factors and reasons:

#### **1. Background and financial information of the Group**

##### ***1.1 Background of the Group***

The Group is principally engaged in the business of research and development, production, sales of lithium-ion battery and battery system, provision of online car-hailing services, electric bicycle battery swapping services and research and exploration of iron ores.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 1.2 Historical financial performance of the Group

Set out below is a summary of (i) the audited consolidated financial information of the Group for the financial years ended 31 December 2020 (“FY2020”) and 2021 (“FY2021”) respectively, which has been extracted from the 2020 Annual Report and the 2021 Annual Report; and (ii) the unaudited financial information of the Group for the nine months ended 30 September 2021 (“9M2021”) and 2022 (“9M2022”) respectively, which has been extracted from the 9M2022 Quarterly Report. As at the Latest Practicable Date, the financial information of the Group for the financial year ended 31 December 2022 had not been announced.

	FY2020	FY2021	9M2021	9M2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
— Sale of lithium batteries	290,805	473,087	322,644	85,854
— Online car-hailing service income	—	—	—	6,925
— Battery swapping service income	<u>6,260</u>	<u>5,830</u>	<u>4,510</u>	<u>4,518</u>
<b>Total revenue</b>	<b>297,065</b>	<b>478,917</b>	<b>327,154</b>	<b>97,297</b>
Cost of sales	<u>(204,077)</u>	<u>(363,791)</u>	<u>(233,298)</u>	<u>(68,271)</u>
<b>Gross profit</b>	<b><u>92,988</u></b>	<b><u>115,126</u></b>	<b><u>93,856</u></b>	<b><u>29,026</u></b>
— Other operating income/(expenses)	(47,836)	114,590	78,643	(50,787)
— Selling and distribution costs	(20,149)	(12,995)	(8,875)	(5,632)
— Administrative expenses	(86,159)	(92,824)	(58,946)	(72,730)
— Loss on deemed disposal of a subsidiary	(58,767)	—	—	—
— Reversal of impairment of exploration and evaluation assets	2,053,773	—	—	—
— (Impairment)/reversal of expected credit loss on trade receivables	277	(10)	—	—
— Impairment of property, plant and equipment	(139,058)	(18,244)	—	—
— (Loss)/gain on changes in fair value of contingent consideration payables	54,769	(3,342)	—	—
— Share of results of associates	(50,628)	(4,868)	(9,826)	(1,043)
— Gain on disposal of financial assets	—	—	45,400	—
— Gain on deemed disposal of an associate	—	—	—	30,877
— Finance costs	<u>(16,875)</u>	<u>(8,780)</u>	<u>(7,474)</u>	<u>(5,888)</u>
<b>Profit/(loss) before income tax</b>	<b>1,782,425</b>	<b>88,653</b>	<b>132,778</b>	<b>(76,177)</b>
Income tax	<u>(698,283)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net profit/(loss)</b>	<b><u>1,084,142</u></b>	<b><u>88,653</u></b>	<b><u>132,778</u></b>	<b><u>(76,177)</u></b>
— attributable to owners of the Company	<u>1,156,593</u>	<u>88,500</u>	<u>108,736</u>	<u>(71,017)</u>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *9M2022 vs 9M2021*

For 9M2022, the Group recorded revenue of approximately HK\$97.3 million, representing a decrease of approximately HK\$229.9 million (or approximately 70.3%) as compared to that of approximately HK\$327.2 million for 9M2021. The decrease in revenue was mainly due to the decrease in the Group's sale of lithium batteries, mainly attributable to the decrease in demand of lithium-ion batteries from the Group's major customer, as disclosed in the 9M2022 Quarterly Report. Based on the Group's understanding, the decrease in demand from the Group's major customer for 9M2022 was contributed by the customer's product development and the decrease in demand for the customer's new energy vehicle models equipped with the Group's batteries. The Group recorded a gross profit of approximately HK\$29.0 million for 9M2022, representing a decrease of approximately HK\$64.8 million (or approximately 69.1%) as compared to that of approximately HK\$93.9 million for 9M2021. Such decrease in gross profit was mainly attributable to the decrease in revenue. The Group's gross profit margin increased by 1.2 percentage points from 28.7% for 9M2021 to 29.8% for 9M2022, mainly as a result of certain long ageing inventories which were written-down previously were sold in 9M2022. The Group recorded a net loss attributable to owners of the Company of approximately HK\$71.0 million for 9M2022 as compared to profit of approximately HK\$108.7 million for 9M2021. The change from profit to loss was mainly contributed by (i) the decrease in gross profit; and (ii) the recognition of net loss on financial assets at fair value through profit or loss of approximately HK\$70.4 million for 9M2022 (as compared to net gain of approximately HK\$65.4 million for 9M2021) as the share price of Yuxing InfoTech Investment Holdings Limited, a listed equity investment listed on GEM of the Stock Exchange dropped during 9M2022, partially set-off by a non-cash gain on deemed disposal of approximately HK\$30.9 million of an associate recognised due to the acquisition of controlling interests of Jixing International Technology Co., Ltd in 9M2022.

### *FY2021 vs FY2020*

For FY2021, the Group recorded revenue of approximately HK\$478.9 million, representing an increase of approximately HK\$181.9 million (or approximately 61.2%) as compared to that of approximately HK\$297.1 million for FY2020. The increase in revenue was mainly due to the increase in demand of lithium-ion batteries from the Group's major customer which recorded strong sales growth for its plug-in hybrid electric vehicles ("PHEV") car models in 2021. The Group recorded a gross profit of approximately HK\$115.1 million for FY2021, representing an increase of approximately HK\$22.1 million (or approximately 23.8%) as compared that of approximately HK\$93.0 million for FY2020. The Group's gross profit margin decreased by 7.3 percentage points from 31.3% for FY2020 to 24.0% for FY2021, mainly as a result of price adjustment on products to the Group's major customer in the fourth quarter of 2021. On the other hand, certain long ageing inventories were sold at a discounted price. The Group recorded profit attributable to owners of approximately HK\$88.5 million for FY2021, representing a decrease of approximately HK\$1,068.1 million as compared to that of approximately

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

HK\$1,156.6 million for FY2020. Such decrease in profit in FY2021 was mainly because there was no non-cash income regarding the reversal of impairment of exploration and evaluation assets (net of deferred tax charge) in relation to the Group's iron ore project for FY2021 (reversal of impairment for FY2020 amounted to approximately HK\$1,355.5 million (net of deferred tax expense)). Although there was no reversal of impairment income for FY2021, profit was recorded for the Group for FY2021, major reasons include (i) net gain of approximately HK\$119.8 million recognised on financial assets at fair value through profit or loss during FY2021 (FY2020: loss of HK\$50.0 million); and (ii) non-cash impairment provision related to property, plant and equipment was decreased by HK\$120.8 million year-on-year.

### **1.3 Financial position of the Group**

Set out below is a summary of the financial position of the Group as at 30 June 2022, as extracted from the interim report of the Company for the six months ended 30 June 2022.

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2021 HK\$'000 (Audited)</b>	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>
Non-current assets	7,345,699	6,621,889	7,088,846
Current assets	764,083	686,759	556,869
Non-current liabilities	2,590,679	2,358,160	2,513,267
Current liabilities	293,154	264,697	230,511
<b>Net assets</b>	<b>5,225,949</b>	<b>4,685,791</b>	<b>4,901,937</b>

As at 30 June 2022, total assets of the Group amounted to approximately HK\$7,645.7 million, which mainly comprised (i) exploration and evaluation assets of approximately HK\$6,969.7 million, which mainly represented the rights to explore and identify prospective deposits of iron ore resources in the states of Minas Gerais, Brazil and the expenditures incurred in the search of mineral resources; (ii) cash and cash equivalents of approximately HK\$385.8 million; and (iii) financial assets at fair value through profit or loss of approximately HK\$78.6 million, which mainly represented the fair value of equity interests held in Yuxing InfoTech Investment Holdings Limited, a company listed on the GEM of the Stock Exchange.

As at 30 June 2022, the total liabilities of the Group amounted to approximately HK\$2,743.8 million, which mainly comprised (i) deferred tax liabilities of approximately HK\$2,253.5 million; and (ii) borrowings of approximately HK\$271.5 million.

As at 30 June 2022, the Group recorded net assets of approximately HK\$4,901.9 million and net assets attributable to owners of approximately HK\$4,873.2 million.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to condensed consolidated statement of changes in equity as set out in the 9M2022 Quarterly Report, as at 30 September 2022, the Group recorded net assets of approximately HK\$4,855.7 million and net assets attributable to owners of approximately HK\$4,730.1 million.

### *1.4 Outlook and prospects of the Group*

As mentioned in the sub-section headed “1.1 Background of the Group” above, the Group is principally engaged in the business of research and development, production, sales of lithium-ion battery and battery system, provision of online car-hailing services and electric bicycle battery swapping services and research and exploration of iron ores.

