THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Honbridge Holdings Limited** (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

HONBRIDGE HOLDINGS LIMITED
洪橋集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

(1) CONNECTED TRANSACTIONS IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to Geely International Technology Limited

华泰国际 HUATAI INTERNATIONAL

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited 嘉林資本有限公司

A letter from the Board is set out from pages 5 to 22 of this circular. A notice convening the extraordinary general meeting of the Company ("**EGM**") to be held at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 9 December 2024 at 10:00 a.m. is set out from pages EGM-1 to EGM-3 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular will remain on the "Latest Listed Company Information" page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of Honbridge Holdings Limited at www.8137.hk.

22 November 2024

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this circular, the following expressions have the following meanings, unless the context otherwise required:

"Announcement"	the announcement of the Company dated 17 October 2024, in relation to, among other matters, the Reorganization, the connected transactions in relation to the subscription of new Shares under the Specific Mandate
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day on which the Stock Exchange is open for the business of dealing in securities
"China" or "PRC"	the People's Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan for the purpose of this circular
"Company"	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8137)
"Completion"	completion of the Subscriptions in accordance with the terms and conditions of the Subscription Agreements
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholder Group"	companies or entities directly or indirectly holds the Shares and controlled by Mr. Li
"Director(s)"	director(s) of the Company
"EA"	Euro American International Investment Group Limited, a company incorporated in the British Virgin Islands and is wholly owned by the spouse of Mr. Li
"EGM"	the extraordinary general meeting to be convened by the Company to consider, among other things, the Subscription Agreements and the transaction contemplated thereunder, including the grant of Specific Mandate to allot and issue the Subscription Shares

"Geely International Tech HK"	Geely International Technology Limited (吉利國際科技有限公司), a company incorporated in Hong Kong with limited liability and controlled by Mr. Li
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"GGL"	Geely Group Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Li
"GIHK"	Geely International (Hong Kong) Limited (吉利國際（香港）有限公司), a company incorporated in Hong Kong with limited liability and controlled by Mr. Li
"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions and the grant of the Specific Mandate
"Group"	the Company and its subsidiaries
"Hong Bridge Capital"	Hong Bridge Capital Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company, comprising all independent non-executive Directors, to be formed to advise the Independent Shareholders in respect of the Subscriptions and the grant of the Specific Mandate
"Independent Shareholders"	Shareholders other than (i) the Subscribers and their respective associates and (ii) any other persons who are involved or interested in the Subscriptions and the Specific Mandate
"Last Trading Date"	10 October 2024, being the full trading day of the Shares on the Stock Exchange immediately prior to the date of the Subscription Agreements

"Latest Practicable Date"	19 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Mr. Chen"	Mr. Chen Shengjie (陳聖杰), an executive Director
"Mr. He"	Mr. He Xuechu (賀學初)
"Mr. Li"	Mr. Li Shufu (李書福), a controlling Shareholder
"Mr. Xu"	Mr. Xu Zhihao (徐志豪), an executive Director
"Mr. Xu Bing"	Mr. Xu Bing (許兵), an executive Director
"Ms. Gu"	Ms. Gu Wenting (顧文婷), an executive Director
"Reorganization"	reorganization within the Controlling Shareholder Group, which aims to streamline the structure of the Controlling Shareholder Group and comprises four transfers, namely: (i) the transfer of 1,291 shares, representing 12.91% of the total issued share capital of Hong Bridge Capital, from Mr. He to Geely International Tech HK; (ii) the transfer of 496,130,000 Shares, representing approximately 5.03% of the total issued share capital in the Company, from Hong Bridge Capital to Mr. He; (iii) the transfer of 8,709 shares, representing 87.09% if the total issued share capital of Hong Bridge Capital, from GGL to Geely International Tech HK; and (iv) the transfer of 2,829,000 Shares, representing approximately 0.03% if the total issued share capital of the Company, from GGL to Hong Bridge Capital
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) with a nominal value of HK$0.001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Specific Mandate"	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Subscription Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscribers"	Hong Bridge Capital and Mr. Xu

"Subscriptions"	the subscription of the Shares by the Subscribers pursuant to the Subscription Agreements
"Subscription Agreement I"	the subscription agreement dated 13 October 2024 entered into between the Company and Hong Bridge Capital in relation to the subscription of 4,500,000,000 Shares
"Subscription Agreement II"	the subscription agreement dated 13 October 2024 entered into between the Company and Mr. Xu in relation to the subscription of 200,000,000 Shares
"Subscription Agreements"	collectively, Subscription Agreement I and Subscription Agreement II
"Subscription Price"	HK$0.08 per Subscription Share
"Subscription Shares"	an aggregate of 4,700,000,000 Shares to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreements
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

HONBRIDGE HOLDINGS LIMITED
洪橋集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

Executive Directors:
Mr. Xu Zhihao
Mr. Xu Bing
Mr. Chen Shengjie
Ms. Gu Wenting
Mr. Liu Wei, William

Non-Executive Director:
Mr. Yan Weimin

Independent Non-Executive Directors:
Mr. Chan Chun Wai, Tony
Mr. Ma Gang
Mr. Ha Chun

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

22 November 2024

To the Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTIONS IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement, in relation to, among other matters, the Reorganization, the connected transactions in relation to the subscription of new Shares under the Specific Mandate. For details and implication of the Reorganization, please refer to the Announcement.

The purpose of this circular is to provide you with (i) details of the Subscriptions and the Subscription Agreements; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions and the Subscription Agreements and the transaction contemplated thereunder; (iv) other information as required under the GEM Listing Rules; and (v) the notice of the EGM.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 13 October 2024, the Company entered into subscription agreements with each of the Subscribers pursuant to which each of Hong Bridge Capital and Mr. Xu has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 4,500,000,000 Shares and 200,000,000 Shares at the Subscription Price of HK$0.08 per Share, respectively. The aggregate nominal value of the Subscription Shares is HK$4.7 million. Subscription Agreement I and Subscription Agreement II are inter-conditional, save as otherwise agreed by the parties thereto in situation where the Shareholders only approve one of, but not both, the Subscriptions in the EGM. Completion of the Subscriptions is subject to the fulfilment of the conditions precedent referred to in the paragraph headed "Conditions Precedent of the Subscriptions" of this circular. Based on the current expected timetable, the Completion will take place after the completion of the Reorganization.

The Subscription Agreement I

Parties:	(1) the Company (as issuer); and (2) Hong Bridge Capital (as subscriber)
Number of shares to be issued:	4,500,000,000 Shares, representing (a) approximately 45.66% of the existing issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 30.92% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscriptions, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion. The aggregate nominal value of the Subscription Shares under the Subscription Agreement I will be HK$4,500,000.

The Subscription Agreement II

Parties:	(1) the Company (as issuer); and (2) Mr. Xu (as subscriber)
Number of shares to be issued:	200,000,000 Shares, representing (a) approximately 2.03% of the existing issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 1.37% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscriptions, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion. The aggregate nominal value of the Subscription Shares under the Subscription Agreement II will be HK$200,000.

Subscription Price

The Subscription Price of HK0.08 per Subscription Share represents:

(a) a discount of approximately 75.00% to the closing price of HK$0.3200 per Share as quoted on the Stock Exchange on 10 October 2024, being the Last Trading Date;

(b) a discount of approximately 77.01% to the average closing price of HK$0.3480 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;

(c) a discount of approximately 65.81% to the average closing price of HK$0.2340 per Share as quoted on the Stock Exchange for the last 30 consecutive trading day up to and including the Last Trading Date;

(d) a discount of approximately 63.27% to the average closing price of HK$0.2178 per Share as quoted on the Stock Exchange for the last 60 consecutive trading day up to and including the Last Trading Date;

(e) a discount of approximately 63.77% to the average closing price of HK$0.2208 per Share as quoted on the Stock Exchange for the last 90 consecutive trading day up to and including the Last Trading Date;

(f) a discount of approximately 88.06% to the closing price of HK$0.670 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(g) a discount of approximately 81.63% to the unaudited consolidated net asset value per Share of approximately HK$0.4354 as at 30 June 2024, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK$4,290,627,000 as at 30 June 2024 and 9,854,533,606 Shares in issue as at the Latest Practicable Date; and

(h) the theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 24.87%, represented by the theoretical diluted price of approximately HK$0.2615 per Share to the theoretical benchmarked price of HK$0.3480 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK$0.3200 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date, which represents the five previous consecutive trading days prior to the date of the Subscription Agreements, of HK$0.3480 per Share).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares and current market conditions, and the fact that the Subscribers are willing to provide the Company with immediate fund to proceed continue and further develop its operations. Considering the benefits arising from the Subscriptions, the Board (excluding the Directors that are considered to have material interest in the Subscriptions) consider that the terms and conditions of the Subscription Agreements (including the Subscription Price) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole. For details of the benefits, please refer to the paragraph headed ''Reasons for the Subscriptions and the Use of Proceeds''.

The Subscription Price of the Subscription Shares under the Subscription Agreements shall be paid via bank cheque in HK$ or wire transfer.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares. There is no restriction which apply to the subsequent sale of the Subscription Shares.

Conditions Precedent of the Subscriptions

Completion is conditional upon the fulfilment of the following conditions precedent:

(a) the Company having complied with the requirements of the Stock Exchange and the GEM Listing Rules, including but not limited to obtaining the approval granted by the Listing Committee of the Stock Exchange (whether unconditionally or under customary conditions) of the listing of, and permission to deal in, the Subscription Shares, and such approval has not been revoked prior to Completion;

(b) passing resolutions at the EGM by the Shareholders to approve:

  (i) the Subscription Agreements and the transactions contemplated thereunder; and

  (ii) the Specific Mandate to allot and issue the Subscription Shares to the Subscribers.

(c) as at the date of the Subscription Agreements and at the time of Completion, the Company's representations, warranties and undertakings remaining true and accurate in all material respects and being not misleading in any material respect;

(d) as at the date of the Subscription Agreements and at the time of Completion, the Subscribers' representations, warranties and undertakings remaining true and accurate in all material respects and being not misleading in any material respect;

(e) the Company and the Subscribers having performed in all material respects all covenants and agreements required to be performed under the Subscription Agreements on or before Completion;

(f) there are no laws, regulations or decrees implemented or promulgated by regulatory authorities prohibiting the Subscriptions, nor are any orders or injunctions issued by courts of competent jurisdiction prohibiting or preventing the Subscriptions;

(g) having complied with any other requirements imposed by the Stock Exchange and/or the SFC in relation to the Subscription Agreements and the transactions contemplated hereunder (including the Subscriptions), and the allotment and issue of the Subscription Shares (whether under the GEM Listing Rules, the Takeovers Code or other provisions under other rules); and

(h) having obtained all licenses, consents, approvals, authorizations, exemptions, orders or notices (if required) issued by the PRC government or regulatory authorities that are necessary for the transactions contemplated hereunder.

