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## **HONBRIDGE HOLDINGS LIMITED**

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

**(Stock Code: 8137)**

### **CONNECTED TRANSACTION**

#### **THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 10 June 2022 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company), Hangzhou UGO and Hangzhou Hexijiao entered into the Sale and Purchase Agreement in relation to the acquisition of the equity interest of 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*), which the Purchaser is currently a shareholder holding 20% equity interest. Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and Hangzhou UGO has conditionally agreed to dispose of the Sale Interest at the Consideration of RMB25,600,000 (equivalent to approximately HK\$30,000,000).

The Sale and Purchase Agreement is inter-conditional with the Capital Increase Agreement.

Upon registration of the Sale and Purchase Agreement and the Capital Increase Agreement with the SAIC, the equity interest in 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*) to be held by the Group will increase from 20% to 35.56%, and Geely Commercial Vehicles, Hangzhou Hexijiao and Hangzhou UGO will hold 31.62%, 27.35% and 5.47% of the equity interest in 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*) respectively.

The wholly-owned subsidiary of 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*), CM Europe, is principally engaged in the business of online car-hailing and related services in Europe.

## **GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, 吉行國際科技有限公司 (Jixing International Technology Co., Ltd\*) is owned as to 20% by the Purchaser, as to 40% by Hangzhou UGO and as to 40% by Hangzhou Hexijiao. Mr. Li, together with companies controlled by him, is interested in 1,953,739,675 Shares, representing approximately 19.83% of the issued share capital of the Company. Hangzhou UGO is a close associate of Mr. Li pursuant to the GEM Listing Rules. Accordingly, Hangzhou UGO is a core connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under the GEM Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 11 October 2021.

The Board is pleased to announce that on 10 June 2022 (after trading hours of the Stock Exchange), the Purchaser, Hangzhou UGO and Hangzhou Hexijiao entered into the Sale and Purchase Agreement in relation to the Acquisition. Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and Hangzhou UGO has conditionally agreed to dispose of the Sale Interest at the Consideration of RMB25,600,000 (equivalent to approximately HK\$30,000,000).

The principal terms of the Sale and Purchase Agreement are set out below:

### **THE SALE AND PURCHASE AGREEMENT**

#### **Date**

10 June 2022 (after trading hours of the Stock Exchange)

#### **Parties**

- (1) the Purchaser, being Honbridge Technology Limited, a wholly-owned subsidiary of the Company and holding 20% of the equity interest of the Target Company as at the date of this announcement
- (2) Hangzhou UGO, holding 40% of the equity interest of the Target Company as at the date of this announcement, and principally engaged in research and development of mobile and online applications and provision of online car-hailing service in the PRC

- (3) Hangzhou Hexijiao, holding 40% of the equity interest of the Target Company as at the date of this announcement, and principally engaged in investment holding

### ***Hangzhao UGO***

As at the date of this announcement, Mr. Li, together with companies controlled by him, is interested in 1,953,739,675 Shares, representing approximately 19.83% of the issued share capital of the Company. Hangzhou UGO is ultimately beneficially owned as to over 80% by companies (one of which being 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited\* “**Geely Holding**”) that are effectively owned as to approximately 90% by Mr. Li and as to approximately 10% by Mr. Li Xingxing, Mr. Li’s son. Accordingly, Hangzhou UGO is a close associate of Mr. Li pursuant to the GEM Listing Rules. Therefore, Hangzhou UGO is a core connected person of the Company under the GEM Listing Rules.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for the above, the ultimate beneficial owners of Hangzhou UGO are third parties independent of the Group and its connected persons.

Mr. Li is the controlling shareholder, founder, chairman of the board of directors of Geely Holding. Geely Holding and its subsidiaries are principally engaged in the sale of automobiles and related parts and components wholesale and retail business. Mr. Li has over 35 years of experience in the investment and management of the automobile manufacturing business in the PRC. Mr. Li is a member of the Chinese People’s Political Consultative Conference and 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 Xingxing graduated from the University of Essex in the United Kingdom, majoring in economics, and has an EMBA from Tsinghua University PBC School of Finance. He has been engaged in motorcycle and automobile manufacturing industry since 2010. He is currently the chairman of Zhejiang Geely Ming Industrial Co., Ltd., the supervisor of Geely Holding, and the executive general manager of Zhejiang Lynk & Co Automobile Sales Co., Ltd.. Mr. Li Xingxing has more than 10 years of investment and management experience in the automobile manufacturing industry.