#### *Sale of batteries*

The Group’s revenue is mainly generated from the sale of lithium batteries, which contributed to approximately 88.2% of the Group’s total revenue for 9M2022. The Group’s lithium batteries are mainly used in new energy vehicles. In the past years, the PRC Government has continued to promote new energy vehicles. As set out in the 9M2022 Quarterly Report, with reference to the “New Energy Vehicle Industry Development Plan (2021–2035)” (新能源汽車產業發展規劃(2021–2035年)) which guides the development of the new energy vehicle industry released by the General Office of the State Council of the PRC, new car sales of new energy vehicles is expected to account for about 20% of the overall new car sales before year 2025. The Company expects the new energy vehicle industry will continue to maintain a high growth trend in the next few years. We further note that according to the China Association of Automobile Manufacturers, the sales volume of automobiles in the PRC in 2022 recorded an increase of 2.1% as compared to that for 2021, whereas the sales volume of new energy vehicles in the PRC increased by approximately 93.4% for the same period.

As set out in the 9M2022 Quarterly Report, the Group’s Zhejiang lithium-ion manufacturing plant has been focusing on producing lithium-ion batteries for PHEV in the past few years. Nevertheless, PHEV is only a niche market for the battery segment in new energy vehicles, and the electric power range of PHEV has been increasing. The keen competition and the increased battery range as industry norm poses a challenge for the Group. The new energy electric vehicle battery market is mainly dominated by a few major suppliers. The key players in the market include reputable suppliers such as CATL (寧德時代), LG Energy Solution (LG新能源), BYD (比亞迪) and Panasonic. The Group faces strong competition from well-established suppliers in the market. As set out in the 9M2022 Quarterly Report, revenue of the Group is expected to decrease substantially in 2022, which was mainly attributable to the substantial decrease in PHEV battery orders from its major customer. On the other hand, to obtain new orders and meet the requirements of the new orders, new production facilities have been installed in the Group’s Zhejiang manufacturing plant and the Company has successfully started delivering its new product to customer since June 2022. Notwithstanding the potential of the new energy vehicles market, as set out in the 9M2022 Quarterly Report, the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

business relationship between the powered battery manufacturer and the new energy vehicle manufacturers is stable, making it not easy for the companies in the industry to break off reliance on a major supplier or customer. As batteries for new energy vehicles are products that typically require long term development and testing to cater for a vehicle manufacturer's specific requirements for specific vehicle model, it is not easy to break off an established relationship between a battery manufacturer (supplier) and new energy vehicle manufacturer (customer), given the efforts and resources required by both the supplier and customer to develop a compatible battery product. Although the Group has been constantly promoting products matching with automobile and motorcycle manufacturers and potential new customers in the energy storage field, customer exploration remains a huge challenge for the Group. Having considered the above, notwithstanding the positive prospects of the new energy vehicles market in the PRC, taking into account (i) the competition that the Group faces in the new energy vehicle battery market; (ii) the difficulty of establishing a new business relationship with a new energy vehicle manufacturer and customer exploration remaining a challenge for business expansion; and (iii) fluctuation in financial performance of the Group's battery segment, we consider that the outlook of the Group's battery segment is uncertain.

### *Online car-hailing service*

On 10 August 2022, the Company has closed the acquisition of controlling interests of Jixing International Technology Co., Ltd., which provides online car-hailing service in Paris, France. After closing of the acquisition, Jixing International Technology Co., Ltd. will continue to expand its service and promote its core values (safe, reliable low carbon etc.) to other cities in France and other countries in Europe. As set out in the 9M2022 Quarterly Report, the online car-hailing business will become an important revenue stream of the Group. For 9M2022, the Group recorded HK\$6.9 million in online car-hailing service income, which accounted for approximately 7.1% of the Group's total revenue for 9M2022. As disclosed in the announcement of the Company dated 10 June 2022, the concepts of sharing economy and intelligent mobility with regards to online car-hailing are a long-term common direction of the global automotive industry and may eventually become a mainstream travel pattern. According to a research report issued in November 2022 by "Research and Markets", an independent global research provider (company website: [www.researchandmarkets.com/about-us](http://www.researchandmarkets.com/about-us), being the world's largest market research store connecting global information professionals with market insights, with research teams in over 80 countries and more than 450 Fortune 500 Clients, including clients such as Microsoft, Samsung and Ikea), the global ride hailing services market is expected to expand at a compound annual growth rate of approximately 15.7% from 2022 to 2030. As such projection on the global ride hailing service market is from a research report issued in November 2022 by "Research and Markets", which we consider to be a credible research provider with global presence and reputable clients, we consider that the projection is from a reliable source. Notwithstanding the potential of the online-car hailing segment and the plans of Jixing International Technology Co., Ltd. to expand its online car-hailing services to other countries and major cities, as the Group only recently



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

completed the acquisition of Jixing International Technology Co., Ltd. in August 2022, we consider that it takes time and resources for the Group to develop its online car-hailing segment to make it become a substantial revenue stream in the longer term.

### *Mineral resources exploration*

As set out in the 9M2022 Quarterly Report, the Group had accumulatively provided US\$79.9 million as of 30 September 2022 to Sul Americana de Metais S.A., an indirect wholly owned subsidiary of the Company in Brazil, for preliminary work of the Group's iron ore project in Brazil. Recent positive progress of Group's iron ore project in Brazil included two public hearings that were held by the Secretariat of Environment and Sustainable Development (being the licensing organization responsible for the project) and approval of the updated integrated economic utilisation plan of the mining project by the National Mining Agency in the first half of 2022. As advised by the Management, the aforementioned public hearings and approval of the updated integrated economic utilisation plan of the mining project by the National Mining Agency in the first half of 2022 were part of the necessary steps and procedures to facilitate the Group to obtain the preliminary license (in relation to the environmental feasibility of the project) and the mining license, respectively. The completion of such steps places the Group in a closer position to obtain the relevant licenses. As disclosed in the 9M2022 Quarterly Report, despite the Group's efforts spent on the iron ore project, the licensing process was mainly affected by the two tailing dam disasters in Brazil in November 2015 (the "**2015 Incident**") and January 2019 (the "**2019 Incident**"), therefore the Company was still unable to obtain the preliminary license in relation to the environmental feasibility of the project. As disclosed in the 2021 Annual Report, the 2015 Incident caused damage to surrounding areas and polluted the environment downstream, which resulted in the environmental licensing processes were suspended for all projects involving tailing dams. The Brazil government formulated more stringent laws and regulations, which substantially delayed the license application. The development of the project was affected and the Group had to focus its time and efforts on negotiating with the environmental licensing authority on the optimization of the project and conduct necessary complementary studies. The Group completed a new environmental impact study that was submitted to the relevant authorities in January 2019. Shortly after the new study was submitted, the 2019 Incident occurred, which triggered concern from the public in relation to the safety of tailing dams. After the 2019 Incident, as disclosed in the 2021 Annual Report, the relevant regulations were amended again. The new requirements affected the Group's licensing process and the overall development of the project. Following the 2019 Incident, the Group had to spend time and resources to modify engineering designs and conduct new studies in order to satisfy new requirements, which delayed the Group's licensing process. As set out in the 9M2022 Quarterly Report, assuming that the preliminary license is obtained between the fourth quarter of 2022 and the first quarter of 2023, there is a chance to obtain the installation license in the second quarter of 2024 and start trial production in the second half of 2027. Many uncertainties, however, may affect the timetable. We

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

understand from Management that as at the Latest Practicable Date, the Company had not obtained the preliminary license in relation to environmental feasibility of the project. The Company continues to review the status of development with regards to its iron ore project in Brazil. As set out in the 9M2022 Quarterly Report, while the iron ore project is currently progressing in the direction of self-development, the introduction of strategic investors for joint development or collective sale cannot be ruled out should suitable opportunities arise in a suitable time. Having considered that the Group is still in the stage of obtaining the relevant licenses before it could commence trial production (which the Group does not expect trial production to occur earlier than 2027 as mentioned above), and many unforeseen circumstances may affect the timetable, we consider that it is currently still uncertain when the iron ore project could commence trial production and hence when it would be able to generate revenue for the Group.

Taking into account (i) the deterioration in financial performance of the Group in 9M2022 as compared to 9M2021, contributed by significant decrease in revenue from the Group's sale of lithium-ion batteries, which customer exploration remains a challenge for the Group; (ii) the Group has only recently completed the acquisition of Jixing International Technology Co., Ltd. in August 2022, and hence it takes time and resources to develop the online car-hailing services segment to make it become a substantial revenue stream for the Group in the longer term; and (iii) in relation to the Group's iron ore project in Brazil, the uncertainties as described above may affect the timetable for the phases of implementation of the project, we are of the view that the prospects and future performance of the Group remain uncertain.

In assessing the reasonableness of the Offer, we consider that our analysis of the prospects and financial performance of the Group is consistent with the published information of the Group which have been reflected in the share price performance of the Company. Therefore, in our assessment of the Offer, we have focused our analysis on (i) the historical price performance of the Shares; (ii) the liquidity of the Shares; and (iii) the implied valuation of the Company represented by the Offer Price, which we consider to be the prominent factors in determining the fairness and reasonableness of the Offer Price (as set out in our analysis in the section headed "3. *The Offer Price*" below).