As at the Latest Practicable Date, save for (i) conditions (c) and (d) where each of the Company and the Subscribers has confirmed that the representations, warranties and undertakings were true and accurate in all material respects and not misleading in any material respect as at the date of the Subscription Agreements; (ii) condition (f) where there are no laws, regulations, decrees, orders or injunctions prohibiting or preventing the Subscriptions; and (iii) condition (g) where the SFC has granted waiver pursuant to Note 6 to Rule 26.1 under the Takeovers Code to dispense with the obligation of Hong Bridge Capital to make a mandatory general offer for Shares arising from the subscription pursuant to Subscription Agreement I, the other conditions precedent are yet to be fulfilled/satisfied.

In relation to (h) above, the parties to the Subscription Agreements expect that Guangdong Tianqin Haina Investment Co., Ltd. (廣東天琴海納投資有限公司), an indirect shareholder of Geely International Tech HK, has to go through and complete the overseas direct investment-related procedures.

The Subscribers have the right to waive condition (c), and the Company has the right to waive condition (d). Except for the above, neither the Company nor the Subscribers (as the case may be) may waive the above conditions. If the above conditions are not fulfilled and/or waived on or before 5:00 p.m. on 31 March 2025 (or any other time as agreed by the parties thereto in writing) (but not due to default by the Company and/or the Subscribers), the Subscription Agreements will end and terminate, and none of the parties to the Subscription Agreements shall have any obligations or liabilities under the Subscription Agreements to the other party except for the breach of terms of the Subscription Agreements that has already occurred.

Completion

Save as otherwise agreed by the parties thereto in situation where the Shareholders only approve on of, but not both, the Subscriptions in the EGM, Subscription Agreement I and Subscription Agreement II are inter-conditional to each other upon fulfilment (or waiver, as the case may be) of the above conditions. The Completion will take place at 10:00 a.m. on the date of Completion (which shall fall on the fifth Business Day (or any other time as agreed by the parties thereto in writing) after the date of fulfilment/waiver (as the case may be)) of the above conditions precedent. The subscription money will be fully settled via bank cheque in HK$ or wire transfer upon Completion.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

INFORMATION ON THE GROUP

The Company is principally engaged in (i) research and development and production of lithium-ion power batteries for new energy vehicles; (ii) provision of online car-hailing services in Europe; and (iii) investment in the field of resources such as iron ore resources and resources exploration and exploitation.

INFORMATION ON THE SUBSCRIBERS

Hong Bridge Capital

Hong Bridge Capital is a company incorporated in the British Virgin Islands with limited liability and is the controlling Shareholder. As at the Latest Practicable Date, it is an investment holding company and ultimately controlled by Mr. Li.

Mr. Xu

Mr. Xu, an executive Director, holds directorship and senior management positions in certain entities in the Controlling Shareholder Group including Hong Bridge Capital and Geely International Tech HK, and is a Shareholder holding 222,000,000 Shares, representing approximately 2.25% of the total issued share capital of the Company, as at the Latest Practicable Date.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The gross proceeds from the Subscriptions, that is the total consideration of the Subscriptions, will be HK$376 million and the estimated net proceeds from the Subscriptions, after deduction of relevant legal and advisory costs, will be approximately HK$375 million. On such basis, the estimated net price per Subscription Share will be approximately HK$0.08. The Company intends to use the net proceeds from the Subscriptions for the following:

Matters	*HK$ million*
(i) development of and investment in mineral-related projects	285.1
(ii) operating fund for Zhejiang Forever New Energy Company Limited	25.0
(iii) operating fund for online car-hailing services business in France	21.3
(iv) operating fund for the headquarters of the Group in Hong Kong	43.6

The abovementioned operating fund include payment of rent, salary, information technology maintenance fee, engagement of professional parties, etc, for the daily operation of the relevant entities.

The breakdown of use of proceeds from the Subscriptions on the development of and investment in mineral-related projects are as follows:

Tasks	For the year ending 31 December 2025 *(HK$ million)*	For the year ending 31 December 2026 *(HK$ million)*
Iron-ore project development in Brazil (the "SAM Project")		
*Preparation and application of preliminary license ("**LP**")*		
• Alternative study	13.8	—
• Conceptual Engineering	7.3	13.4
• Environment Impact Assessment	4.4	4.9
• Staff and General Administrative Costs	37.4	37.4
• Others	2.4	2.4
Land Acquisition after Obtaining LP	—	83.7
Investment in mineral-related projects	78.0	—

Based on the current timetable, it is expected that the SAM Project can commence operation in 2031 and the Company intends to finance the shortfall of the capital expenditure funds by other means after the LP for the SAM Project has been obtained. For details, please refer to the paragraph headed "Status of and Uncertainty in the SAM Project" below. In order to make good use of the subscription monies, the Company has reserved part of the proceeds for the investment in mineral-related projects that have potential in generating cashflow to the Group within a relatively short period of time and before the commencement of operation of the SAM Project and would have synergies with the business of the Group. The targets' production scale as well as expected financial and operational performance will be evaluated on a case-by-case basis. As at the Latest Practicable Date, the Group is in the course of identifying potential project and no legally binding agreements have been entered by the Group for the investment in any mineral-related projects. If any investment plan is materialised, the Group will inform the Shareholders as and when appropriate in accordance with the GEM Listing Rules.

Notwithstanding the deep discount and dilution effect of the Subscriptions, it is of the view that the Subscription Price is fair and reasonable, after considering the factors below:

Status of and Uncertainty in the SAM Project

The SAM Project is capital intensive and requires substantial funding, with estimated capital expenditure of around USD3.25 billion. Furtherance to the acquisition consideration of USD78.42 million, as of 30 June 2024, the Group had accumulatively allocated USD81.8

million to the SAM Project. In addition to obtaining various permits, the Brazil project will also need continuous financing and face the risks associated with fluctuations in the prices of commodities on the market before it commences production. Other than utilizing the proceeds of the Subscriptions on the SAM Project, the Company intends to finance the SAM Project after obtaining the LP by way of bank borrowing, entering into prepayment arrangement with PRC and/or international steel conglomerates that require iron ore materials, outsourcing of certain production process to other parties to obtain funding via their investment in the SAM Project, introduction of strategic investor for the SAM Project and where applicable and if appropriate, may consider to conduct further equity fund raising activities in the future. Moreover, the investment period is expected to be six years or more and development of the SAM Project entails a long-term significant commitment and acceptance of risks. As the LP for the SAM Project is yet to be obtained, it is difficult to conduct debt and equity financing for the time being as the environmental feasibility of the SAM Project is uncertain. The Company believes that it will be easier to conduct debt and equity financing after the financial position of the Group is improved, which is expected to be derived from the Subscriptions, and the LP for the SAM Project has been obtained.

The risk is largely driven by various factors such as commodity prices, government regulations, legal litigation challenges, political factors, policies and approval of the relevant permits and licenses to conduct the mining activities in Brazil. All these factors may affect the schedule of, or even result in the failure of, the SAM project.

The SAM Project is a large-scale integrated project with a designed annual production capacity of 27.5 million tons of iron concentrate (on dry basis) with an average grading of 66.2% Fe in the first 18 years' operation. The SAM Project will have an integrated system comprising of an open-pit mine, a beneficiation plant, tailings disposal facilities, a power transmission line, water supply pipelines, and a water dam.

The environmental license of the SAM Project involves three types of licenses: LP, Installation License ("**LI**") and Operation License ("**LO**"). Among them, the LP is the most important to the SAM Project as it confirms environmental feasibility and approves the location and design of the SAM Project, and establishes basic requirements and conditions to be met in the next phases of the implementation of the SAM Project. The LP is also a prerequisite for obtaining the LI, LO, and other necessary approvals or implementing the project.

The SAM Project has been committed to applying for the LP in compliance with laws and regulations in Brazil over the past few years. When and after the Group was notified of the pending granting of the LP for the first time in 2015, two tailings dam failures occurred in 2015 and 2019 respectively at mines operated by other companies in Brazil, resulting in a severe delay in granting of the LP for the SAM Project.

After that, the progress was also affected by the restructuring of Minas Gerais State government institutions, which started in April 2023. As a result of the restructuring, the licensing organ the Superintendence of Priority Projects ("**SUPPRI**") which was responsible for the licensing of the SAM Project was replaced by Minas State Environmental Foundation ("**FEAM**"). In November 2023, the SAM Project's licensing process was transferred to FEAM from SUPPRI. In February 2024, the SAM Project conducted its first meeting with FEAM. FEAM emphasised the imperative for complementary studies and also demanded alternative studies on tailings disposal to demonstrate the absence of safer solutions beyond the chosen one, taking into account environmental, social, and economic sustainability criteria. In alignment with FEAM's perspective, there is an understanding of the necessity to conduct more studies for the SAM Project. As at the Latest Practicable Date, the SAM Project is actively engaged in discussions with internal teams, consultants and mining equipment suppliers to optimise the SAM Project based on the comments of FEAM, with a particular focus on tailings disposal alternatives. A key focus was the technological solutions involved in all or part of the dry stacking tailings and their impacts on capital expenditure and operating expense.

Many uncertainties may affect the timetable. By assuming that the LP is granted in the fourth quarter of 2025, there is a chance to obtain the LI in the second quarter of 2027 and start trial production in the second half of 2030. The operation commencement date is expected to be early 2031.

Notwithstanding the above, the Group is optimistic regarding the prospects of the SAM Project. According to the statistic published by the General Administration of Customs of the PRC, as the world's largest iron ore consumer, the import volume of China's iron ore hits a record high in 2023, with 1.18 billion tons of iron ore imported. According to the calculations in relation to the external reliance on key strategic mineral resources published by the National Development and Reform Commission in 2021, China's external dependency rate of iron ore is approximately 83%. In light of the above, as a key strategic mineral resources in China, it is likely that there will be a shortage of iron ore resources in the foreseeable future. The SAM Project has a designed annual production capacity of 27.5 million tons iron ore concentrates and an estimated mine life of 31 years. The Directors are of the view that the investment in the SAM Project could generate a long and stable return for the Company upon commencement of production.

Lack of Financing Alternatives

The Company considers that the Subscriptions will facilitate the development of the existing business of the Company and improve the financial position of the Group for its future development and working capital. In light of the prevailing financial conditions of the Group, after considering other alternative fundraising activities, including but not limited to debt financing and equity financing (e.g. share placement, rights issue or open offer), the

Company considers the Subscriptions to be a suitable financing option as compared to other means of financing at this stage as it enables the Group to raise capital in an efficient manner without increasing the interest burden of the Group.