### ***Hangzhou Hexijiao***

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Hangzhou Hexijiao and its ultimate beneficial owner are independent of the Group and its connected persons.

Hangzhou Hexijiao is ultimately beneficially owned by Mr. Liu Sheng. He is also a director of the Target Company, and director and president of CM Europe, a subsidiary of the Target Company. Upon receiving his tertiary education in France, he started his own business and has successively established various trading and tour companies in France. Mr.

Liu Sheng also served as the general manager of Dufan Voyage Paris and helped his business partner receive nearly 300,000 Chinese tourists in 2019. Mr. Liu Sheng was among the first group of talent to be granted “carte compétence et talent” in France, and was also awarded the “commandeur d’honneur”.

### **Assets to be acquired**

The Sale Interest, representing 32% equity interest of the Target Company held by Hangzhou UGO as at the date of this announcement. The Sale and Purchase Agreement is inter-conditional with the Capital Increase Agreement, details of which are set out in the section headed “The Capital Increase Agreement” below. Upon registration of the Sale and Purchase Agreement and the Capital Increase Agreement with the SAIC, the Sale Interest shall represent approximately 15.56% equity interest of the Target Company.

As at the date of this announcement, the Purchaser is a shareholder of the Target Company holding 20% equity interest, and the Target Company is accounted for as an associate of the Company in its consolidated financial statements. Upon registration of the Sale and Purchase Agreement and the Capital Increase Agreement with the SAIC, the Purchaser shall hold 35.56% of the Target Company.

The original acquisition cost to Hangzhou UGO as regards the Sale Interest amounted to RMB25,600,000 (equivalent to approximately HK\$30,000,000).

### **The Consideration**

The Consideration for the Sale Interest is RMB25,600,000 (equivalent to approximately HK\$30,000,000), which shall be satisfied in cash. The Consideration shall be payable on the tenth Business Days after all conditions precedent have been satisfied (or such other date as may be agreed in writing by the Purchaser and Hangzhou UGO).

The Consideration shall be financed by internal resources of the Group.

The Consideration was determined after arm’s length negotiations between the Purchaser and Hangzhou UGO with reference to Hangzhou UGO’s cost of the Sale Interest, and the amount of registered capital of the Target Company (being RMB80,000,000, equivalent to approximately HK\$93,600,000). In order to assess the reasonableness and fairness of the Consideration, the Board has reviewed the price-to-revenue ratio and price-to-book ratio analysis on companies being principally engaged in online car-hailing and ride-sharing industry.

The Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable and is in the interests of the Group and the Independent Shareholders as a whole.

## **Conditions precedent**

Completion of the Acquisition is subject to the satisfaction of the following conditions precedent:

- (a) (if applicable) the passing of the necessary resolution(s) by the Shareholders (other than those who are required to abstain from voting under the GEM Listing Rules) at the general meeting of the Company to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) the Original Shareholders and Geely Commercial Vehicles having duly entered into the Capital Increase Agreement;
- (c) all conditions precedent (save for the condition precedent relating to this condition precedent) of the Capital Increase Agreement having been fulfilled; and
- (d) all necessary consents, authorisations, approvals and permits required for the transactions contemplated under the Sale and Purchase Agreement having been obtained and remained valid.

None of the conditions precedent above can be waived. In the event the conditions precedent above are not satisfied on or before 30 June 2022 (or such other date as may be agreed in writing by the parties thereto), the Acquisition shall terminate automatically. Neither party to the Sale and Purchase Agreement shall have any legal liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. The parties shall re-negotiate the acquisition of equity interest in the Target Company.

The Sale and Purchase Agreement and the Capital Increase Agreement are inter-conditional upon each other.

## **Application with SAIC**

On the tenth Business Day (or such other date as may be agreed in writing by the parties thereto) after all conditions precedent have been satisfied and payment in full of the Consideration by the Purchaser, the Target Company shall make application to the SAIC for registration regarding the change of shareholding contemplated under the Sale and Purchase Agreement.