## **2. Background information of the Offeror**

### ***2.1 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 Latest Practicable Date. 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

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

business. Mr. Li has over 35 years of experience in the investment and management of the automobile manufacturing business in the PRC. We consider that Mr. Li's extensive experience in automobile industry is valuable and beneficial to the Group's future business development and expansion.

In our assessment of the Offer, we have not taken into account Mr. Li's experience as we consider such factor is not directly relevant to our analysis of the implied valuation of the Company based on its current business operation and prospects as represented by the Offer Price.

As at the Latest Practicable Date, (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.

### ***2.2 The Offeror's intention in relation to 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 Latest Practicable Date, 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

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Latest Practicable Date.

### ***2.3 Proposed change to the Board composition of the Company***

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 Latest Practicable Date, 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.

### ***2.4 Listing status of the Company and public float***

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.

## **3. The Offer Price**

To assess the fairness and reasonableness of the Offer Price, we have considered the following factors.

### ***3.1 The Offer Price comparison***

The Offer Price of HK\$0.08 is equal to the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement and represents:

- (a) 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;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

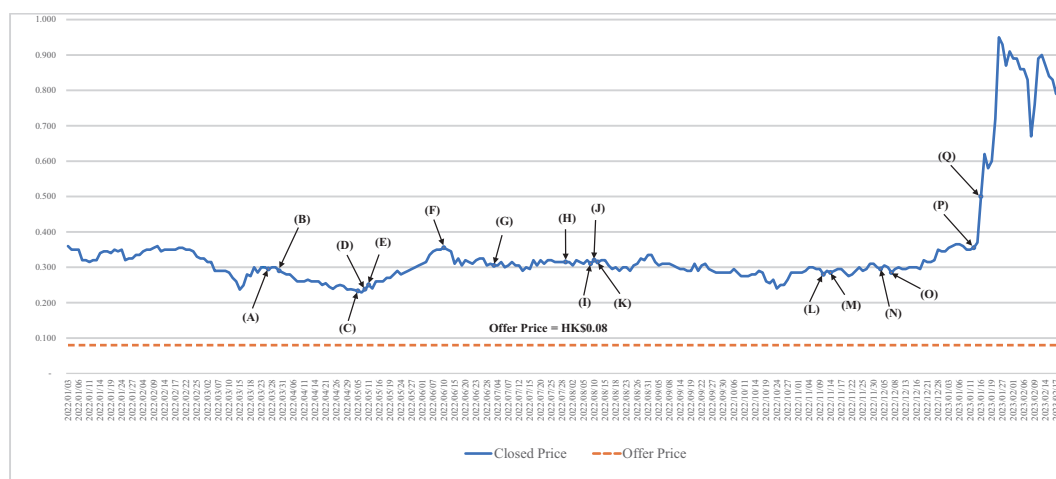
- (b) a discount of approximately 77.5% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on 12 January 2023, being the Last Trading Day;
- (c) a discount of approximately 77.5% to the average closing price of approximately HK\$0.356 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (d) 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;
- (e) 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;
- (f) a discount of approximately 73.5% to the average closing price of approximately HK\$0.302 per Share based on the daily closing prices as quoted on the Stock Exchange for the sixty (60) consecutive trading days immediately prior to and including the Last Trading Day;
- (g) 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 Latest Practicable Date;
- (h) 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 Latest Practicable Date; and
- (i) a discount of approximately 83.3% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.50 per Share as at 30 September 2022, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$4,730,075,000 as at 30 September 2022 by 9,854,533,606 Shares in issue as at the Latest Practicable Date.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

From the above, the Offer Price of HK\$0.08 for each Offer Share represents a substantial discount of more than 70% to the recent market trading price and the net asset value per Share attributable to the Shareholders as at 31 December 2021 and 30 June 2022, respectively. We have conducted further analysis on the fairness and reasonableness of the Offer Price as presented below.

### 3.2 Historical price performance of the Shares

The chart below illustrates the historical closing prices of the Shares in the past year from 3 January 2022 to the Last Trading Day and subsequent to that up to the Latest Practicable Date (the “**Review Period**”). We are of the view that a period of around one year is adequate to illustrate the recent price movements of the Shares, which reflects the prevailing market sentiment, for conducting a reasonable comparison between the closing prices of the Shares and the Offer Price.



Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Item	Date	Event
(A)	25 March 2022	Issue of profit warning announcement for FY2021
(B)	30 March 2022	Issue of 2021 annual results announcement and 2021 Annual Report
(C)	5 May 2022	Issue of profit warning announcement for the three months ended 31 March 2022
(D)	10 May 2022	Issue of first quarterly results announcement for the three months ended 31 March 2022
(E)	12 May 2022	Issue of first quarterly report for the three months ended 31 March 2022

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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<b>Item</b>	<b>Date</b>	<b>Event</b>
(F)	10 June 2022	Issue of announcement in respect of connected transaction in relation to the acquisition of certain equity interests in Jixing International Technology Co., Ltd. (the “ <b>Jixing Transaction</b> ”)
(G)	30 June 2022	Extension of long stop date and application to SAIC regarding the Jixing Transaction
(H)	29 July 2022	Issue of profit warning announcement for the six months ended 30 June 2022
(I)	9 August 2022	Issue of half year results announcement for the six months ended 30 June 2022
(J)	10 August 2022	Issue of announcement in respect of satisfaction of all conditions precedent to the Jixing Transaction
(K)	11 August 2022	Issue of the 2022 Half Year Report
(L)	10 November 2022	Issue of the third quarterly results announcement for 9M2022
(M)	14 November 2022	Issue of the 9M2022 Quarterly Report
(N)	2 December 2022	Issue of announcement in respect of continuing connected transaction in relation to the provision of certain support services to install a battery pilot line and conduct testing of batteries (the “ <b>CCT</b> ”)
(O)	7 December 2022	Supplemental announcement to the CCT
(P)	12 January 2023	Last Trading Day and publication of the Joint Announcement in relation, among others, the Offer
(Q)	16 January 2023	Issue of joint announcement in respect of the completion of the sale and purchase of the Sale Shares

During the Review Period, the highest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.950 per Share recorded on 26 January 2023, while the lowest closing prices of the Shares was HK\$0.229 per Share recorded on 6 May 2022, with an average price of HK\$0.344 per Share. The Offer Price represents (i) a discount of approximately 65.1% to the lowest closing price of the Shares; (ii) a discount of approximately 91.6% to the highest closing price of the Shares; and (iii) a discount of approximately 76.8% to the average closing price of the Shares of during the Review Period.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

At the start of the Review Period from January 2022 up to mid-March 2022, the closing price of the Shares exhibited a general downward trend from the high of HK\$0.360 per Share on 3 January 2022 to a low of HK\$0.237 per Share on 15 March 2022. The closing price of the Shares followed a short period of rebound in the second half of March 2022 and reached HK\$0.300 per Share on 21, 23, 24, 28, and 29 March 2022, respectively. The closing price of the Shares then exhibited a general downward trend during the month of April 2022. We have discussed with Management regarding the downward trend of the Share Price in April 2022 and were advised that save for (i) the publication of the profit warning announcement for the year ended 31 December 2021 on 25 March 2022; and (ii) the publication of the annual result and annual report for the year ended 31 December 2021 on 30 March 2022, they are not aware of other particular reason that led to the decline in the price of the Shares. On 5 May 2022, the Company published a profit warning announcement for the period ended 31 March 2022. On 6 May 2022, the closing price of the Shares hit a low of HK\$0.229 during the Review Period.

The closing price of the Shares was on a general upward trend since mid-May 2022 and surged to HK\$0.355 per Share on 10 June 2022. We note that on the same day, the Company published an announcement in relation to the acquisition of equity interest in Jixing International Technology Co., Ltd. (which together with its subsidiaries, is principally engaged in the business of online-car hailing services and related services in Europe). From July 2022 to the December 2022, the closing price of the Shares fluctuated in the range of HK\$0.240 to HK\$0.350.

Following the publication of the Joint Announcement on 12 January 2023, the closing price of the Shares closed in a range of HK\$0.355 to HK\$0.950 up to the Latest Practicable Date. The closing price of the Shares on the Last Trading Day was HK\$0.355, which increased to HK\$0.5, HK\$0.62 and HK\$0.72 on 16, 17 and 20 January 2023, respectively, before closing at HK\$0.95 on 26 January 2023. From February 2023 and up to the Latest Practicable Date, the closing price of the Shares closed in a range of HK\$0.67 to HK\$0.90. The closing price of the Shares was HK\$0.85 as at the Latest Practicable Date.

The closing price of the Shares had substantially increased from HK\$0.355 on the Last Trading Day to approximately HK\$0.85 on the Latest Practicable Date. Such price surge in the period after the publication of the Joint Announcement may well be due to the impact of the Joint Announcement as the Company had not made any other public announcement (except for the joint announcement relating to completion of the sale and purchase of the Sale Shares and other routine announcement such as monthly return and company information sheet) during this period. However, Shareholders should note that it is uncertain whether the Share price can be sustained at this level in the long term.