In respect of debt financing, it (i) would incur additional financial costs and increasing gearing level, imposing further financial burden to the Group; (ii) generally involve pledge of assets and/or securities which may restrict the Group's ability in managing and deploying its assets and limit the Group's operational flexibility; and (iii) may subject to lengthy due diligence, especially for the SAM Project and the online car-hailing businesses which are located in Brazil and France, respectively, and negotiations, and uncertain and time-consuming to negotiate and obtain borrowings at an acceptable finance cost with affordable terms and conditions.

In terms of other equity financing such as share placement, rights issue or open offer, we understand that (i) the fundraising methods such as share placement, rights issues or open offers are normally more time consuming, and lengthy discussions with potential agents/underwriters may also be involved; (ii) additional costs, including but not limited to placing fees, underwriting commissions and various administrative and professional expenses, are likely to be incurred; and (iii) under the current volatile market condition and in light of the low trading liquidity of the Shares, financial performance and position of the Company which may not be appealing to the market, it is also difficult to ascertain market demand and there is uncertainty in successful equity financing. The Company has explored the options of equity/debt financing in 2023 and 2024 and have discussed with over 10 potential investors and placing agents (including private equity funds, sector funds, family offices, sizable companies in the same industry as the Group, investment banks and financial institutions) for the subscription of Shares and convertible bonds, and yet failed to realise the plans due to lukewarm interest of the investors and the unfavourable terms of the proposed transactions to the Group. Such unfavourable terms include requiring the Group to provide performance target guarantee; requesting financial institutions to provide performance bonds; imposing obligations on the controlling Shareholder to repurchase the Shares at a premium price; restricting Company to issue and allot Shares lower than a prescribed price per Share; and setting high interest rate (in the case of convertible bonds). As such, the Company is of the view that the Subscriptions is more feasible and better than equity/debt financing for the time being.

Unsatisfactory Financial Performance of the Group

Given (i) the uncertainty in the return of the SAM Project and the intensive capital requirement of the project before it commences operation; (ii) the unsatisfactory performance of different businesses, including online car-hailing services and production and sale of batteries of the Group. The Group has incurred a loss from continuing operations of approximately of HK$159 million for the year ended 31 December 2023; and that as at 31 December 2023, the Group had provision of repayment to the government of approximately HK$148 million and bank borrowings of approximately HK$20 million that were repayable

within one year while its cash and cash equivalents amounted to approximately HK$167 million only, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern; and (iii) as a GEM listed company, the trading volume of the Company is low. For the period from 1 October 2023 up to 30 September 2024, the percentage of the Share's daily average daily trading volume for each month was lower than 0.1% of the total number of issued Shares held by public, indicating the absence of the public investors' investment interest in the Company, it is not appealing to potential investors and impose difficulties for the Company to source investor(s) who is/are willing to invest as much as the Subscribers.

Benefits Derived from the Subscriptions

The ultimate controller of Hong Bridge Capital, Mr. Li, is a controlling shareholder, founder, chairman of the board of directors of Zhejiang Geely Holding Group Co., Ltd., which is one of the Fortune Global 500 companies. Mr. Li has extensive experience in the investment and management of the automobile manufacturing business in the PRC. Mr. Li was accredited as one of the "50 Most Influential Persons in China's Automotive Industry in the 50 Years" by China Automotive News (中國汽車報). Mr. Li has through Zhejiang Geely Holding Group Co., Ltd. invested in the Company in 2013 by subscription of the convertible bonds issued by the Company and became a substantial Shareholder and controlling Shareholder in 2017 and 2023, respectively, showing his long-term and determined support to the Company. With the further investment in the Company by Mr. Li through Hong Bridge Capital under the Subscriptions, it is expected that he will open up new horizons of the Company by bringing in new and experienced management team for the daily operation of the Company, thus securing higher return for the Company in the long run.

Given the difficulties in raising fund through the equity financing or the debt financing as stated above and the uncertainty in the SAM Project development, after the negotiation with the Subscribers, where the Subscribers are willing to contribute such a large sum of subscription monies in one go, no due diligence requirement is required, no onerous conditions precedent are imposed on the Company and that the Company will not grant any special rights to the Subscribers pursuant to the Subscription Agreements, the Directors are of the view that a deeply-discounted Subscription Price is inevitable in this large-scale fundraising exercise.

With the benefits of the Subscriptions which provides the Group with an immediate source of funding amid the inactive fund raising environment for GEM-listed companies, and against the backdrop of the Company's financial performance and the risks of the SAM Project, the Directors consider that the terms and conditions of the Subscription Agreements (including the Subscription Price) were entered into on normal commercial terms and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

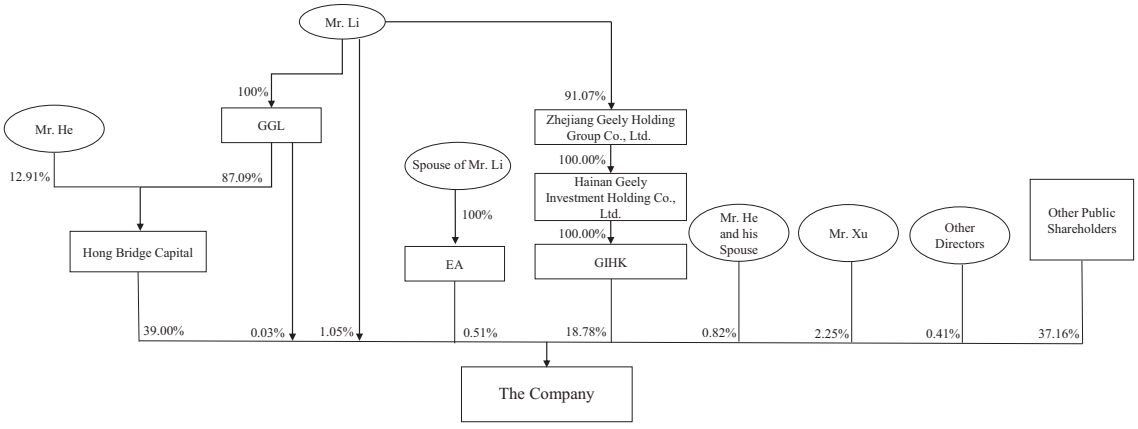
EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not have any equity fund raising activity conducted in the past 12 months immediately before the Latest Practicable Date.

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offers and/or specific mandate placings within such 12-month period. The Subscriptions do not result in a theoretical dilution effect of 25% or more on their own.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 9,854,533,606 Shares in issue. The shareholding structure of the Company as at the Latest Practicable Date is as follows:



Note:

The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places. Percentages may not add up to 100% due to rounding.

The following table illustrates the shareholding structure of the Company (i) as at the date of the Latest Practicable Date; (ii) immediately after completion of the Reorganization and (iii) immediately after completion of the Reorganization and Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion:

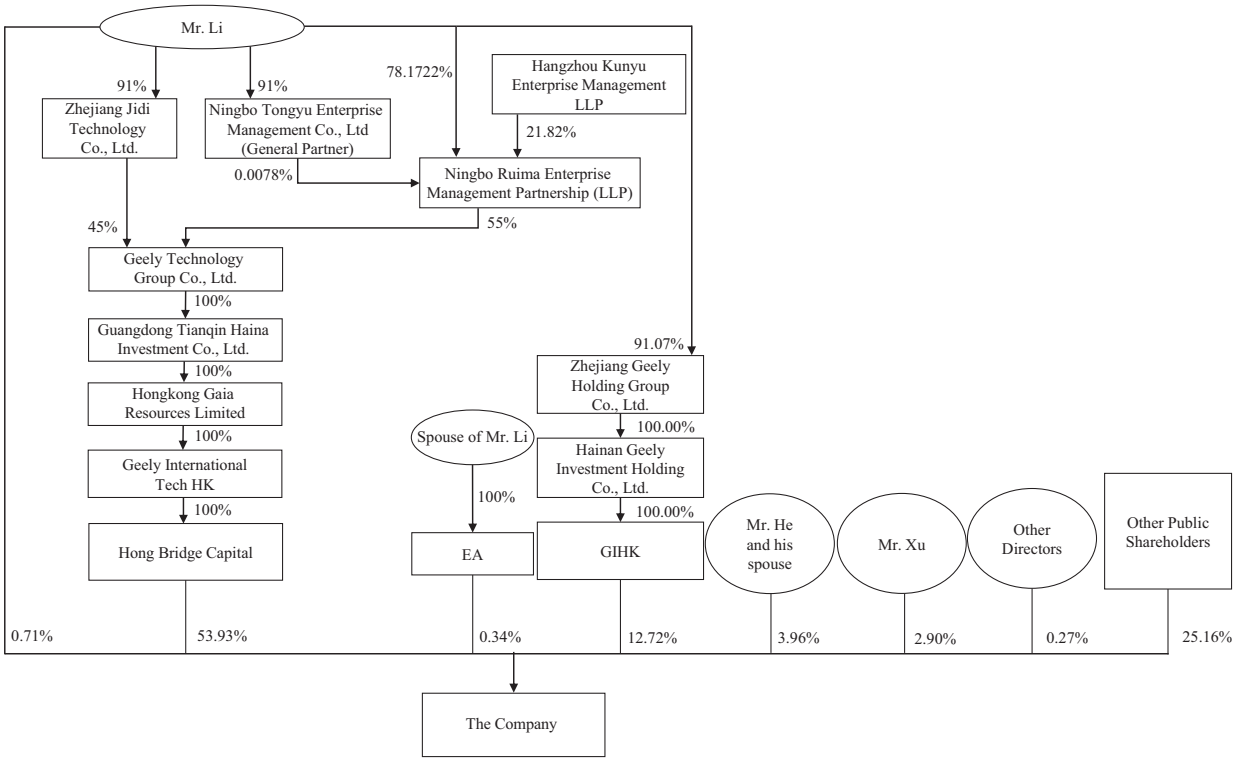
	As at the Latest Practicable Date		**Immediately after completion of the Reorganization (which is expected to complete around the end of November 2024)**		**Immediately after completion of the Reorganization and the Subscriptions (the Completion is expected to take place around the end of December 2024)**	
	Number of Shares	*Approx. % of shareholding*	*Number of Shares*	*Approx. % of shareholding*	*Number of Shares*	*Approx. % of shareholding*
Mr. Li and parties acting in concert with him						
Hong Bridge Capital	3,843,000,000	39.00	3,349,699,000	33.99	7,849,699,000	53.93
GIHK	1,850,675,675	18.78	1,850,675,675	18.78	1,850,675,675	12.72
GGL	2,829,000	0.03	—	—	—	—
Mr. Li	103,064,000	1.05	103,064,000	1.05	103,064,000	0.71
EA	50,000,000	0.51	50,000,000	0.51	50,000,000	0.34
Subtotal:	5,849,568,675	59.37	5,353,438,675	54.33	9,853,438,675	67.70
Mr. Xu	222,000,000	2.25	222,000,000	2.25	422,000,000	2.90
Mr. He and his spouse	80,399,189	0.82	576,529,189	5.85	576,529,189	3.96
Other Directors	40,002,000	0.41	40,002,000	0.41	40,002,000	0.27
Other public Shareholders	3,662,563,742	37.16	3,662,563,742	37.16	3,662,563,742	25.16
Total	9,854,533,606	100	9,854,533,606	100	14,554,533,606	100

Note:

The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places. Percentages may not add up to 100% due to rounding.