## **Others**

- (a) Upon the Purchaser and Hangzhou Hexijiao having become the Target Company's shareholders holding 35.56% and 27.35% respectively, save for shareholders' resolutions regarding alteration of the Articles of Association, increase or reduction of registered capital of the Target Company, merger, segregation, dissolution or change of company type of the Target Company, Hangzhou Hexijiao agreed to exercise its voting

rights as a shareholder of the Target Company in the same manner as the Purchaser may decide. The Purchaser and Hangzhou Hexijiao has entered into a concert party agreement (the “**Concert Party Agreement**”) to this effect. Please refer to the section headed “Concert Party Agreement” below regarding the principal terms of the Concert Party Agreement.

- (b) In the event Hangzhou Hexijiao intends to transfer its equity interest in the Target Company, it shall obtain the Purchaser’s prior consent and the Purchaser shall have first right of refusal in respect of such equity interest. The parties to the Sale and Purchase Agreement undertake that they would comply with and procure compliance of the Capital Increase Agreement in respect of shareholders’ pre-emptive rights upon completion of the Capital Increase.
- (c) The terms of the Sale and Purchase Agreement shall prevail over the new Articles of Association in case of conflicts.
- (d) The parties to the Sale and Purchase Agreement agreed that the Target Company’s wholly-owned subsidiary CM Europe, and its subsidiaries shall be entitled to operate in Europe under the brand of “Caocao” for 18 months after completion of the Sale and Purchase Agreement.

## **THE CAPITAL INCREASE AGREEMENT**

On the same date of the signing of the Sale and Purchase Agreement, Geely Commercial Vehicles, the Target Company and the Original Shareholders entered into the Capital Increase Agreement in relation to the Capital Increase.

The principal terms of the Capital Increase Agreement are as follows:

### **Date**

10 June 2022 (after the trading hours of the Stock Exchange)

### **Parties**

- (1) the Purchaser
- (2) Hangzhou UGO
- (3) Hangzhou Hexijiao
- (4) Geely Commercial Vehicles, a company established in the PRC and principally engaged in research and development and sales of commercial vehicles
- (5) the Target Company

As at the date of this announcement, Mr. Li, together with companies controlled by him, is interested in 1,953,739,675 Shares, representing approximately 19.83% of the issued share capital of the Company. Geely Commercial Vehicles is a wholly-owned subsidiary of Geely Holding. Accordingly, Geely Commercial Vehicles is a close associate of Mr. Li pursuant to the GEM Listing Rules. Therefore, Geely Commercial Vehicles is a core connected person of the Company under the GEM Listing Rules.

### **Subject matter**

As at the date of this announcement, Geely Commercial Vehicles has advanced the Loan in the principal amount of RMB200,000,000 (equivalent to approximately HK\$234,000,000) to the Target Company. The Loan is interest-free and for a term of 3 years ending on 30 June 2022. The Loan is further advanced to the Target Company's subsidiary in the amount of EUR25,600,000 (equivalent to approximately HK\$214,800,000) (the “**Advance**”).

Geely Commercial Vehicles agreed to fully capitalise the Loan in order to subscribe for the registered capital of RMB37,000,000 (equivalent to approximately HK\$43,300,000) of the Target Company. Of such capitalisation of RMB200,000,000 (equivalent to approximately HK\$234,000,000), (i) RMB37,000,000 (equivalent to approximately HK\$43,300,000) shall constitute registered capital of the Target Company; and (ii) RMB163,000,000 (equivalent to approximately HK\$190,700,000) shall constitute capital reserve (資本公積) of the Target Company.

The basis of such capitalisation has taken into account the Series Pre-A funding of CM Europe which is further detailed below in the sub-section headed “Series Pre-A funding of CM Europe” in the section headed “The Information of the Target Group”.

As at the date of this announcement, the registered capital of the Target Company is RMB80,000,000 (equivalent to approximately HK\$93,600,000). Upon registration of the Capital Increase with the SAIC, the registered capital of the Target Company will increase to RMB117,000,000 (equivalent to approximately HK\$136,900,000).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement are fair and reasonable and are in the interests of the Group and the Independent Shareholders as a whole.