Considering the fact that the Offer Price is substantially below the closing prices of the Shares throughout the Review Period (and in particular the period prior to the publication of the Joint Announcement), representing a significant discount of approximately 76.8% to the average closing price of the Shares during the Review Period, we are of the view that the Offer Price is not fair and reasonable so far as the Offer Shareholders are concerned.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the information set out above is not an indication of the future performance of the Shares and that the price of the Shares may increase or decrease during the period between the Latest Practicable Date and the close of the Offer.

### *3.3 Trading liquidity of the Shares*

We have conducted a review on the trading liquidity of the Shares and set out below is the average daily trading volume of the Shares on monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by the public during the Review Period.

<b>Month</b>	<b>Average daily trading volume (number of shares)</b>	<b>Average daily trading volume as a percentage to the total number of issued Shares (Note 1)</b>	<b>Average daily trading volume as a percentage to the total number of issued Shares held by public Shareholders (Note 2)</b>
<b>2022</b>			
January	1,134,190	0.012%	0.031%
February	688,353	0.007%	0.019%
March	2,117,217	0.021%	0.057%
April	857,664	0.009%	0.023%
May	2,092,200	0.021%	0.056%
June	1,032,571	0.010%	0.028%
July	711,300	0.007%	0.019%
August	656,739	0.007%	0.018%
September	480,476	0.005%	0.013%
October	1,451,100	0.015%	0.039%
November	1,203,909	0.012%	0.032%
December	1,605,500	0.016%	0.043%
<b>2023</b>			
January	12,208,401	0.124%	0.329%
February (up to the Latest Practicable Date)	9,230,145	0.094%	0.249%

*Source: The website of the Stock Exchange (www.hkex.com.hk)*

*Notes:*

- (1) Based on the total number of issued Shares as at each month end.
- (2) Based on 3,705,394,742 Shares, the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the above table, the average daily trading volume to the total number of issued Shares ranged from approximately 0.005% to 0.124%. When compared to the total number of Shares held by public Shareholders, the percentage ranged from approximately 0.013% to 0.329%. The average daily trading volume of the Shares during the Review Period was approximately 2,533,555 Shares, representing approximately 0.026% of the total number of issued Shares and approximately 0.068% of the total number of Shares held by public Shareholders as at the Latest Practicable Date.

The statistics in the above table show that the trading volume of the Shares had been thin during the Review Period. We noted that the liquidity of the Shares improved after the publication of the Joint Announcement, which the average daily trading volume was approximately 0.560% of the total number of Shares held by public Shareholders from 13 January to the end of January 2023, indicating that, without the Offer, or a possibility of one, the Shares were generally illiquid in the open market. Subsequent to January 2023, we note that the average daily volume of the Shares for the month of February 2023 (up to the Latest Practicable Date) had subsequently decreased to approximately 0.249% of the total number of Shares held by public Shareholders, indicating that the improved liquidity of the Shares after the publication of the Joint Announcement in the month of January 2023 might not be sustainable.

As the Shares cannot be regarded as having been actively traded, if Offer Shareholders wish to sell a significant number of Shares within a short period in the market, it is possible that a downward pressure would be exerted on the market price of the Shares. The Offer represents an opportunity for the Offer Shareholders, particularly for those who hold a large number of Shares, to dispose of part or all of the Shares at the Offer Price if they wish to do so.

### ***3.4 Comparable analysis***

In assessing the fairness and reasonableness of the Offer Price, we have considered the valuation of the Group based on the Offer Price. We have considered performing analysis on the price-to-earnings ratio (the “**P/E Ratio**”), being a common parameter in assessing a company’s value. However, as the Group was loss-making for the recent twelve months ended 30 September 2022 (based on the sum of the Group’s net loss for (i) 9M2022; and (ii) the three months ended 31 December 2021), there was no applicable implied P/E Ratio. We further note that the Group recorded adjusted net loss for each of FY2020, FY2021 and 9M2022, based on the Group’s net profit or loss excluding (a) impairment/fair value adjustments on exploration and evaluation assets and financial assets; and (b) gain or loss on disposal of assets, which we consider to be extraordinary items that distort the operating performance of the Group (please refer to table below for details). Therefore the Group did not have stable track record of generating operating profits. Taking into account the above, the P/E Ratio analysis was not considered appropriate.

For illustration purpose, set out below is the adjusted net profit/loss of the Group based on net profit/loss excluding (a) impairment/fair value adjustments on exploration and evaluation assets and financial assets; and (b) gain or loss on disposal of assets,

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

extracted from the Group’s annual or quarterly reports for the respective financial year or period. The adjusted net profit/loss of the Group is a non-HKFRS financial measure. Although such non-HKFRS financial measure is reconcilable to the items in the consolidated financial statements of the Company, it should not be considered a financial measure in accordance with the HKFRS. The adjusted net profit/loss of the Group (which excludes extraordinary items which we consider distort the operating performance of the Group) is set out for illustration purpose to provide an indication of the Group’s track record of generating operating profits. As set out in the table below, the Group recorded adjusted net loss for each of FY2020, FY2021 and 9M2022, indicating that the Group did not have a stable track record of generate operating profits to conduct meaningful P/E Ratio analysis.

	<b>FY2020</b>	<b>FY2021</b>	<b>9M2021</b>	<b>9M2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Illustrative adjusted net profit/loss:</b>				
<b>Net profit/(loss)</b>	<b>1,084,142</b>	<b>88,653</b>	<b>132,778</b>	<b>(76,177)</b>
— Add: loss on deemed disposal of a subsidiary	58,767	—	—	—
— Deduct: reversal of impairment of exploration and evaluation assets	(2,053,773)	—	—	—
— Add: deferred tax charged due to the reversal of impairment of exploration and evaluation assets	698,283	—	—	—
— Deduct (gain)/add loss: on changes in fair value of contingent consideration payables	(54,769)	3,342	—	—
— Deduct: (gain) on deemed disposal of an associate	—	—	—	(30,877)
— Deduct (gain)/add loss: on financial assets at fair value through profit or loss	49,990	(119,797)	(65,447)	70,373
— Deduct (gain) on disposal of financial assets	—	—	(45,400)	—
	<u>—</u>	<u>—</u>	<u>(45,400)</u>	<u>—</u>
<b>Adjusted net profit/(loss)</b>	<b><u>(217,360)</u></b>	<b><u>(27,802)</u></b>	<b><u>21,931</u></b>	<b><u>(36,681)</u></b>

We have further performed analysis on the price-to-book ratio (the “**P/B Ratio**”) in considering the valuation of the Group based on the Offer Price. We note that the Group’s total assets substantially represented exploration and evaluation assets (being the rights to explore and identify prospective deposits of mineral resources in relation to the Group’s iron ore project in Brazil), which accounted for approximately 91.2% of the Group’s total assets as at 30 June 2022 based on the 2022 Half Year Report. We have set the following selection criteria for the purpose of identifying comparable companies for the purpose of P/B Ratio analysis as follows: (i) the shares of which are listed on the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Hong Kong Stock Exchange; (ii) over 50% of total assets represent exploration and evaluation or mining related assets; and (iii) recorded positive net assets as at the latest period end.

Based on the selection criteria, we have exhaustively identified three comparable companies (the “**Mineral Comparables**”) for the purpose of P/B Ratio analysis as set out below. Notwithstanding that two of the Mineral Comparables have market capitalisations of less than HK\$500 million as at the Latest Practicable Date, we have included them to serve as general reference as to the valuation of the Company (represented by the Offer Price) based on P/B Ratio analysis. Furthermore, despite that we have only identified three Mineral Comparables based on the selection criteria, we consider that such companies are meaningful and representative for the purpose of P/B ratio comparison analysis, taking into account that the majority of their assets represent mining assets or exploration and mining rights (as indicated in the table below), being similar in nature to the Group’s exploration and evaluation assets that accounted for a substantial portion of the Group’s assets of more than 90% as at 30 June 2022. As such, we consider that the P/B Ratios of the Mineral Comparables provide a meaningful comparison in relation to the valuation of the Company represented by the Offer Price.