It is expected that the Completion will take place around the end of December 2024. The shareholding structure of the Company after the Reorganization and the Completion will be as follow:

After the Completion



Note:

The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places. Percentages may not add up to 100% due to rounding.

IMPLICATION UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, Hong Bridge Capital is a controlling Shareholder and Mr. Xu is a Director. Accordingly, the transactions contemplated under the Subscription Agreement I and the Subscription Agreement II are connected transactions of the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

Mr. Xu, Mr. Chen, Mr. Xu Bing and Ms. Gu are considered to have material interest in the Subscriptions because: (i) Mr. Xu is one of the Subscribers; (ii) Mr. Chen, Mr. Xu Bing and Ms. Gu hold directorship in certain companies in the Controlling Shareholder Group and thus they have abstained from voting on the board resolutions approving the Subscription Agreements and the transactions contemplated thereunder.

In accordance with the GEM Listing Rules, both Hong Bridge Capital and Mr. Xu and their respective associates will be required to abstain from voting on the resolution(s) to approve the Subscriptions and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, Hong Bridge Capital, GGL, Mr. Li, Mr. Xu, EA and GIHK, holding 3,843,000,000 Shares, 2,829,000 Shares, 103,064,000 Shares, 222,000,000 Shares, 50,000,000 Shares and 1,850,675,675 Shares, representing approximately 39.00%, 0.03%, 1.05%, 2.25%, 0.51% and 18.78% of the total issued share capital of the Company respectively are required to abstain from voting.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the Subscriptions and will be required to abstain from voting on the resolution(s) to approve the Subscriptions and the transactions contemplated thereunder at the EGM.

EGM

A notice convening the EGM to be held at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 9 December 2024 at 10:00 a.m. is set out from pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve (i) the Subscription Agreements; and (ii) the Specific Mandate and the transaction contemplated thereunder.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A proxy form for use at the EGM is enclosed herewith. If you are not able to attend the EGM, you are requested to complete the proxy form and return it to the Company's share registrar, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

To be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 3 December 2024.

IMPLICATION UNDER THE TAKEOVERS CODE

After the transaction contemplated under the Subscription Agreement I has been completed, the voting right of Hong Bridge Capital in the Company will increase from approximately 33.99% to approximately 53.93%. In addition, after such subscription, the aggregate percentage shareholdings in the Shares held by Hong Bridge Capital will cross over 2% creeper shareholding band within a 12-month period. This will give rise to an obligation for Hong Bridge Capital to make a mandatory general offer for all the Shares (not already

owned by Hong Bridge Capital and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. Since Mr. Li and parties acting in concert with him are holding and will continue to hold over 50% of the voting power in the Company before and after such subscription, Hong Bridge Capital made an application to the SFC for a waiver pursuant to Note 6 to Rule 26.1 under the Takeovers Code to dispense with its obligation to make a mandatory general offer for Shares arising from such subscription. Such waiver was granted by the SFC on 31 October 2024. Therefore, Hong Bridge Capital and parties acting in concert with it are not obliged to make a general offer pursuant to Rule 26.1 under the Takeovers Code.

INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun being all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the Subscriptions and as to how to vote at the EGM. Gram Capital has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the transaction contemplated thereunder (including the grant of the Specific Mandate). The Independent Board Committee, having taken into account the advice and recommendation of Gram Capital, consider that the terms of the Subscriptions and the transaction contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. While the Subscriptions and the grant of the Specific Mandate are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole, and accordingly recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) which will be proposed at the EGM for approving, *inter alia*, the Subscriptions and the transaction contemplated thereunder (including the grant of the Subscription Specific Mandate). The text of the letter from the Independent Board Committee is set out on pages 23 to 24 of this circular while the text of the letter from Gram Capital containing its advice is set out on pages 25 to 47 of this circular.

RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee of this circular. The Independent Board Committee, having taken into account the advice of Gram Capital, the text of which is set out on pages 25 to 47 of this circular, consider that the terms of the Subscriptions are on normal commercial terms, fair and reasonable and, although the Subscriptions is not conducted in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the allotment and issue of the Subscription Shares pursuant to the Subscription Agreements.

The Board (including members of the Independent Board Committee) considers that the terms of the Subscription Agreements and the Specific Mandate are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM will therefore put each of the resolutions to be proposed at the EGM to be voted by way of a poll pursuant to Article 80 of the Articles of Association.

An announcement on the poll results will be made by the Company after the EGM in accordance with Rule 17.47(5) of the GEM Listing Rules.

Yours faithfully,
On behalf of the Board
Honbridge Holdings Limited
XU Zhihao
Director

HONBRIDGE HOLDINGS LIMITED
洪橋集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

22 November 2024

To the Independent Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTIONS IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated 22 November 2024 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders as to whether, in our opinion, the Subscriptions and the transaction contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 25 to 47 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 5 to 22 of the Circular and the additional information set out in the Appendix I and Appendix II to this Circular.

Having considered the terms and conditions of the Subscriptions and the principal factors and reasons considered by, and the advice and recommendation of Gram Capital, we concur with its views and consider that the terms of the Subscriptions and the transaction contemplated thereunder are on normal commercial terms although it is not conducted in the ordinary and usual course of business of the Company, and that the Subscriptions and the transaction contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the EGM to approve the Subscriptions and the transaction contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully, on behalf of
Independent Board Committee of
Honbridge Holdings Limited

Chan Chun Wai, Tony	**Ma Gang**	**Ha Chun**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

22 November 2024

To: The independent board committee and the independent shareholders of Honbridge Holdings Limited

Dear Sir/Madam,

CONNECTED TRANSACTIONS IN RELATION TO SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 22 November 2024 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 13 October 2024, the Company entered into (i) the Subscription Agreement I with Hong Bridge Capital, pursuant to which Hong Bridge Capital conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 4,500,000,000 Subscription Shares at the Subscription Price of HK$0.08 per Subscription Share; and (ii) the Subscription Agreement II with Mr. Xu, pursuant to which Mr. Xu conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 200,000,000 Subscription Shares at the Subscription Price of HK$0.08 per Subscription Share.

With reference to the Board Letter, the Subscriptions constitute connected transactions of the Company under the GEM Listing Rules, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Subscriptions are on normal commercial terms and are fair and reasonable; (ii) whether the Subscriptions are conducted in the ordinary and usual course of the business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Subscription Agreements and transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and/or the management of the Company. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Subscriptions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Hong Bridge Capital, Mr. Xu or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscriptions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Subscriptions, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Subscriptions

Information on the Group

With reference to the Board Letter, the Company is principally engaged in (i) research and development and production of lithium-ion power batteries for new energy vehicles; (ii) provision of online car-hailing services in Europe; and (iii) investment in the field of resources such as iron ore resources and resources exploration and exploitation.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2023 as extracted from the Company's annual report for the year ended 31 December 2023 (the "**2023 Annual Report**") and six months ended 30 June 2024 (with comparative figures) as extracted from the Company's interim report for 1H2024 (the "**2024 Interim Report**"):

	For the year ended 31 December 2023 ("FY2023") (audited) *HK$'000*	**For the year ended 31 December 2022 ("FY2022")** (audited) *HK$'000*	**Year-on-year change** *Approximate %*
Revenue from continuing operations	226,961	130,491	73.93
— *Sale of lithium batteries*	158,045	95,727	65.10
— *Battery testing service income*	15,870	13,370	18.70
— *Platform service and riding service income*	40,133	19,079	110.35
— *Advertising and related income*	1,364	372	266.67
— *Motor vehicles rental income*	11,549	1,943	494.39
Gross profit from continuing operations	50,660	31,666	59.98
Loss from continuing operations	(158,811)	(262,759)	(39.56)
Loss attributable to owners of the Company	(106,519)	(199,156)	(46.51)

	For the six months ended 30 June 2024 ("1H2024") (unaudited) *HK$'000*	**For the six months ended 30 June 2023 ("1H2023")** (unaudited) *HK$'000*	**Year-on-year change** *Approximate %*
Revenue	71,447	135,921	(47.43)
— *Sale of lithium batteries*	44,666	101,333	(55.92)
— *Battery testing service income*	1,388	4,831	(71.27)
— *Battery swapping service income*	Nil	2,450	N/A
— *Online car-hailing service and related income*	25,393	27,307	(7.01)
Gross profit	21,305	21,473	(0.78)
Loss for the period	(53,123)	(47,356)	12.18
Loss attributable to owners of the Company	(42,484)	(38,759)	9.61

	As at 30 June 2024	As at 31 December 2023	As at 31 December 2022
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents	151,282	166,953	165,452
Equity attributable to owners of the Company	4,290,627	4,988,185	4,671,558

As depicted from the table above, the Group's revenue from continuing operations was approximately HK$227 million for FY2023, represented an increase of approximately 73.93% as compared to that for FY2022. Such increase was mainly due to increases in sale of lithium batteries and platform service and riding service income. Along with the aforesaid increase in the Group's revenue from continuing operations, the Group's gross profit from continuing operations also increased by approximately 59.98% from FY2022 to FY2023. Nevertheless, the Group continued to make loss for FY2023.

As depicted from the table above, the Group's revenue was approximately HK$71 million for 1H2024, represented a decrease of approximately 47.43% as compared to that for 1H2023. Such decrease was mainly due to decrease in sale of lithium batteries (which was contributed by the Group's Zhejiang lithium-ion manufacturing plant operated by a non-wholly owned subsidiary of the Company, namely, Zhejiang Forever New Energy Company Limited ("**Zhejiang Forever**")). With reference to the 2024 Interim Report, decrease in sale of lithium batteries from 1H2023 to 1H2024 was mainly due to substantial decrease in lithium-ion battery pack orders for the Group's major product as demand of the car model which installed the Group's battery pack was lower than expected. On the other hand, sales of parking and starting battery for heavy trucks was not satisfactory as the products faced keen competition and certain distributors endured a difficult period on cashflow. The Group's gross profit for 1H2024 approximated to that for 1H2023 and the Group continued to make loss for 1H2024.