### **Conditions precedent**

Completion of the Capital Increase Agreement is subject to the satisfaction of the following conditions precedent:

- (a) all conditions precedent (save for the condition precedent relating to this condition precedent) of the Sale and Purchase Agreement having been fulfilled; and

- (b) all necessary consents, authorisations, approvals and permits required for the transactions contemplated under the Capital Increase Agreement having been obtained and remained valid.

None of the conditions precedent above can be waived. In the event the conditions precedent above are not satisfied on or before 30 June 2022 (or such other date as may be agreed in writing by the parties thereto), the Capital Increase shall be terminated automatically. Neither party to the Capital Increase Agreement shall have any legal liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

The Sale and Purchase Agreement and the Capital Increase Agreement are inter-conditional upon each other.

### **Application with SAIC**

Within ten Business Days (or such other date as may be agreed in writing by the parties thereto) after all conditions precedent have been satisfied and the payment of the Consideration by the Purchaser under the Sale and Purchase Agreement, the Target Company shall make application to the SAIC for registration regarding the change of shareholding contemplated under the Capital Increase Agreement. Such date to make SAIC application shall be no later than 30 June 2022 (or such other date to be agreed by the parties thereto in writing).

### **Operation of the Target Company upon registration of the Capital Increase Agreement**

#### **(i) Board of directors**

The board of directors of the Target Company shall comprise five directors, whereupon three shall be nominated by the Purchaser, one shall be nominated by Hangzhou Hexijiao and one shall be nominated by Geely Commercial Vehicles. The chairman shall be nominated by the Purchaser and elected by the shareholders of the Target Company at the shareholders' meeting.

#### **(ii) Shareholders' resolutions**

Upon the Purchaser and Hangzhou Hexijiao having become the Target Company's shareholders holding 35.56% and 27.35% respectively, save for shareholders' resolutions regarding alteration of the Articles of Association, increase or reduction of registered capital of the Target Company, merger, segregation, dissolution or change of company type of the Target Company, Hangzhou Hexijiao agreed to exercise its voting rights as a shareholder of the Target Company in the same manner as the Purchaser may decide. The Purchaser and Hangzhou Hexijiao has entered into the Concert Party Agreement to this effect. Please refer to the section headed "Concert Party Agreement" below regarding the principal terms of the Concert Party Agreement.



**(iii) Tax**

Each party to the Capital Increase Agreement shall be responsible for its own tax under applicable laws and regulations.

**(iv) Pre-emptive rights**

- (1) If the Target Company intends to increase its registered capital or if the shareholders intend to transfer their equity interest in the Target Company, and such increase in registered capital or transfer of equity interest may lead to an increase in equity interest held by the Purchaser and/or Hangzhou Hexijiao, the Purchaser and/or Hangzhou Hexijiao must first acquire equity interest from Geely Commercial Vehicles until all equity interest in the Target Company held by Geely Commercial Vehicles have been sold to the Purchaser and/or Hangzhou Hexijiao.
- (2) For so long as Geely Commercial Vehicles remains a shareholder of the Target Company, unless its approval has been obtained, the Purchaser and/or Hangzhou Hexijiao shall not transfer any of its equity interest in the Target Company to any non-shareholder.
- (3) If Geely Commercial Vehicles agrees to the Purchaser and/or Hangzhou Hexijiao's transfer to any non-shareholder, Geely Commercial Vehicles shall be entitled to request the Purchaser and/or Hangzhou Hexijiao to procure the potential purchaser to first acquire Geely Commercial Vehicles' equity interest.
- (4) If Geely Commercial Vehicles agrees to the Purchaser and/or Hangzhou Hexijiao's transfer to any non-shareholder but has not exercised its first right of disposal pursuant to paragraph (3) above or that such disposal does not complete, the Purchaser and/or Hangzhou Hexijiao shall be entitled to proceed with disposal to the potential purchaser. However, under such circumstances, the Purchaser shall have first right of refusal over the equity interest intended to be disposed of by Hangzhou Hexijiao.
- (5) If Geely Commercial Vehicles or Hangzhou UGO intended to dispose of its equity interest in the Target Company to non-shareholder, the Purchaser shall have first right of refusal on such equity interest.
- (6) The terms of the Capital Increase Agreement shall prevail over the new Articles of Association in case of conflicts.