Company name (Stock Code)	Principal business	Approximate % of exploration or mining related assets to total assets <i>(Note 6)</i>	Market capitalisation <i>(HK\$'million)</i> <i>(Note 1)</i>	Net assets to shareholders <i>(HK\$'million)</i> <i>(Note 2)</i>	P/B Ratio <i>(Note 3)</i>
1. Taung Gold International Ltd (0621)	Principally engaged in mineral businesses, including exploration and mining of gold and associated minerals in South Africa.	92.5%	381.2	2,249.2	0.17
2. China Vanadium Titano-Magnetite Mining Company Limited (0893)	Principally engaged in mining and ore processing, sale of self-produced products, trading of coals and steels, management of strategic investments and providing specialist mining services.	63.2%	197.9	721.7	0.27

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (Stock Code)	Principal business	Approximate % of exploration or mining related assets to total assets  (Note 6)	Market capitalisation (HK\$'million)  (Note 1)	Net assets to shareholders (HK\$'million)  (Note 2)	P/B Ratio  (Note 3)
3. Brockman Mining Limited (0159)	Principally engaged in mining businesses, including tenement acquisition, exploration and development of iron ore projects in Western Australia.	95.9%	1,457.0	590.1	2.47
				<b>Average</b>	<b>0.97</b>
				<b>Minimum</b>	<b>0.17</b>
				<b>Maximum</b>	<b>2.47</b>
<b>The Company</b>		<b>91.2%</b>	<b>788.4</b> (Note 4)	<b>4,730.1</b>	<b>0.17</b> (Note 5)

*Notes:*

- (1) Calculated based on the closing share price and number of shares in issue as at the Latest Practicable Date sourced from the website of the Hong Kong Stock Exchange.
- (2) The net assets attributable to shareholders of the Mineral Comparables are extracted from their latest respective published financial reports. Where applicable, for illustration purpose, RMB has been translated into HK\$ at the exchange rate of RMB1 to HK\$1.15.
- (3) P/B Ratios of the Mineral Comparables are calculated based on their respective market capitalisation as at the Latest Practicable Date (calculated based on their respective closing prices multiplied by the total number of issued shares as at the Latest Practicable Date), divided by their respective net assets attributable to shareholders.
- (4) The implied market capitalisation of the Company of approximately HK\$788.4 million is calculated as the Offer Price of HK\$0.08 multiplied by the number of issued Shares of 9,854,533,606 as at the Latest Practicable Date.
- (5) The implied P/B Ratio of the Offer Price is calculated as the implied market capitalisation of approximately HK\$788.4 million divided by the net assets attributable to equity holders of the Company of approximately HK\$4,730.1 million as at 30 September 2022 as extracted from the condensed consolidated statement of changes in equity in the 9M2022 Quarterly Report.
- (6) Calculated based on the amount of exploration or mining related assets divided by total assets based on the latest respective published financial reports.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the table above, valuation of the Company based on the implied market capitalisation arrived at using the Offer Price translates into an implied P/B Ratio of approximately 0.17 times, which is similar to the low end of the P/B Ratio of the Mineral Comparables of approximately 0.17 times but below the average P/B Ratio of the Mineral Comparables of approximately 0.97 times.

### *Our view*

Notwithstanding that (i) the trading volume of the Shares was generally thin during the Review Period (as discussed in the section headed “3.3 *Trading liquidity of the Shares*” above), it is uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a large volume of the Shares in the open market without depressing the Share price; and (ii) the Group was in a loss-making position for 9M2022 and there are uncertainties in the future performance and prospects of the Group as discussed in the section headed “1.4 *Outlook and prospects of the Group*” above, taking into consideration that:

- (a) the Offer Price is substantially lower than the closing price of the Shares throughout the Review Period;
- (b) the Offer Price represents (i) a deep discount (i.e. over 70%) to the closing price of the Shares on the Last Trading Day, the five (5), ten (10), thirty (30) and sixty (60) consecutive trading days immediately prior to and including the Last Trading Day; and (ii) a discount of approximately 90.6% to the closing price of the Shares of HK\$0.85 as quoted on the Stock Exchange on the Latest Practicable Date; and
- (c) the P/B Ratio of the Company implied by the Offer Price of approximately 0.17 times is similar to the low end of the P/B Ratio of the Mineral Comparables of approximately 0.17 times but below the average P/B Ratio of the Mineral Comparables of approximately 0.97 times,

we are of the view that the Offer Price is not fair and reasonable so far as the Independent Shareholders are concerned.

## CONCLUSION AND RECOMMENDATION

Notwithstanding that (i) the trading volume of the Shares was generally thin during the Review Period (as discussed in the section headed “3.3 *Trading liquidity of the Shares*” above), it is uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a large volume of the Shares in the open market without depressing the Share price; and (ii) the Group was in a loss-making position for 9M2022 and there are uncertainties in the future performance and prospects of the Group as discussed in the section headed “1.4 *Outlook and prospects of the Group*”, taking into consideration:

- (a) the Offer Price is lower than the closing price of the Shares throughout the Review Period;



**1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**

- (i) To accept the Offer, you should complete and sign the accompanying Form of Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (ii) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in your name, and you wish to accept the Offer, you must deliver the duly completed and signed Form of Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, by post or by hand, marked “Honbridge Holdings Limited — Offer” on the envelope as soon as possible and in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (iii) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Offer Shares (whether in full or in part), you must either:
  - (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (b) arrange for the Offer Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (c) if your Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the



processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (d) if your Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees.
- (iv) If you have lodged transfer(s) of any of your Offer Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of those Offer Shares, you should nevertheless duly complete and sign the Form of Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title (as the case may be). Such action will constitute an irrevocable authority to the Offeror and/or Guotai Junan Capital and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Offer Acceptance.
- (v) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of any of your Offer Shares, the Form of Offer Acceptance should nevertheless be duly completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares or that it is/they are not readily available. If you subsequently find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Offer Shares, you should also write to the Registrar for a form of letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar. The Offeror has absolute discretion to decide whether any Offer Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (vi) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Offer Acceptance is received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on the Closing Date (or such later time and/or date as the

Offeror may determine and announce in accordance with the Takeovers Code) and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

- (a) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Offer and, if that/those share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not in your name, such other document(s) (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares; or
- (b) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another subparagraph of this paragraph (vi)); or
- (c) certified by the Registrar or the Stock Exchange.

If the Form of Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (vii) No acknowledgement of receipt of any Form of Offer Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares tendered for acceptance will be given.
- (viii) The address of the Registrar is Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (ix) In making their decision, Offer Shareholders must rely on their own examination of the Group and the terms of the Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Offer Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Guotai Junan Capital, Guotai Junan Securities and Ballas Capital or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

**2. SETTLEMENT UNDER THE OFFER**

Provided that a duly completed and signed Form of Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each of the Offer Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days (as defined under the Takeovers Code) following the date of receipt of a duly completed and signed Form of Offer Acceptance together with all of the relevant document(s) by the Registrar to render such acceptance complete and valid in accordance with the Takeovers Code.

Settlement of the consideration to which any Offer Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the Seller's ad valorem stamp duty for the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (i) In order to be valid for the Offer, the Form of Offer Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised in accordance with the Takeovers Code. The Offer is unconditional.
- (ii) The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (iii) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Offer Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.

- (iv) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Offer Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.
- (v) Any acceptance of the revised Offer shall be irrevocable unless and until the Offer Shareholders who accept the Offer become entitled to withdraw their acceptance under the paragraph headed “6. RIGHT OF WITHDRAWAL” below and duly do so.

#### **4. NOMINEE REGISTRATION**

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

#### **5. ANNOUNCEMENTS**

- (i) By 6:00 p.m. on the Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offer. The Offeror must publish an announcement in accordance with the GEM Listing Rules and the Takeovers Code on the Stock Exchange’s website by 7:00 p.m. on the Closing Date stating the results of the Offer. The announcement will state the following:
  - (a) the total number of Offer Shares for which acceptances of the Offer have been received;
  - (b) the total number of Offer Shares held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period;
  - (c) the total number of Offer Shares acquired or agreed to be acquired in connection during the Offer Period by the Offeror and/or parties acting in concert with it; and
  - (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or parties acting in concert with it have borrowed or lent, save for any borrowed Offer Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital of the Company, and the percentages of voting rights of the Company, represented by these numbers of Offer Shares.

- (ii) In computing the total number or principal amount of Offer Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this appendix, and which have been received by the Registrar (in respect of the Offer) no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised in accordance with the Takeovers Code, shall be included.
- (iii) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules respectively.

## 6. RIGHT OF WITHDRAWAL

- (i) Acceptance of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (ii) below.
- (ii) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. ANNOUNCEMENTS” above, the Executive may require that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in those paragraphs are met.

In such case, when any Offer Shareholder(s) withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Offer Acceptance to the relevant Offer Shareholder(s) at their own risk.

## 7. OVERSEAS OFFER SHAREHOLDERS

The availability of the Offer to persons who are not Hong Kong residents or who have registered addresses outside Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdictions. Overseas Offer Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe all applicable legal or regulatory requirements and, where necessary, seek their own 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 Offer (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Offer Shareholders in respect of such jurisdictions).

**Acceptance of the Offer by any Overseas Offer Shareholders will be deemed to constitute a representation and warranty from such Overseas Offer Shareholders to the Offeror that all the laws and requirements of the relevant jurisdictions have been complied with. The Overseas Offer Shareholders should consult their professional**

**advisers if in any doubt. The Overseas Offer Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.**

## **8. HONG KONG STAMP DUTY**

The seller's Hong Kong ad valorem stamp duty payable by the Offer Shareholders who accept the Offer and calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Offer Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

## **9. TAXATION ADVICE**

None of the Offeror, parties acting in concert with the Offeror, the Company, the Vendors, Guotai Junan Capital, Guotai Junan Securities, Ballas Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications. Offer 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, parties acting in concert with the Offeror, the Company, the Vendor, Guotai Junan Capital, Guotai Junan Securities, Ballas Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **10. GENERAL**

- (i) All communications, notices, Form of Offer Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror, parties acting in concert with the Offeror, the Company, the Vendors, Guotai Junan Capital, Guotai Junan Securities, Ballas Capital, the Registrar, and any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

- (ii) The provisions set out in the Form of Offer Acceptance form part of the terms and conditions of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or Form of Offer Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (iv) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (v) Due execution of the Form of Offer Acceptance will constitute an irrevocable authority to the Offeror, Guotai Junan Capital, Guotai Junan Securities, the Registrar, or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (vi) Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer are sold by such person or persons free from all encumbrances and together with all rights accruing or attaching thereto including (without limitation) the rights to receive in full any and all dividends and distributions declared, made or paid on or after the date on which the Offer is made.
- (vii) References to the Offer in this Composite Document and the Form of Offer Acceptance shall include any revision and/or extension thereof.
- (viii) The making of the Offer to the Overseas Offer Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Offer Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Offer Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Offer Shareholders shall be fully responsible for the payment of any transfer or cancellation or other taxes and duties due by such Overseas Offer Shareholders in respect of the relevant jurisdictions. The Overseas Offer Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (ix) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares, in respect of which it is indicated in the Form of Offer Acceptance, is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.