With reference to the independent auditor's report as contained in the 2023 Annual Report, the Group incurred a loss from continuing operations of approximately HK$159 million for FY2023, and as of 31 December 2023, the Group had provision for repayment to the government of approximately HK$148 million and bank borrowings of approximately HK$20 million that were repayable within one year while its cash and cash equivalents amounted to approximately HK$167 million only. These conditions, along with other matters, indicated existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern (the "**Material Uncertainty Related to Going Concern**").

According to the 2024 Interim Report, the Group incurred loss of approximately HK$53 million for 1H2024, and as of 30 June 2024, the Group had (i) provision for repayment to the government of approximately HK$155 million (including approximately HK$37 million under current liabilities and approximately HK$118 million under non-current liabilities); and (ii) bank borrowings of approximately HK$20 million that were repayable within one year, while its cash and cash equivalents amounted to approximately HK$151 million.

With reference to the 2023 Annual Report and 2024 Interim Report:

(i) An iron ore project (the "**SAM Project**") in Brazil is operated by Sul Americana de Metais S.A. ("**SAM**"), an indirect wholly owned subsidiary of the Company.

(ii) As of 30 June 2024, the Group had accumulatively provided US$81.8 million to SAM for preliminary work of the SAM Project. In addition to the acquisition consideration of US$78.42 million, the cumulative investment had reached approximately US$160.22 million.

(iii) The total investment of the SAM Project is estimated to be US$3.25 billion.

(iv) The environmental license of the SAM Project in Brazil involves three types of licenses: preliminary license ("**LP**"), installation license ("**LI**") and operation license ("**LO**"). Among them, the LP is the most important to the project as it confirms environmental feasibility and approves the location and design of the project, and establishes basic requirements and conditions to be met in the next phases of the implementation of the project. The LP is also a prerequisite for obtaining the LI, LO, and other necessary approvals or implementing the project.

(v) By assuming that the LP is granted in fourth quarter of 2025, there is a chance for SAM to obtain the LI in the second quarter of 2027 and commence trial production in the second half of 2030. The operation commencement date is expected to be early 2031.

Information on Hong Bridge Capital

With reference to the Board Letter, Hong Bridge Capital is a company incorporated in the British Virgin Islands with limited liability and is the controlling Shareholder. As at the Latest Practicable Date, it is an investment holding company and ultimately controlled by Mr. Li.

Information on Mr. Xu

With reference to the Board Letter, Mr. Xu, an executive Director, holds directorship and senior management positions in certain entities in the Controlling Shareholder Group including Hong Bridge Capital and Geely International Tech HK, and is a Shareholder holding 222,000,000 Shares, representing approximately 2.25% of the total issued share capital of the Company, as at the Latest Practicable Date.

Reasons for and benefits of the Subscriptions and use of proceeds

With reference to the Board Letter, the Company considers that the Subscriptions will facilitate the development of the existing business of the Company and improve the financial position of the Group for its future development and working capital. In light of the prevailing financial conditions of the Group, the Company also considers the Subscriptions to be a suitable financing option as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing the interest burden of the Group.

Financing alternatives

As mentioned in the section headed ''Information on the Group'' above, the Group was loss-making for FY2022, FY2023 and 1H2024 and the Material Uncertainty Related Going Concern was stated in the independent auditor's report as contained in the 2023 Annual Report. With reference to the 2023 Annual Report and the 2024 Interim Report, the Group's net cash generated from operating activities was approximately HK$15 million for FY2023 and net cash used in operating activities was approximately HK$40 million for FY2022 and approximately HK$18 million for 1H2024. The SAM Project, which is a significant project of the Group, also requires substantial amount of investment before it commences operation (expected to commence in early 2031).

As advised by the Directors, in light of the prevailing financial conditions of the Group, the Board considers the Subscriptions to be suitable financing means as compared to other means of financing as it enables the Group to raise capital without increasing interest burden on the Group. The Directors further advised that they also considered other forms of fund raising methods for the Group, such as other equity financing (i.e. placing of new shares to independent third parties, rights issue or open offer) and debt financing, before conducting the Subscriptions.

In respect of the debt financing, it will incur additional finance costs, increase gearing level of the Group and may be subject to corporate guarantee from controlling shareholder, lengthy due diligence and negotiations with lenders.

In respect of placing of new shares to independent third parties, the Directors considered that given the Group's prevailing financial conditions, low trading liquidity of the Shares and the Company's GEM listing status, the Company has difficulties in seeking investors and/or placing agents with favourable placing commission rate.

In respect of rights issue or open offer, the Directors considered that (i) such fundraising activities may incur additional costs, including but not limited to placing commission and other professional fees; (ii) given the Group's prevailing financial conditions, low trading liquidity of the Shares and the Company's GEM listing status, the Company has difficulties in seeking underwriters or placing agents (in the event that controlling/substantial Shareholder acts as an underwriter, the Company must make placing arrangements described in Rules 10.31(1)(b) or 10.42(1)(b) of the GEM Listing Rules) with favourable commission rate; and (iii) if the rights issue or open offer is not underwritten, its results will be uncertain.

With reference to the Board Letter, the Company has explored the options of equity/debt financing in 2023 and 2024 and discussed with over 10 potential investors/placing agents (including private equity funds, sector funds, family offices, sizable companies in the same industry as the Group, investment banks and financial institutions) for subscription of Shares/convertible bonds, and yet failed to realise any plan due to lukewarm interest of investors and unfavourable terms of proposed transactions to the Group. Such unfavourable terms include requiring the Group to provide performance target guarantee; requesting financial institutions to provide performance bonds; imposing obligations on the controlling Shareholder to repurchase the Shares at a premium price; restricting Company to issue and allot Shares lower than a prescribed price per Share; and setting high interest rate (in the case of convertible bonds).

Based on the above factors, the Directors considered that the Subscriptions are (i) suitable financing means as compared to other financing means; and (ii) demonstrate confidence of the controlling Shareholder and Mr. Xu on the Group.

Having considered the above factors, in particular:

(i) debt financing will incur additional finance costs, increase gearing level of the Group;

(ii) given the Group's prevailing financial conditions, low trading liquidity of the Shares and the Company's GEM listing status, the Company may have difficulties in seeking investors and/or placing agents with favourable placing commission rate;

(iii) rights issue or open offer may incur additional costs and the Company may have difficulties in seeking underwriters or placing agents with favourable commission rate; and

(iv) the Subscriptions demonstrate confidence of the controlling Shareholder and Mr. Xu on the Group,

we are of the view that the Subscriptions are suitable financing means for the Group.

Use of proceeds

With reference to the Board Letter, the gross proceeds from the Subscriptions, that is the total consideration of the Subscriptions, will be HK$376 million and the estimated net proceeds from the Subscriptions, after deduction of relevant legal and advisory costs, will be approximately HK$375 million (the "**Net Proceeds**"). The Company intends to use the Net Proceeds as follows:

(i) approximately HK$285.1 million for development of and investment in mineral-related projects;

(ii) approximately HK$25.0 million for operating fund for Zhejiang Forever;

(iii) approximately HK$21.3 million for operating fund for online car-hailing services business in France (the "**Online Car-hailing Services Business**"); and

(iv) approximately HK$43.6 million for operating fund for the headquarters of the Group in Hong Kong (the "**HK Headquarters**").

Development of and investment in mineral-related projects

As aforementioned, the SAM Project is a significant project of the Group and it requires substantial amount of investment before it commences operation (expected to commence in early 2031). As advised by the Directors, the Company intends to apply part of the Net Proceeds for (i) the preparation and application of the LP, which is a prerequisite for obtaining the LI, LO, and other necessary approvals or implementing the project; and (ii) land acquisition after obtaining the LP. For our due diligence purpose, we obtained budgeting plan from the Company regarding the preparation and application of the LP and noted that funding will be applied for various procedures/aspects such as alternative study, conceptual engineering, environmental impact assessment, staff and general administrative costs. Given the importance of the SAM Project, we consider application of part of the Net Proceeds on the SAM Project to be reasonable.

In addition, we noted from the 2024 Interim Report that the Group is identifying suitable investment opportunity in resource sector. With reference to the Board Letter, as at the Latest Practicable Date, the Group is in the course of identifying potential project and no legally binding agreements have been entered by the Group for the investment in any mineral-related projects.

Operating fund for Zhejiang Forever, Online Car-hailing Services Business and HK Headquarters

For our due diligence purpose, we obtained budgeting plans regarding Zhejiang Forever, the Online Car-hailing Services Business and the Group's headquarters in Hong Kong. Based on the said budgeting plans, funding will be applied for staff cost, legal and professional fees, rental expenses and/or other administrative expenses.

Based on the above, the intended uses of the Net Proceeds will improve the Group's financial position and facilitate the Group's business development and operation.

Having considered (i) reasons for and benefits of the Subscriptions as mentioned above; (ii) the Subscriptions are suitable financing means as compared to other financing means; and (iii) that the intended uses of the Net Proceeds will improve the Group's financial position and facilitate the Group's business development and operation, we are of the view that although the Subscriptions are not conducted in the ordinary and usual course of business of the Group, they are in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Subscriptions

Set out below are the summarised terms of the Subscriptions as contemplated under the Subscription Agreements, details of which are set out under the section headed "SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE" of the Board Letter.

Agreement date:	13 October 2024
Parties to the Subscription Agreement I:	(1) the Company (as issuer); and (2) Hong Bridge Capital (as subscriber)
Number of Subscription Shares under Subscription Agreement I:	4,500,000,000
Parties to the Subscription Agreement II:	(1) the Company (as issuer); and (2) Mr. Xu (as subscriber)
Number of Subscription Shares under Subscription Agreement II:	200,000,000

Subscription Price:

The Subscription Price is HK$0.08 per Subscription Share, which represents:

(i) a discount of approximately 88.06% to the closing price of HK$0.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 75.00% to the closing price of HK$0.320 per Share as quoted on the Stock Exchange on the Last Trading Date (the "**LTD Discount**"); and

(iii) a discount of approximately 77.01% to the average closing price of HK$0.348 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date (the "**5-Day Discount**").