## **CONCERT PARTY AGREEMENT**

To shorten the decision making process and strengthen the strategy implementation of the Target Company which can facilitate the development and operation of the Target Group, the Purchaser and Hangzhou Hexijiao have entered into the Concert Party Agreement and the principal terms are as follows:

### **Date**

10 June 2022 (after trading hours of the Stock Exchange)

### **Parties:**

1. the Purchaser
2. Hangzhou Hexijiao

### **Principal terms:**

- (a) Hangzhou Hexijiao agrees to exercise its voting rights or to approve any written resolutions as a shareholder of the Target Company in the same manner as the Purchaser may decide, save for those resolutions relating to alteration of the Articles of Association, increase or reduction of registered capital of the Target Company, the merger, segregation, dissolution or change of company type of the Target Company.
- (b) During the term of the Concert Party Agreement, Hangzhou Hexijiao agrees, before proposing any resolutions at general meetings or exercising its voting rights at general meetings, to coordinate with the Purchaser regarding voting. The Purchaser's decision shall be final.
- (c) If Hangzhou Hexijiao cannot attend any general meetings in person, Hangzhou Hexijiao shall appoint the Purchaser or such other person as nominated by the Purchaser to vote for and on its behalf.
- (d) The Purchaser shall have the power to execute any documents for and on Hangzhou Hexijiao's behalf. Hangzhou Hexijiao shall acknowledge any documents executed by the Purchaser on its behalf be valid and binding upon Hangzhou Hexijiao.
- (e) The Concert Party Agreement shall become effective upon the Purchaser and Hangzhou Hexijiao having become the Target Company's shareholders holding 35.56% and 27.35% respectively, and when the Concert Party Agreement has been duly signed by the Purchaser and Hangzhou Hexijiao.

- (f) The Concert Party Agreement shall remain valid until the Purchaser and Hangzhou Hexijiao decide otherwise, or when either the Purchaser or Hangzhou Hexijiao shall cease to hold any equity interest in the Target Company.
- (g) In the event Hangzhou Hexijiao intends to sell, transfer, charge or dispose of its equity interest in the Target Company in any manner, Hangzhou Hexijiao shall obtain the prior written consent of the Purchaser, and subject to the pre-emptive rights set out in the Capital Increase Agreement, the Purchaser shall have a first right of refusal upon such equity interest.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Concert Party Agreement are fair and reasonable and are in the interests of the Group and the Independent Shareholders as a whole.

## **THE ARTICLES OF ASSOCIATION**

There will be in place a new Articles of Association as regards the transactions contemplated under the Sale and Purchase Agreement and the Capital Increase Agreement.

The principal terms of the new Articles of Association are as follows:

### **Term**

The Target Company shall have a term of 30 years ending on 25 April 2039.

### **Scope of business**

Technological development, technological services, technological consultation and transfer of results: mobile software, electronics products, computer network technology and computer system integration; services: graphic design, economic information consultation, corporate management consultation, computer maintenance, electricity supply (including distribution and sales of electricity) (operating with license), installation, maintenance and operation of charging piles, general road freight transportation and road passenger transportation; design, production, agency and distribution: domestic advertisement (excluding distribution of online advertisement); sales: computer software and auxiliary equipment, electronics products, apparel, shoes and hats, bags, maternal and child products, digital products, cosmetics products (excluding repackaging), jewelries and accessories, glasses (excluding contact lenses), flowers, pet supplies, furniture and building materials, home products, automobile accessories, office supplies, outdoor products and groceries; and import and export of goods or technologies except for those prohibited or required administrative approval by the State and those fall within the scope of the special administration measures for foreign investment admission as stipulated by the State (for the projects requiring approval according to laws, approvals from the relevant authorities must be obtained prior to the commencement of operation).

## Registered capital

RMB117,000,000 (equivalent to approximately HK\$136,900,000).