- (x) Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (xi) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Offer Shareholders with registered address(es) outside Hong Kong or whom the Offeror, Guotai Junan Capital, Guotai Junan Securities, knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Offer Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (xii) The English text of this Composite Document and the Form of Offer Acceptance shall prevail over their respective Chinese text in case of inconsistency.



## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the years ended 31 December 2019, 2020 and 2021 as extracted from the annual reports of the Company for each of the financial years ended 31 December 2019, 2020 and 2021, and the financial information of the Group for each of the six months ended 30 June 2021 and 30 June 2022 as extracted from the interim report of the Company for the six months ended 30 June 2022.

	For the year ended 31 December			For the six months ended 30 June 2021	For the six months ended 30 June 2022
	2019	2020	2021	2021	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	341,270	297,065	478,917	205,286	37,232
Gross profit	4,323	92,988	115,126	57,673	13,531
Profit/(loss) before income tax	597,099	1,782,425	88,653	139,227	(91,136)
Income tax expense	(290,142)	(698,283)	—	—	—
Profit/(loss) for the year/ period attributable to:					
— Owners of the Company	415,609	1,156,593	88,500	124,973	(89,621)
— Non-controlling interests	(108,652)	(72,451)	153	14,254	(1,515)
Total comprehensive (loss)/ income for the year/period attributable to:					
— Owners of the Company	192,652	230,116	(200,754)	322,975	219,179
— Non-controlling interests	(111,244)	(71,133)	(1,580)	14,849	(3,033)
Earnings/(loss) per share					
— Basic	HK4.27 cents	HK11.88 cents	HK0.91 cents	HK1.28 cents	HK(0.92) cents
— Diluted	HK4.27 cents	HK11.88 cents	HK0.91 cents	HK1.28 cents	HK(0.92) cents

For the years ended 31 December 2019, 2020 and 2021, no dividend had been declared by the Group. Save as disclosed above, the Group did not have any item of any income or expense which were material during each of the years ended 31 December 2019, 2020 or 2021. As at the Latest Practicable Date, Company has no intention to make, declare or pay any future dividend/distribution until the close of the Offer.

The auditor's reports issued by BDO Limited in respect of the Group's audited consolidated financial statements for each of the years ended 31 December 2019, 2020 and 2021 did not contain any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion, and material uncertainty related to going concern).

## 2. CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows, any other primary statement and significant accounting policies as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Financial Statements**"); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the "**2020 Financial Statements**"); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the "**2021 Financial Statements**"); and (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 (the "**2022 Interim Financial Statements**"), and, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 71 to 144 of the annual report of the Company for the year ended 31 December 2019 which was published on 30 March 2020. The annual report of the Company for the year ended 31 December 2019 was posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000404.pdf>

The 2020 Financial Statements are set out on pages 81 to 152 of the annual report of the Company for the year ended 31 December 2020 which was published on 29 March 2021. The annual report of the Company for the year ended 31 December 2020 was posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0329/2021032900518.pdf>

The 2021 Financial Statements are set out on pages 82 to 156 of the annual report of the Company for the year ended 31 December 2021 which was published on 31 March 2022. The annual report of the Company for the year ended 31 December 2021 was posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033101018.pdf>

The 2022 Interim Financial Statements are set out on pages 3 to 16 of the interim report of the Company for the six months ended 30 June 2022 which was published on 11 August 2022. The interim report of the Company for the six months ended 30 June 2022 was posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0811/2022081100575.pdf>

The 2022 Interim Financial Statements, the 2021 Financial Statements, the 2020 Financial Statements and the 2019 Financial Statements (but not any other part of the interim report of the Company for the six months ended 30 June 2022 and the annual reports of the Company for the years ended 31 December 2021, 2020 and 2019 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 3. INDEBTEDNESS

As at the close of business on 30 November 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this Composite Document, the indebtedness of the Group are as follows:

#### **Bank and other liabilities**

As at 30 November 2022, the Group had unsecured government loans amounting to HK\$110,124,000, secured bank borrowings amounting to HK\$145,143,000 and unsecured other liabilities amounting to HK\$8,078,000.

#### **Lease liabilities**

As at 30 November 2022, the Group had lease liabilities amounting to HK\$17,949,000.

#### **Contingent consideration payables**

As at 30 November 2022, the Group had contingent consideration payables amounting to HK\$110,484,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 30 November 2022.

### 4. MATERIAL CHANGE

As at the Latest Practicable Date, save for the following, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2021 (being the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date:

- (i) the decrease in the Group's unaudited revenue by approximately 70.3% from approximately HK\$327.2 million for the nine months ended 30 September 2021 ("9M2021") to approximately HK\$97.3 million for the nine months ended 30 September 2022 ("9M2022"), which was mainly due to the decrease in the Group's

sale of lithium batteries mainly attributable to the decrease in demand of batteries from the Group's major customer, as disclosed in the quarterly report of the Company for 9M2022 (the "**9M2022 Quarterly Report**");

- (ii) the delivery of new battery product for a new customer that started in June 2022 as disclosed in the 9M2022 Quarterly Report, which resulted in the Group engaging a new major supplier to facilitate the production and development of the new battery product. As the new customer took longer to settle its purchases, the Group took longer to settle its trade and bills payables for the purpose of better cash management;
- (iii) the increase in the Group's average trade receivables turnover days from approximately 63 days for FY2021 to approximately 209 days for the six months ended 30 June 2022 ("**6M2022**"); and the increase in the Group's average trade payable turnover days from approximately 53 days for FY2021 to approximately 150 days for 6M2022;

*note:* the average trade receivable turnover days is calculated as the average of the beginning and ending trade receivables for the year/period, divided by revenue for that year/period, multiplied by 365 days for FY2021 and 183 days for 6M2022. The average trade payables turnover days is calculated as the average of the beginning and ending trade payables for the year/period, divided by cost of sales for that year/period, multiplied by 365 days for FY2021 and 183 days for 6M2022.

- (iv) the decrease in the Group's unaudited gross profit by approximately 69.1% from approximately HK\$93.9 million for 9M2021 to approximately HK\$29.0 million for 9M2022, which was mainly due to the decrease in revenue as mentioned in paragraph (i) above;
- (v) the Group recognised unaudited other operating expenses of approximately HK\$50.8 million for 9M2022 as compared to audited other operating income of approximately HK\$114.6 million for the year ended 31 December 2021 ("**FY2021**"). As disclosed in the 9M2022 Quarterly Report, the Group recorded unaudited other operating expenses for 9M2022 was mainly due to the net loss recognised on financial assets at fair value through profit or loss as the closing share price of Yuxing InfoTech Investment Holdings Limited ("**Yuxing InfoTech**"), a listed equity investment listed on the GEM of the Stock Exchange decreased from HK\$0.41 as at 31 December 2021 to HK\$0.21 as at 30 September 2022;
- (vi) the Group recorded an unaudited loss attributable to owners of approximately HK\$71.0 million for 9M2022 as compared to profit attributable to owners of approximately HK\$108.7 million for 9M2021. As disclosed in the 9M2022 Quarterly Report, the change from profit to loss was mainly contributed by the decrease in gross profit and the recognition of net loss on financial assets at fair value through profit or loss (as mentioned in point (v) above), partially set-off by a non-cash gain on deemed disposal of an associate recognised due to the acquisition of controlling interests of Jixing International Technology Co., Ltd. ("**Jixing International**") in 9M2022 (as elaborated in point (vii) below);