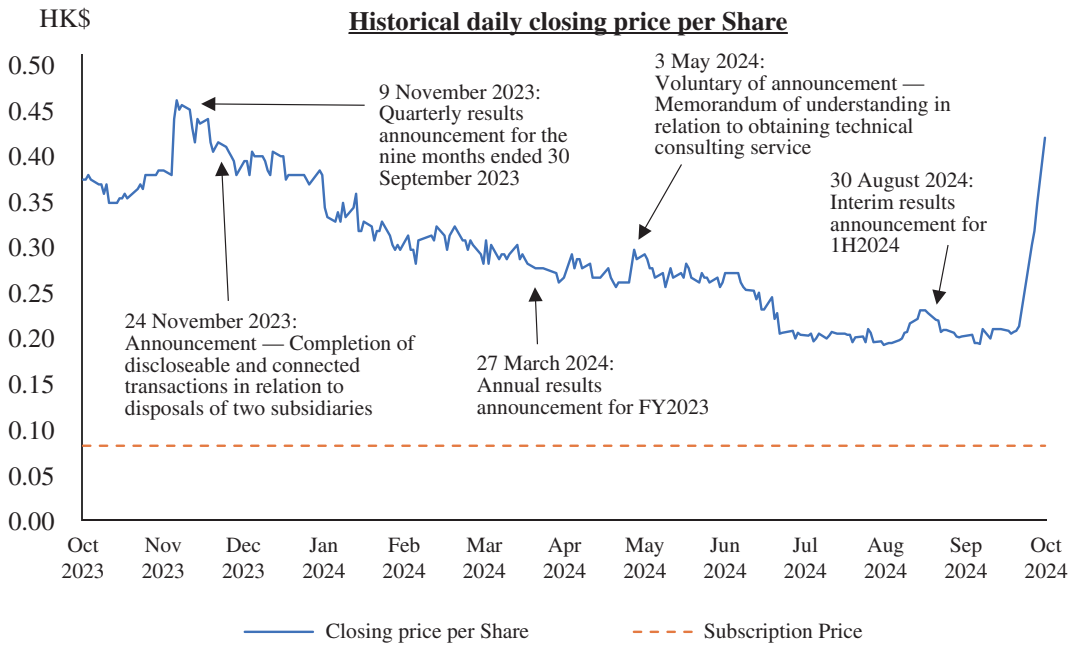
With reference to the Board Letter, the Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares and current market conditions.

In order to assess the fairness and reasonableness of the Subscription Price, we conducted the following analysis:

a) Share price performance

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 3 October 2023 to Last Trading Date, being a period of approximately one year up to and including the Last Trading Date (the "**Shares**

Review Period") which is a commonly adopted period for share price analysis, to illustrate the general trend and level of movement of the closing prices of the Shares:



Source: the Stock Exchange's website

During the Shares Review Period, the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK$0.450 recorded on 8 November 2023 and HK$0.188 recorded on 6 August 2024 respectively.

During the Shares Review Period, the closing price of the Shares increased from HK$0.365 on 3 October 2023 to HK$0.450 on 8 November 2023. Thereafter, the closing price of the Shares followed a decreasing trend and reached HK$0.188 on 6 August 2024. Subsequently, the closing price of Shares fluctuated at a relatively low level and surged significantly to HK$0.410 on 7 October 2024 and reached HK$0.320 on 10 October 2024.

The Subscription Price of HK$0.08 per Subscription Share falls below the closing prices of Shares during the Shares Review Period.

b) Liquidity

Set out below are (i) the number of trading days; (ii) the percentage of the Shares' average daily trading volume (the "**Average Volume**") as compared to the total number of issued Shares held by the public as at the Last Trading Date; and (iii) the percentage of the Average Volume as compared to the total number of issued Shares as at the Last Trading Date, during the Shares Review Period:

Month	No. of trading days in each month	% of the Average Volume to total number of issued Shares as at the date of the Latest Practicable Date	% of the Average Volume to total number of issued Shares held by the public as at the date of the Latest Practicable Date
		%	%
2023			
October	20	0.01	0.04
November	22	0.02	0.04
December	19	0.01	0.01
2024			
January	22	0.01	0.03
February	19	0.01	0.02
March	20	0.01	0.02
April	20	0.01	0.03
May	21	0.01	0.04
June	19	0.02	0.06
July	22	0.01	0.02
August	22	0.01	0.03
September	19	0.02	0.05
October (up to and including the Last Trading Date)	7	0.13	0.36

Source: The Stock Exchange's website

Notes:

1. Based on 3,662,563,742 Shares held by the public as at the Last Trading Date.

2. Based on 9,854,533,606 Shares as at the Last Trading Date.

We noted from the above table that the liquidity of the Shares was low during the Shares Review Period. The Average Volume during the Shares Review Period (except for October 2024 (up to and including the Last Trading Date)) was all below 0.1% of (i) the total number of issued Shares held by the public; and (ii) the total number of issued Shares, as at the Last Trading Date. The Average Volume in October 2024 (up to and including the Last Trading Date) was below 0.5% of (i) the total number of issued Shares held by the public; and (ii) the total number of issued Shares, as at the Last Trading Date.

Given the low liquidity of the Shares as illustrated above, it is reasonable to set the Subscription Price at a discount to the closing price of the Shares as at the Last Trading Date.

c) Comparables

As part of our analysis, we also identified subscription of new ordinary shares listed on the Stock Exchange under specific mandate for cash consideration which were announced by Hong Kong listed companies (and were not lapsed or terminated) during the six-month period from 10 April 2024 up to and including the Last Trading Date. We consider the six-month review period to be reasonable as it allows us to identify sufficient comparable transactions recently announced up to and including the Last Trading Date. We identified 13 transactions (the "**Comparables**") which met the said criteria and they are exhaustive. Shareholders should note that the businesses, operations, financial positions and prospects of the Company are not the same as the subject companies of the Comparables. Nevertheless, the Comparables can demonstrate recent market practices of Hong Kong listed companies.

Company name (stock code)	Date of announcement	Premium/(discount) of the subscription price to the closing price per share on the last full trading day immediately prior to the agreement date in relation to the respective subscription of new shares (%)	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to the agreement date in relation to the respective subscription of new shares (%)
China Silver Technology Holdings Limited (515)	19 April 2024	(16.28)	(15.09)
Television Broadcasts Limited (511)	13 May 2024	7.24	11.42
Labixiaoxin Snacks Group Limited (1262)	13 May 2024	(5.17)	(12.14)

Company name (stock code)	Date of announcement	Premium/(discount) of the subscription price to the closing price per share on the last full trading day immediately prior to the agreement date in relation to the respective subscription of new shares (%)	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to the agreement date in relation to the respective subscription of new shares (%)
Cornerstone Technologies Holdings Limited (8391)	22 May 2024	12.28	18.96
Wenye Group Holdings Limited (1802)	7 June 2024	(3.51)	(10.71)
China Ruifeng Renewable Energy Holdings Limited (527)	21 June 2024	(21.29)	(21.41)
Winshine Science Company Limited (209)	8 July 2024	(9.09)	(9.09)
Well Link Securities Holdings Limited (8350)	2 September 2024	65.56	66.89
China Hongguang Holdings Limited (8646)	4 September 2024	(42.80)	(38.63)
Sunway International Holdings Limited (58)	27 September 2024	96.08 *(Note 1)*	96.08 *(Note 1)*
CircuTech International Holdings Limited (8051)	4 October 2024	(2.60) *(Note 2, 4)*	(0.92) *(Note 2, 4)*
CircuTech International Holdings Limited (8051)	4 October 2024	26.62 *(Note 3, 4)*	28.80 *(Note 3, 4)*
Virtual Mind Holding Company Limited (1520)	10 October 2024	13.64	29.87
Maximum (excluding the outlier)		65.56	66.89
Minimum (excluding the outlier)		(42.80)	(38.63)
Average (excluding the outlier)		2.05	3.99
The Subscriptions	18 October 2024	(75.00)	(77.01)

Source: the Stock Exchange's website

Notes:

1. The premium of relevant transaction was exceptionally high (more than two standard deviation away from the mean) and considered to be an outlier.

2. The relevant discount was represented by the subscription price for first subscription of the relevant transaction.

3. The relevant premium was represented by the subscription price for second subscription of the relevant transaction.

4. The first subscription and second subscription were treated as two separate data samples to form our data analysis.

According to the above table, the subscription prices of the Comparables (excluding the outlier) ranged from a discount of approximately 42.80% to a premium of approximately 66.56%, with an average premium of approximately 2.05% over the respective closing prices of the shares on the last full trading day immediately prior to the agreement date in relation to respective subscription (the "**LTD Discount/Premium Market Range**"). The LTD Discount falls below the LTD Discount/Premium Market Range.

According to the above table, the subscription prices of the Comparables (excluding the outlier) ranged from a discount of approximately 38.63% to a premium of approximately 66.89% with an average premium of approximately 3.99% over the respective average closing prices of the shares for the last five consecutive full trading days immediately prior to the agreement date in relation to the respective subscription of new shares (the "**5-Day Discount/Premium Market Range**"). The 5-Day Discount falls below the 5-Day Discount/Premium Market Range.

Analysis on the Subscription Price

As illustrated above:

(i) The Subscription Price of HK$0.08 per Subscription Share falls below the closing prices of Shares during the Shares Review Period.

(ii) The LTD Discount falls below the LTD Discount/Premium Market Range.

(iii) The 5-Day Discount falls below the 5-Day Discount/Premium Market Range.

In light of the above, the LTD Discount and 5-Day Discount are relatively deep.

With reference to the Board Letter and as confirmed by the Directors, notwithstanding the deep discount and dilution effect of the Subscriptions, the Board is the view that the Subscriptions are fair and reasonable, after considering the factors as set out under the section headed "REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS" of the Board Letter, including: (i) status of and uncertainty in the SAM Project; (ii) lack of financing alternatives; (iii) unsatisfactory financial performance of the Group; and (iv) benefits derived from the Subscriptions.

To understand under what circumstances Hong Kong listed companies would conduct share subscription transactions at deep discounts, we searched for subscription of new ordinary shares listed on the Stock Exchange under specific mandate for cash consideration with relatively deep discounts (i.e. over 75% (being the LTD Discount)) to the then latest closing prices of the issuer's shares (the "**Deep Discount Transactions**") which were announced by Hong Kong listed companies (and were not lapsed or terminated) during the three years up to and including the Last Trading Date (for identifying sufficient transactions for assessment). The following transactions were identified on a non-exhaustive basis for analysis of "deep discounts" transactions which were not frequently conducted in the market.