## Capital contribution

Pursuant to the new Articles of Association, the capital contribution in the Target Company shall be as follows:

<b>Parties</b>	<b>Form of contribution</b>	<b>Amount</b>	<b>Shareholding</b>
The Purchaser	Cash	RMB41,600,000	35.56%
Hangzhou UGO	Cash	RMB6,400,000	5.47%
Hangzhou Hexijiao	Cash	RMB32,000,000	27.35%
Geely Commercial Vehicles	Cash	<u>RMB37,000,000</u>	<u>31.62%</u>
Total:		<u>RMB117,000,000</u>	<u>100%</u>

## Board composition

The board of directors of the Target Company shall comprise five directors, whereupon three shall be nominated by the Purchaser, one shall be nominated by Hangzhou Hexijiao and one shall be nominated by Geely Commercial Vehicles. The chairman shall be nominated by the Purchaser and elected by the shareholders of the Target Company at the shareholders' meeting.

## Supervisor

The Target Company shall have two supervisors, whereupon one shall be nominated by the Purchaser and the other one shall be nominated by Geely Commercial Vehicles and elected by the shareholders of the Target Company at the shareholders' meeting.

## Shareholders' meetings

Shareholders at the shareholders' meetings of the Target Company shall exercise their voting rights in proportion to their capital contributions to the Target Company. Passing of the following resolutions shall require more than two-thirds of the voting rights:

- (a) increase or reduction of registered capital of the Target Company, the merger, segregation, dissolution or change of company type of the Target Company; and
- (b) the amendments to the Articles of Association.

The following resolutions required majority of the voting rights:

- (a) the grant of guarantee to the shareholders or ultimate beneficial owner of the Target Company, provided that such shareholders or ultimate beneficial owner of the Target Company shall have abstained from voting; and
- (b) all other resolutions of the shareholders of the Target Company.

### **Profit sharing**

The parties to the Target Company shall be entitled to share the profit of the Target Company in proportion to their capital contribution in the Target Company.

### **Pre-emptive rights**

In the event any shareholder of the Target Company would like to transfer its equity interest to non-shareholder, it shall obtain majority consent from other shareholders. Where majority consent has been obtained from other shareholders for the transfer, such other shareholders shall have first right of refusal over such equity interest intended to be sold by the selling shareholder. Any dissenting shareholder should acquire such equity interest. Otherwise, consent shall be deemed to have been obtained from such dissenting shareholder.

### **LICENCE AGREEMENT**

Pursuant to the joint venture agreement entered into among the Original Shareholders in April 2019, Hangzhou UGO should develop a special software system for online car-hailing service in Europe (the “**Online System**”), and the Target Company was entitled to use such Online System free of charge for two years after its launch. The Online System was launched on 3 January 2020 and thus the expiry of free use by the Target Company fell on 3 January 2022. On 4 January 2022, the Target Group and Hangzhou UGO entered into a software licence agreement (the “**Licence Agreement**”) regarding the continuing provision of the Online System by Hangzhou UGO to the Target Company from 4 January 2022 to 3 January 2024.

Principal terms of the Licence Agreement are as follows:

#### **Date**

4 January 2022

#### **Parties**

1. the Target Company
2. Hangzhou UGO

## **Services**

Hangzhou UGO shall grant the Target Company the right to use the Online System. Such right is limited to the online car-hailing service in European market.

## **Licence period**

Two years, commencing from 4 January 2022 and ending on 3 January 2024

## **Licence fee**

The Target Company shall pay Hangzhou UGO a fee equivalent to the labour cost for maintenance of software application system incurred by Hangzhou UGO. Under the Licence Agreement, the aggregate licence fee payable by the Target Company to Hangzhou UGO per year shall not exceed RMB2,000,000 (equivalent to approximately HK\$2,340,000). In the event that the actual maintenance cost incurred by Hangzhou UGO for a year exceeds RMB2,000,000 (equivalent to approximately HK\$2,340,000), the parties thereto shall further negotiate payment terms regarding such amount.