- (vii) On 10 August 2022, Honbridge Technology Limited, a wholly owned subsidiary of the Company, completed the acquisition of additional equity interest of Jixing International (which together with its subsidiaries, are principally engaged in the business of online car-hailing services and related services in Europe), which was previously an associate of the Group, at the consideration of RMB25.6 million (equivalent to approximately HK\$30.0 million), details of which were disclosed in the Company's announcements dated 10 June 2022 and 10 August 2022. As disclosed in the 9M2022 Quarterly Report, after the acquisition, Honbridge Technology Limited has 35.56% effective equity interest in Jixing International and Jixing International is treated as a subsidiary of the Company for accounting purpose as the Board considers the Company will be able to control Jixing International. Accordingly, the results of Jixing International were included in the consolidated financial statements of the Company since 10 August 2022. As disclosed in the 9M2022 Quarterly Report, the Group recognised a non-cash gain of approximately HK\$30.9 million on 10 August 2022, after the Group's previous held interest in Jixing International was remeasured at acquisition date fair value and the resulting gains or losses were recognised in profit or loss;
- (viii) the Group recorded a substantial unaudited exchange gain on translation of financial statements of foreign operations (recognised as other comprehensive income) of approximately HK\$145.3 million for 9M2022 as disclosed in the 9M2022 Quarterly Report as compared to audited exchange loss on translation of financial statements of foreign operations (recognised as other comprehensive loss) of approximately HK\$289.0 million for FY2021. Such exchange gain for 9M2022 was mainly attributable to the appreciation of Brazil Reais (being the functional currency of the Group's iron ore project company in Brazil) against Hong Kong dollar. The Group's exploration and evaluation assets is subject to the exchange rate movement between Brazil Reais and Hong Kong dollars as for all assets and liabilities of foreign operations, originally presented in a currency different from the Group's presentation currency, should be converted into Hong Kong dollars at the exchange rates at the reporting date. Any differences arising from this procedure should be recognised in other comprehensive income. The exchange rate of Brazil Reais against Hong Kong dollar was appreciated from approximately 1 Brazil Reais to 1.40 Hong Kong dollar as at 31 December 2021 to approximately 1 Brazil Reais to 1.45 Hong Kong dollar as at 30 September 2022. Subsequent to 30 September 2022, there was further appreciation of Brazil Reais against Hong Kong dollar to approximately (a) 1 Brazil Reais to 1.48 Hong Kong dollar as at 31 December 2022; and (b) 1 Brazil Reais to 1.52 Hong Kong dollar as at the Latest Practicable Date;
- (ix) the Group's financial assets at fair value through profit or loss decreased by approximately 47.0% from approximately HK\$148.3 million as at 31 December 2021 to approximately HK\$78.6 million as at 30 June 2022 as disclosed in the Company's half year report for the six months ended 30 June 2022 (the "**2022 Half Year Report**"), which was mainly due to the decrease in share price of the Group's listed equity investment in Yuxing InfoTech for the six months ended 30 June 2022. As disclosed in the 2022 Half Year Report, the fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices on

the reporting date. For reference and as mentioned in point (v) above, the share price of Yuxing InfoTech as at 31 December 2021 was closed at HK\$0.41, which decreased to HK\$0.22 and HK\$0.21 as at 30 June 2022 and 30 September 2022, respectively;

- (x) in addition to the payment of operating costs and expenses within the ordinary and usual course of business, the Group's cash and cash equivalents since 31 December 2021 was reduced by the repayment of government loans (the "**Government Loans**") in the principal amount of RMB100 million in December 2022, (details of the Government Loans were disclosed in the Company's 2021 annual report); and
- (xi) on 31 December 2022, Zhejiang Forever New Energy Company Limited ("**Zhejiang Forever**", being the Group's 52% owned subsidiary) entered into a supplemental agreement with certain local government entities in Zhejiang, PRC (the "**Government**"), pursuant to which, Zhejiang Forever shall repay the Government (a) by 31 December 2022, the Government Loans in the principal amount of RMB100 million (which the Group had already fully repaid in December 2022 as mentioned in point (x) above); and (b) by 29 February 2024, the government grants (the "**Grants**") received by Zhejiang Forever in relation to its production facilities in the aggregate amount of around RMB208 million, net of approximately 20% to 30% of Zhejiang Forever's accumulated plant and equipment investment as at 31 January 2024 (the percentage being subject to the category classification of the production facilities as at 31 January 2024) (the "**Deductible Amount**"). As at 31 December 2022, the unaudited accumulated plant and equipment investment of Zhejiang Forever amounted to approximately RMB380 million (the "**2022 Accumulated Investment**"). The actual amount to be repaid to the Government in relation to the Grants (the "**Possible Grant Repayment**") will be subject to (a) the accumulated plant and equipment investment of Zhejiang Forever as at 31 January 2024; and (b) the category classification of the production facilities of Zhejiang Forever as at 31 January 2024 (which would determine the percentage threshold of 20% to 30% as mentioned above). The maximum of the Deductible Amount shall not exceed the amount of the Grants received of around RMB208 million. The Possible Grant Repayment by Zhejiang Forever shall be guaranteed by Geely Holding. As at the Latest Practicable Date, based on the preliminary assessment by the management of the Company, it is expected that a provision for the Possible Grant Repayment will be recognised in the Group's financial statements for the year ended 31 December 2022, which is subject to review by the auditors of the Company.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,000,000,000 divided into 1,000,000,000,000 Shares of HK\$0.001 each, of which 9,854,533,606 Shares had been issued and were fully paid or credited as fully paid. All the existing issued Shares are fully paid up and rank pari passu in all respects including all rights as to capital, dividends and voting.

Since 31 December 2021, being the date to which the latest audited financial statements of the Company were made up, the Company has not allotted and issued any Share.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into the Shares.

## 3. DISCLOSURE OF INTERESTS

### **(a) Interests and short positions of the Directors and chief executives in the shares, the underlying shares and debentures of the Company or any associated corporation**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules relating to the required standards of dealing by the Directors to be notified to the Company and the Stock Exchange or which were required to be disclosed under the Takeovers Code, were as follows:

*Long positions in the Shares and the underlying shares*

Name of director	Capacity	Number of Shares held	Approximate % of the issued share capital
HE Xuechu	Beneficial owner	57,939,189	0.59
	Interest of spouse	22,460,000	0.23
LIU Wei, William	Beneficial owner	9,002,000	0.09
YAN Weimin	Beneficial owner	30,000,000	0.30
CHAN Chun Wai, Tony	Beneficial owner	1,000,000	0.01

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules or which were required to be disclosed under the Takeovers Code.

**(b) Interests and short positions of the substantial Shareholders in the Shares and underlying Shares**

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company) had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:



*Long positions in the Shares and the underlying Shares*

Name	Capacity	Number of Shares held	Approximate % of the issued share capital
The Target Company (Note 1)	Beneficial owner	4,065,000,000	41.25
Offeror (Note 1)	Interests of controlled corporation	4,065,000,000	41.25
Geely HK (Note 2)	Beneficial owner	1,850,675,675	18.78
Geely Holding	Interests of controlled corporation	1,850,675,675	18.78
Mr. Li (Notes 1, 2)	Interests of controlled corporation	5,915,675,675	60.03
	Beneficial owner	103,064,000	1.04
	Interest of spouse	50,000,000	0.51

*Note:*

1. The 4,065,000,000 shares were held by the Target Company, which was held 68.86% by the Offeror. Mr. Li is the controlling shareholder holding 100% equity interest of the Offeror.
2. The 1,850,675,675 shares were held by Geely HK, which was held 100% by Geely Holding, which was in turn owned as to approximately 91.08% by Mr. Li.

Other than disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, save and except for information above, no other Director nor any parties acting in concert with any of them was interested in any Shares or any convertible securities, warrants, options or derivative in respect of the Shares. None of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.

**(c) Interest in the Offeror**

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

**(d) Additional disclosure of interests in the Company and arrangement in connection with the Offer**

As at the Latest Practicable Date:

- (i) save as disclosed in the section headed “3. DISCLOSURE OF INTERESTS” in this appendix, the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (ii) save for Mr. He’s Irrevocable Undertaking and save as disclosed in the section headed “3. DISCLOSURE OF INTERESTS” in this appendix, the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (iii) none of the subsidiaries of the Company, pension funds of the Company or any of its subsidiaries or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares;
- (iv) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (v) no Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company; and
- (vi) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares.

#### 4. DEALINGS IN SHARES

During the Relevant Period,

- (a) save for the Sale and Purchase Agreement entered into, among others, the Vendors and the Offeror, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares.
- (b) none of the subsidiaries of the Company, pension funds of the Company or any of its subsidiaries or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had dealt for value in the Shares and other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.
- (d) no fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.
- (e) there was no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on one hand and the Company, its subsidiaries or associate companies on the other hand.

#### 5. DEALINGS IN SHARES OF THE OFFEROR

During the Relevant Period, neither the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror.