Company name (stock code)	**Date of announcement**	**Discount of the subscription price to the closing price per share on the last full trading day immediately prior to the agreement date in relation to the respective subscription of new shares (%)**	**Discount of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to the agreement date in relation to the respective subscription of new shares (%)**
C&D Newin Paper & Pulp Corporation Limited (formerly known as SAMSON PAPER HOLDINGS LIMITED) (731) ("**C&D Newin**")	22 November 2021	(96.68)	(96.61)
Japan Kyosei Group Company Limited (formerly known as Fullsun International Holdings Group Co., Limited) (627) ("**Japan Kyosei**")	13 September 2022	(93.58)	(92.44)
China Health Technology Group Holding Company Limited (formerly known as China Bozza Development Holdings Limited) (1069) ("**China Health Tech**")	30 December 2022	(87.12)	(87.62)

Company name (stock code)	Date of announcement	Discount of the subscription price to the closing price per share on the last full trading day immediately prior to the agreement date in relation to the respective subscription of new shares (%)	Discount of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to the agreement date in relation to the respective subscription of new shares (%)
CA Cultural Technology Group Limited (1566) ("**CA Cultural Tech**")	15 March 2023	(78.39)	(77.63)

Further information on the subject companies of the above transactions is set out below:

Company name (stock code)	Last published full year net (loss) attributable to owners of the company prior to the date of transaction announcement *(Note)*	Last published equity/(deficit) attributable to owners of the company prior to the date of transaction announcement *(Note)*	Last published net current assets/ (liabilities) prior to the date of transaction announcement *(Note)*	Average % of (A) the shares' average daily trading volume in each of the 12 months prior to the last trading day before publication of transaction announcement; to (B) total number of issued shares as at the date of transaction announcement
C&D Newin (731)	Approximately HK$(3,768) million for the year ended 31 March 2021	Approximately HK$(1,970.8) million as at 30 September 2021	Approximately HK$(2,682.7) million as at 30 September 2021	Approximately 0.04%

Company name (stock code)	**Last published full year net (loss) attributable to owners of the company prior to the date of transaction announcement** *(Note)*	**Last published equity/(deficit) attributable to owners of the company prior to the date of transaction announcement** *(Note)*	**Last published net current assets/ (liabilities) prior to the date of transaction announcement** *(Note)*	**Average % of (A) the shares' average daily trading volume in each of the 12 months prior to the last trading day before publication of transaction announcement; to (B) total number of issued shares as at the date of transaction announcement**
Japan Kyosei (627)	Approximately RMB(579.8) million for the year ended 31 December 2021	Approximately RMB(390.7) million as at 30 June 2022	Approximately RMB26.0 million as at 30 June 2022	Approximately 0.32%
China Health Tech (1069)	Approximately RMB(20.4) million for the year ended 30 June 2022	Approximately RMB(306.6) million as at 30 June 2022	Approximately RMB(334.9) million as at 30 June 2022	Approximately 0.14%
CA Cultural Tech (1566)	Approximately HK$(1,050.2) million for the year ended 31 March 2022	Approximately HK$(108.7) million as at 30 September 2022	Approximately HK$(533.5) million as at 30 September 2022	Approximately 1.04%
The Company	Approximately HK$(106.5) million for the year ended 31 December 2023	Approximately HK$4,290.6 million as at 30 June 2024	Approximately HK$108.3 million as at 30 June 2024	Approximately 0.02%

Note: According to the then published financial results announcements or transaction circular.

With reference to C&D Newin's circular dated 31 December 2021, repayment obligations of certain indebtedness of the C&D Newin group had been accelerated by certain creditors and the C&D Newin group was unable to meet the repayment obligations. On 24 July 2020, the Supreme Court of Bermuda ordered that the joint provisional liquidators be appointed to C&D Newin, for the purpose of, inter alia, formulating, proposing and implementing a restructuring plan of the indebtedness of C&D Newin. As part of C&D Newin's restructuring, an independent third party investor subscribed for C&D Newin's new shares and the net proceeds therefrom were applied for discharging the C&D Newin's debts under the scheme of arrangement between C&D Newin and scheme creditors, and payment of restructuring expenses in accordance with the restructuring agreement.

With reference to Japan Kyosei's circular dated 23 June 2023, Japan Kyosei had substantial debts which were due and payable. Despite that Japan Kyosei recorded positive net assets value as of 31 December 2021 and 31 December 2022, most of the assets of Japan Kyosei were real estate projects which were unlikely to be liquidated in a short period of time and hence Japan Kyosei faced severe liquidity issues in settling the overdue (or matured) debts. Japan Kyosei proposed a scheme of arrangement between itself and its creditors. An independent third party subscriber subscribed for Japan Kyosei's new shares and the net proceeds therefrom were applied to settle the debts and liabilities to the creditors under the scheme.

With reference to China Health Tech's circular dated 3 March 2023, provisional liquidation of China Health Tech and appointment of joint provisional liquidators pursuant to the order of the Grand Court of the Cayman Islands was recognised by the High Court of Hong Kong on 5 February 2021. On 23 August 2022, China Health Tech as the borrower, an independent third party investor as the lender, and the joint provisional liquidators entered into a funding agreement, pursuant to which the investor agreed to grant a credit facility of up to HK$26.0 million to China Health Tech for preparation and implementation of a restructuring (including a creditors' scheme), and to support the business operation of China Health Tech group. As part of the restructuring, the independent third party investor subscribed for China Health Tech's new shares and the net proceeds therefrom were applied for distribution of the creditors' scheme cash consideration and relevant cost for restructuring, general working capital and business development of China Health Tech group's forestry management and ginseng-related businesses.

With reference to CA Cultural Tech's joint announcement dated 15 March 2023, CA Cultural Tech received statutory demands from certain creditors against CA Cultural Tech's outstanding debts from time to time and that winding-up petitions have also been filed by some of these creditors against CA Cultural Tech. CA Cultural Tech has been actively seeking to restructure its business and improve its financial position. CA Cultural Tech has been able to identify an independent third party investor and entered into a term sheet setting out their in-principle

understanding with regard to a proposed restructuring which involves, among other things, creditors' scheme and subscriptions of CA Cultural Tech's new shares and convertible bonds by the investor. CA Cultural Tech intends to use net proceeds therefrom for settlement of creditors' scheme cash consideration, settlement of professional fees and expenses in connection with the proposed restructuring and any remaining proceeds for the working capital requirement of CA Cultural Tech group.

Based on our observation on the transactions above, we noted that the subject companies set subscription prices at deep discounts to justify for subscribers'/ investors' risks in their investments (i.e. subscription of new shares of the subject companies) and willingness to invest and provide funding when the subject companies were under serve financial pressures (and also with low shares trading liquidity prior to the date of transaction announcements). Save for the transaction of CA Cultural Tech (which has not held general meeting for approving the transaction by independent shareholders), all of the transactions above were approved by independent shareholders at general meetings with over 99.99% votes for relevant resolutions.

Although the Group is not in a dire financial position as compared to those of the subject companies of the Deep Discount Transactions, the Group is under serve financial pressures given the followings:

(i) The Group was loss-making for FY2022, FY2023 and 1H2024 and the Material Uncertainty Related Going Concern was stated in the independent auditor's report as contained in the 2023 Annual Report.

(ii) As of 30 June 2024, the Group had (a) provision for repayment to the government of approximately HK$155 million (including approximately HK$37 million under current liabilities and approximately HK$118 million under non-current liabilities); and (b) bank borrowings of approximately HK$20 million that were repayable within one year, while its cash and cash equivalents amounted to approximately HK$151 million.

(iii) With reference to the 2023 Annual Report and the 2024 Interim Report, the Group's net cash generated from operating activities was approximately HK$15 million for FY2023 and net cash used in operating activities was approximately HK$40 million for FY2022 and HK$18 million for 1H2024.

(iv) The SAM Project, which is a significant project of the Group, also requires substantial amount of investment before it commences operation (expected to commence in early 2031).

In addition, the liquidity of the Shares was low during the Shares Review Period.

The above conditions indicate material uncertainty and risks for a subscriber of new Shares of the Company.

Despite that the LTD Discount and 5-Day Discount are relatively deep as illustrated above, we consider the Subscription Price to be fair and reasonable after considering the followings:

(i) The Company has explored the options of equity/debt financing in 2023 and 2024 and discussed with over 10 potential investors/placing agents (including private equity funds, sector funds, family offices, sizable companies in the same industry as the Group, investment banks and financial institutions) for subscription of Shares/convertible bonds, and yet failed to realise any plan due to lukewarm interest of investors and unfavourable terms of proposed transactions to the Group.

(ii) Based on our observation on the Deep Discount Transactions, Hong Kong listed companies may set subscription prices at deep discounts to justify for subscribers'/investors' risks in their investments (i.e. subscription of new shares of the subject companies) and willingness to invest and provide funding when they are under serve financial pressures (and also with low shares trading liquidity). Although the Group is not in a dire financial position as compared to those of the subject companies of the Deep Discount Transactions, the LTD Discount and 5-Day Discount are less than those of the Deep Discount Transactions.

(iii) Having also considered the substantial funding need of the Group's operation and business development, we consider that it is justifiable for the Company to set the Subscription Price at deep discount to justify the Subscribers' (a) material uncertainty and risks associated with their investments under the Subscriptions; and (b) willingness to invest and provide substantial funding to the Company.

Having considered the principal terms of the Subscriptions as set out above, we are of the view that the terms of the Subscriptions are on normal commercial terms and are fair and reasonable.

3. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the shareholding table in the section headed "EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY" of the Board Letter, the shareholding interests of the other public Shareholders would be diluted by approximately 12.00 percentage points from approximately 37.16% as at the Latest Practicable Date to approximately 25.16% immediately after Completion (assuming no other change in the issued share capital of the Company from the Latest Practicable Date to the date of Completion). Taking into account (i) the aforementioned reasons for and benefits of the Subscriptions; (ii) the Net Proceeds will improve the Group's financial position and facilitate the Group's business development and operation (hence, benefit the Company and the Shareholders as a whole), whereas the other public Shareholders are not required to further invest into the Company; and (iii) the terms of the Subscriptions being fair and reasonable, we are of the view that the aforesaid dilution is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscriptions are on normal commercial terms and are fair and reasonable; and (ii) although the Subscriptions are not conducted in the ordinary and usual course of business of the Group, they are in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscriptions and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, including the notes thereto, have been published in:

(1) the annual report of the Company for the year ended 31 December 2021 published on 31 March 2022 (pages 77 to 156) which could be accessed here:

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

(2) the annual report of the Company for the year ended 31 December 2022 published on 30 March 2023 (pages 88 to 174) which could be accessed here:

https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033001692.pdf

(3) the annual report of the Company for the year ended 31 December 2023 published on 16 April 2024 (pages 91 to 180) which could be accessed here:

https://www1.hkexnews.hk/listedco/listconews/gem/2024/0416/2024041600269.pdf

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2024, including the notes thereto, have been published in the half year report of the Company for the six months ended 30 June 2024 published on 4 September 2024 (pages 3 to 19) which could be accessed here:

https://www1.hkexnews.hk/listedco/listconews/gem/2024/0904/2024090400943.pdf

The said annual reports and half year report of the Company are also available on the Company's website at www.8137.hk and the website of the Stock Exchange at www.hkexnews.hk.

2. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in (i) research and development and production of lithium-ion power batteries for new energy vehicles; (ii) provision of online car-hailing services in Europe; and (iii) investment in the field of resources such as iron ore resources and resources exploration and exploitation.

Our Zhejiang lithium-ion manufacturing plant was focused on producing lithium-ion batteries for plug-in hybrid electric vehicle ("**PHEV**") models when the plant commenced production in 2018. After that, the growth in the electric vehicle ("**EV**") outpaced PHEV for a few years. Although PHEV sales growth surpassed EV sales growth recently, the electric powered range for PHEV has been increasing, while 50–70KM range was the mainstream in the past few years, PHEV models with over 100KM range has become the norm. The keen competition and the new industry norm pose a challenge for the Group. Since 2022, the Group

has also put efforts to explore customers in electric bicycle and commercial vehicle sectors. The Group is also aware that a switch from lead acid battery to lithium battery in vehicles is an unavoidable trend and the Group has launched parking and starting lithium battery for heavy truck (駐車電池) in 2023. However, the sales of parking and starting battery for heavy trucks was fall short of expectation as the product faced keen competition and certain distributors endured a difficult period on cashflow and the overall performance of the lithium battery business is not satisfactory. The Group is trying to further improve the cost structure of the products without significant investment in fixed assets. One direction is to outsource more manufacturing process to other manufacturers. Another challenge faced by the relevant company, i.e. Zhejiang Forever New Energy Company Limited ("**Zhejiang Forever**") is the high level of liabilities. As at 30 June 2024, Zhejiang Forever had a bank borrowing with principal amount of approximately RMB108.1 million. Zhejiang Forever also entered into an agreement with the government on 15 July 2024. Pursuant to which, Zhejiang Forever shall repay the government a total of approximately RMB144.1 million (equivalent to approximately HK$154.8 million) by instalments. Zhejiang Forever shall repay the government (a) by 15 July 2024, the Grants in the principal amount of RMB34.1 million (which Zhejiang Forever had already fully repaid on 15 July 2024); (b) RMB30 million on or before 31 December 2025; (c) RMB40 million on or before 31 December 2026; and (d) RMB40 million on or before 31 December 2027.

The Company is providing online car-hailing service in Paris, France under the brand "Caocao" and Caocao has promoted its core values (safe, reliable, low carbon, etc.) to customers continuously. However, Caocao faces huge challenges, particularly in terms of fierce market competition, continuous cash-outflow mainly due to high administrative, drivers, car maintenance and IT costs. Caocao is actively working on strategies to optimise the operations and reduce these costs, including but not limited to downsizing the number of staffs. Under the current challenging cash-strapped financial situation, expansion of service outside Paris is not planned.

For the iron-ore project in Brazil, despite the exceptional time and efforts spent for the SAM Project, it is mainly due the two tailing dam disasters in Brazil in November 2015 and January 2019 that all the licensing process of other projects with tailing dam has been badly affected, therefore the Company was still unable to obtain the LP in relation to the environmental feasibility. The Company will continue to review the comments from organisation which is responsible for environmental licensing and study the latest law and requirements in order to set out a plan to improve and update the technical report of the SAM Project, focusing on tailing reduction and disposal. In view of aforesaid, the Company has to continuously invested in the SAM Project to obtain the LP.

The overall business strategy of the Group is the dual development of new energy vehicles related business and resources, creating value for Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

(a) As at the Latest Practicable Date

Authorised:		*HK$*
1,000,000,000,000	Shares of HK$0.001 each	1,000,000,000
Issued and fully-paid:		
9,854,533,606	Shares of HK$0.001 each in issue	9,854,533

(b) Immediately after completion of the Subscriptions

Authorised:		*HK$*
1,000,000,000,000	Shares of HK$0.001 each	1,000,000,000
Issued and fully-paid:		
9,854,533,606	Shares of HK$0.001 each	9,854,533
4,700,000,000	Subscription Shares of HK$0.001 each in issue immediately after completion of the Subscriptions	4,700,000

As at the Latest Practicable Date, the Company and its subsidiaries had no, either directly or through their agents or nominees, treasury shares.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into Shares or any agreement or arrangement to issue Shares.

As at the Latest Practicable Date, the Company had a share option scheme which was adopted on 25 May 2022 and became effective on the same date (the "**Scheme**"), save for which, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option. The total number of Shares available for issue under options which may be granted under the Scheme is 985,453,360 Shares, being 10% of the issued share capital of the Company immediately following adoption of the Scheme on 26 May 2022. As at the Latest Practicable Date, the total number of Shares available for issue pursuant to the grant of further options under the Scheme was 985,453,360, representing 10% of the issued share capital of the Company as at the Latest Practicable Date. No share option was granted, exercised, cancelled or lapsed under the Scheme as at the Latest Practicable Date.

All issued Shares rank pari passu in all respects with each other, including, in particular, as to rights to dividends, voting rights and return of capital.

The Subscription Shares to be allotted and issued will, when issued, rank pari passu in all respects with the Shares then in issue. Holders of the Subscription Shares will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of Subscription Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

No part of the share capital or any other securities of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Subscription Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(I) Directors' and Chief Executives' Interests and/or Short Positions in Shares, 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 executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares or underlying shares of the Company

Name of Directors	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Mr. XU Zhihao	Beneficial owner	220,000,000	2.25%
Mr. LIU Wei, William	Beneficial owner	9,002,000	0.09%
Mr. YAN Weimin	Beneficial owner	30,000,000	0.30%
Mr. CHAN Chun Wai, Tony	Beneficial owner	1,000,000	0.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(II) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at the Latest Practicable Date, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of Substantial Shareholders	Capacity	Number of shares or underlying shares held[3]	Percentage of issued share capital
Mr. Li	Beneficial owner	103,064,000 (L)	1.05%
	Interest of spouse	50,000,000 (L)	0.51%
	Interests of controlled corporation	5,696,504,675 (L)	57.81%
GGL	Beneficial owner	2,829,000 (L)	0.03%
	Interests of controlled corporation	3,843,000,000 (L)	39.00%
Hong Bridge Capital[1]	Beneficial owner	3,843,000,000 (L)	39.00%
GIHK[2]	Beneficial owner	1,850,675,675 (S)	18.78%
Geely International Tech HK[1]	Beneficial owner	1,850,675,675 (L)	18.78%

Notes:

(1) Mr. Xu is a director of the company.

(2) GIHK is wholly owned by Hainan Geely Investment Holding Co., Ltd., which is in turn wholly owned by Zhejiang Geely Holding Group Co., Ltd.

(3) The letter "L" denotes long position and "S" denotes short position.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors, controlling Shareholders and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

None of the Directors had any direct or indirect interest in any assets which have since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE SUBSCRIPTIONS

Principal Bankers	**Nanyang Commercial Bank, Limited** 151 Des Voeux Road Central Hong Kong
Independent Financial Adviser to the Company	**Gram Capital Limited** Room 1209, 12th Floor Nan Fung Tower 88 Connaught Rood Central Hong Kong
Financial Adviser to Geely International Tech HK	**Huatai International Financial Holdings Company Limited** 4201, 42/F & 53F, 5808–12, 58/F & 62/F & 69/F The Center 99 Queen's Road Central Hong Kong

Authorised Representatives	**Mr. Chen Shengjie** **Mr. Yeung Ho Ming** Unit 5402, 54th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
Legal Adviser as to Hong Kong Law	**Jingtian & Gongcheng LLP** Suites 3203–3207 32/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
Share Registrar and Transfer Office	**Union Registrars Limited** Suites 3301–04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point Hong Kong
Auditors	**BDO Limited** *Certified Public Accountants* 25th floor, Wing On Centre 111 Connaught Road Central Hong Kong

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The letter, report and/or opinion from the above expert is given as of the date of this circular for incorporation in this circular. The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert:

(a) did not have any direct or indirect interest in any assets which have since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the overall financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.8137.hk) for a period of 14 days from the date of this circular:

(a) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this circular;

(b) the letter of advice from Gram Capital, the text of which is set out on pages 25 to 47 of this circular;

(c) the written consent of the expert as referred to in the section headed ''Expert and Consent'' of this Appendix;

(d) the Subscription Agreements; and

(e) this circular.

12. MISCELLANEOUS

(a) The registered office of the Company is situated at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1–1205, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is situated at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

(c) The secretary of the Company is Mr. Yeung Ho Ming, who is a Certified Public Accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited, Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

HONBRIDGE HOLDINGS LIMITED
洪橋集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting ("**EGM**") of Honbridge Holdings Limited (the "**Company**") will be held at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 9 December 2024 at 10:00 a.m. for the following purposes. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 22 November 2024 (the "**Circular**").

ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without amendments the following resolution as ordinary resolutions:

1. "**THAT:**

   (a) the subscription agreement dated 13 October 2024 (the "**Subscription Agreement I**") entered into between the Company and Hong Bridge Capital (a copy of the Subscription Agreement I has been produced to the meeting and marked "A-1" and initialed by the chairman of the meeting for identification purpose) in relation to the allotment and issue of 4,500,000,000 new ordinary shares of HK$0.001 each in the share capital of the Company to Hong Bridge Capital at the subscription price of HK$0.08 per Subscription Share and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) conditional upon the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the approval for the listing of, and permission to deal in the Subscription Shares, the Directors be and are hereby granted a specific mandate to allot and issue the Subscription Shares in accordance with the terms of the Subscription Agreement I, provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and

(c) any one of the Directors be and is hereby authorised to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Subscription Agreement I and the transaction contemplated thereunder, including, without limitation, the allotment and issue of the Subscription Shares under the relevant specific mandate.''

2. ''**THAT:**

(a) the subscription agreement dated 13 October 2024 (the ''**Subscription Agreement II**'') entered into between the Company and Mr. Xu (a copy of the Subscription Agreement II has been produced to the meeting and marked ''A-2'' and initialed by the chairman of the meeting for identification purpose) in relation to the allotment and issue of 200,000,000 new ordinary shares of HK$0.001 each in the share capital of the Company to Mr. Xu at the subscription price of HK$0.08 per Subscription Share and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) conditional upon the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the approval for the listing of, and permission to deal in the Subscription Shares, the Directors be and are hereby granted a specific mandate to allot and issue the Subscription Shares in accordance with the terms of the Subscription Agreement II, provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and

(c) any one of the Directors be and is hereby authorised to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Subscription Agreement II and the transaction contemplated thereunder, including, without limitation, the allotment and issue of the Subscription Shares under the relevant specific mandate.''

On behalf of the Board
Honbridge Holdings Limited
YEUNG Ho Ming
Company Secretary

Hong Kong, 22 November 2024

Notes:

1. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 3 December 2024.

2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders may consider appointing the chairman of the EGM as his/her proxy to vote on the resolutions, instead of attending the EGM in person. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy needs not be a shareholder of the Company.

3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the meeting or any adjourned meeting thereof should he so wish.

4. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholdings.

5. If Typhoon Signal No. 8 or above, or a ''black'' rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.8137.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.