## 6. ARRANGEMENTS AFFECTING DIRECTORS

- (a) As at the Latest Practicable Date, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, save for the Sale and Purchase Agreement in which Mr. He is interested, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

## 7. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the date of the commencement of the Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

Name	Position	Term	Amount of Remuneration	Variable Remuneration
Liu Jian	Vice Chairman and Joint Chief Executive Officer	a term of 3 years commencing from 3 June 2021	Nil	Nil
Ha Chun	Independent Non-executive Director	a term of 2 years commencing from 27 August 2021	HK\$20,900 per month	Nil

## 8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

## 9. MATERIAL CONTRACTS

Save as disclosed below, no contract (being the contracts not entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) has been entered into by the Company or any of its subsidiaries within the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which are material:

- (a) On 10 June 2022, Honbridge Technology Limited 洪橋科技有限公司 (“**Honbridge Technology**”, a wholly-owned subsidiary of the Company), 杭州優行科技有限公司 (Hangzhou UGO Technology Company Limited\*) and 杭州禾曦嬌科技有限公司 (Hangzhou Hexijiao Technology Company Limited\*) entered into a sale and purchase agreement in relation to the acquisition of RMB25,600,000 of the registered capital of 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*), which Honbridge Technology was a shareholder holding 20% equity interest.
- (b) On 10 June 2022, Honbridge Technology, 杭州優行科技有限公司 (Hangzhou UGO Technology Company Limited\*), 杭州禾曦嬌科技有限公司 (Hangzhou Hexijiao Technology Company Limited\*), 浙江吉利新能源商用車集團有限公司 (Zhejiang Geely New Energy Commercial Vehicles Group Co., Ltd.\*) and 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*) entered into a capital increase agreement in relation to the capital increase in the amount of RMB200,000,000 (equivalent to approximately HK\$234,000,000) in 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*) by 浙江吉利新能源商用車集團有限公司 (Zhejiang Geely New Energy Commercial Vehicles Group Co., Ltd.\*).
- (c) On 10 June 2022, Honbridge Technology and 杭州禾曦嬌科技有限公司 (Hangzhou Hexijiao Technology Company Limited\*) entered into a concert party agreement pursuant to which 杭州禾曦嬌科技有限公司 (Hangzhou Hexijiao Technology Company Limited\*) agrees to exercise its voting rights or to approve any written resolutions as a shareholder of 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*) in the same manner as Honbridge Technology may decide.

## 10. EXPERT

The following is the qualifications of the expert who has been named in this Composite Document and/or given opinion or advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Ballas Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee, the Offer Shareholders in connection with the Offer

**11. CONSENT**

The expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name and logo in the form and context in which it is included.

**12. MISCELLANEOUS**

- (i) The registered office of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and its head office and principal place of business in Hong Kong is Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (ii) Ballas Capital Limited is the independent financial adviser to the Independent Board Committee of the Company and its registered address is located at 5/F Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

**13. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of the Company at <http://www.8137.hk>; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, from the date of this Composite Document up to the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 31 December 2019, 31 December 2020 and 31 December 2021 and the interim report of the Company for the six months ended 30 June 2022;
- (c) the letter from the Board, the text of which is set out on pages 19 to 27 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 30 to 52 of this Composite Document;
- (f) the service contracts referred to in paragraph 7 of this Appendix III;
- (g) the written consent referred to in paragraph 11 of this Appendix III; and
- (h) the material contracts referred to in paragraph 9 of this Appendix III.

## 1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. MARKET PRICES

The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the last trading day immediately preceding the date of the Joint Announcement; and (iii) at the end of each calendar month during the Relevant Period:

<b>Date</b>	<b>Closing price per Share HK\$</b>
29 July 2022	0.315
31 August 2022	0.335
30 September 2022	0.285
31 October 2022	0.285
30 November 2022	0.310
30 December 2022	0.345
12 January 2023 (the Last Trading Day)	0.355
31 January 2023	0.910
20 February 2023 (the Latest Practicable Date)	0.850

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.950 on 26 January 2023, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.240 on 24 October 2022.

### 3. DISCLOSURE OF INTERESTS OF THE OFFEROR AND OFFEROR CONCERT PARTIES

As at the Latest Practicable Date, details of the interests in the Shares, underlying Shares, debentures or other securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and its ultimate beneficial owner and Offeror Concert Parties were as follows:

Name	Capacity	Number of Shares held	Approximate % of the issued share capital
Offeror	Interests of controlled corporation	4,065,000,000	41.25
The Target Company (Note 1)	Beneficial owner	4,065,000,000	41.25
Geely HK (Note 2)	Beneficial owner	1,850,675,675	18.78
Mr. Li (Notes 1, 2)	Beneficial owner	103,064,000	1.04
	Interest of controlled corporation	5,915,675,675	60.03
	Interest of spouse	50,000,000	0.51
Euro American (Note 3)	Beneficial owner	50,000,000	0.51
Mr. He	Beneficial owner	57,939,189	0.59
Ms. FOO (Note 4)	Beneficial owner	22,460,000	0.23

Note:

- The 4,065,000,000 shares were held by the Target Company, which was held 68.86% by the Offeror. Mr. Li held 87.09% of the Target Company indirectly.
- The 1,850,675,675 shares were held by Geely HK, which was held 100% by Geely Holding, which was in turn owned as to approximately 91.08% by Mr. Li.
- Euro American is wholly-owned by Ms. Wang Li, the spouse of Mr. Li.
- Ms. FOO is the spouse of Mr. He.

As of the Latest Practicable Date, save as disclosed above, neither the Offeror nor the Offeror Concert Parties owned or controlled any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.



**4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

The Offeror confirms that, as at the Latest Practicable Date:

- (1) save as disclosed in the section “3. Disclosure of Interests of the Offeror and Offeror Concert Parties”, none of the Offeror, its ultimate beneficial owner and/or the Offeror Concert Parties, held or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (2) there was no outstanding derivative in respect of securities in the Company which was owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or the Offeror Concert Parties;
- (3) save for the Sale and Purchase Agreement, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (4) save for the Sale and Purchase Agreement, there was no agreement or arrangement to which the Offeror, its ultimate beneficial owner or the Offeror Concert Parties is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offer;
- (5) there was no other agreement, arrangement or understanding which may result in the securities of the Company to be acquired pursuant to the Offer being transferred, charged or pledged to any other persons;
- (6) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between:
  - (A) (a) the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them on one hand and (b) the Vendors and their concert parties on the other hand; or
  - (B) (a) the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them on one hand and (b) the Shareholders on the other hand;
- (7) other than the consideration payable to the Vendors under the Sale and Purchase Agreement, there is no other consideration, compensation or benefit in whatever form provided by the Offeror, its ultimate beneficial owner or their respective concert parties to any of the Vendors or their concert parties in respect of the Sale Shares;
- (8) there was no benefit given or to be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (9) there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any of the parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer; and
- (10) no Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Offeror.

## 5. DEALING IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (1) save for the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and the Offeror Concert Parties had dealt for value in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company;
- (2) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or the Offeror Concert Parties;
- (3) save for the Irrevocable Undertakings, the Offeror, its ultimate beneficial owner and/or the Offeror Concert Parties have not received any irrevocable commitment to accept or reject the Offer;
- (4) the Offeror, its ultimate beneficial owner and the Offeror Concert Parties have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (5) no fund managers connected with the Offeror (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.

## 6. QUALIFICATION OF EXPERT

The following is the name and the qualification of the professional adviser to the Offeror whose letter, opinion or advice is contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Guotai Junan Capital	a corporation licensed under the SFO permitted to engage in type 6 regulated activity (as defined under the SFO), and the financial adviser to the Offeror in respect of the Offer

## 7. CONSENT

Guotai Junan Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its letter, opinion or advice and references to its name in the form and context in which it appears.

## 8. MISCELLANEOUS

- (1) Principal members of the Offeror Concert Parties include the Offeror, the Target Company, Mr. Li Xingxing, Mr. He, Ms. Foo, Geely HK, Mr. Li, Euro American and Ms. Wang Li.

The directors of the Target Company are Mr. Li and Mr. He. The Target Company is held as to 12.91% by Mr. He, 18.23% by Strong Target (a company wholly-owned by Mr. Li) and 68.86% by the Offeror (a company wholly-owned by Mr. Li).

The sole director and sole shareholder of Strong Target is Mr. Li.

The sole director and sole shareholder of Euro American is Ms. Wang Li.

The directors of Geely HK are Mr. Li, Li Donghui, Zhang Yi Ian and Dai Yang. Geely HK is wholly-owned by Geely Holding and Geely Holding is held as to approximately 91.08% by Mr. Li.

The directors of Geely Holding are Mr. Li, Yang Jian, Sun Hong, Li Donghui and Ye Weilie.

- (2) The Offeror is incorporated in the BVI with limited liability on 3 December 2003.
- (3) The Offeror is wholly owned by Mr. Li.
- (4) The sole director of the Offeror is Mr. Li.
- (5) The correspondence address of Mr. Li, Mr. Li Xingxing, Euro American and Ms. Wang Li is Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong.
- (6) The correspondence address of Geely HK is Unit 2204, 22/F, Lippo Centre, Tower 2, 89 Queensway, Hong Kong.
- (7) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (8) The correspondence address of the Offeror in Hong Kong is at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong.
- (9) The correspondence address of the Target Company is Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

- (10) The correspondence address of Mr. He and Ms. Foo is Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (11) Guotai Junan Capital is the financial adviser of the Offeror in relation to the Offer, and its registered address is at 27/F, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong.
- (12) Guotai Junan Securities is making the Offer on behalf of the Offeror, and its registered address is at 27/F, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong.

## 9. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of the Company at <http://www.8137.hk>; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, from the date of this Composite Document up to the Closing Date:

- (1) the memorandum and articles of association of the Offeror;
- (2) the letter from Guotai Junan Capital, the text of which is set out on pages 10 to 18 of this Composite Document;
- (3) the written consent referred to in the section headed "7. CONSENT" in this appendix;
- (4) this Composite Document and the accompanying Form of Offer Acceptance;
- (5) the Sale and Purchase Agreement; and
- (6) Ms. Foo's Irrevocable Undertaking.