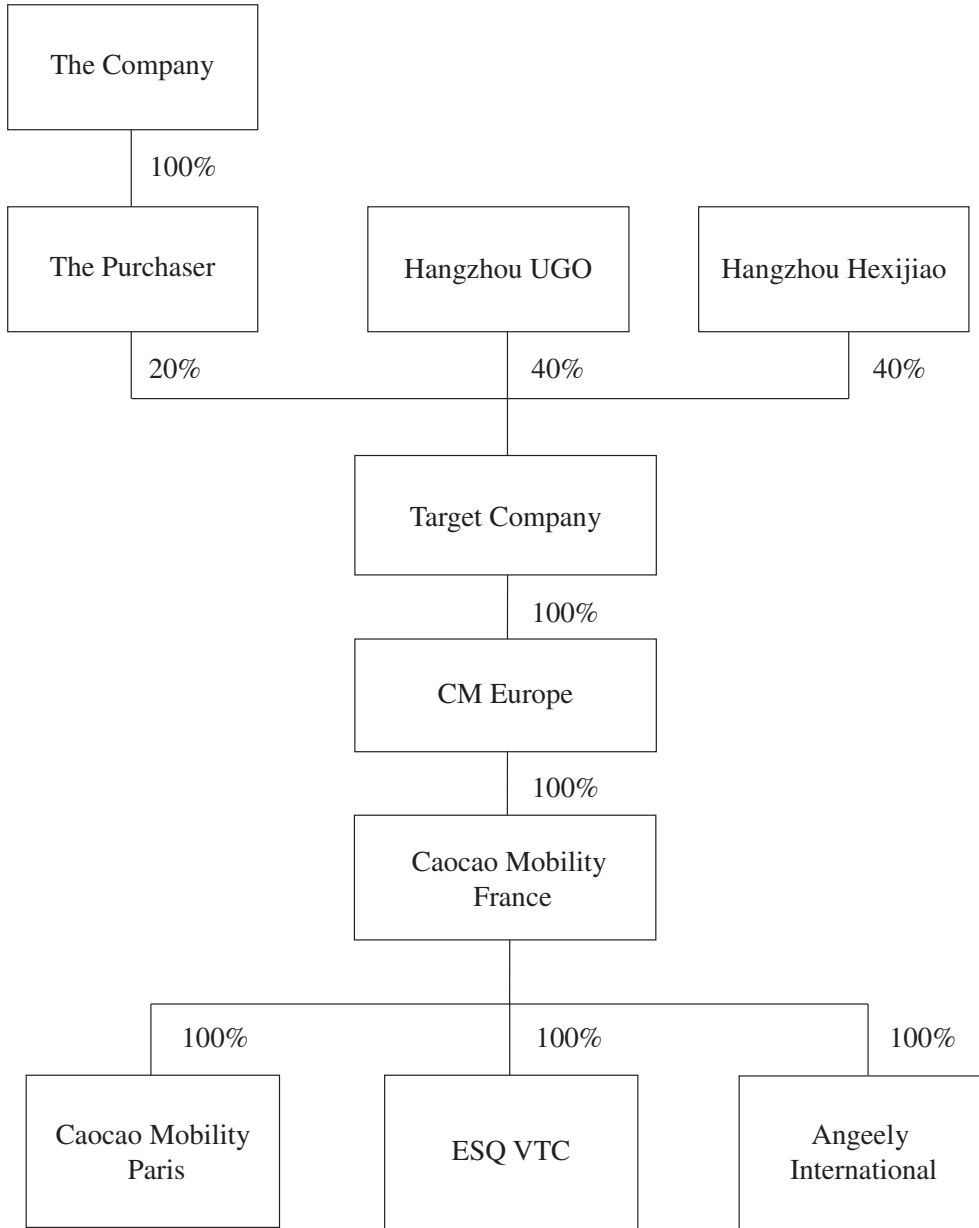
The licence fee paid by the Target Company to Hangzhou UGO for the quarter ended 31 March 2022 was RMB356,000 (equivalent to approximately HK\$417,000).

The Directors (including the independent non-executive Directors) consider that the licence fee offered to the Target Company by Hangzhou UGO is no less favourable than that available from other independent third party suppliers on the same or similar services, and that the Licence Agreement was on normal commercial terms and was in the interests of the Independent Shareholders as a whole. Also, the Directors (including the independent non-executive Directors) consider the Licence Agreement was conducted in the ordinary and usual course of business of the Target Group.

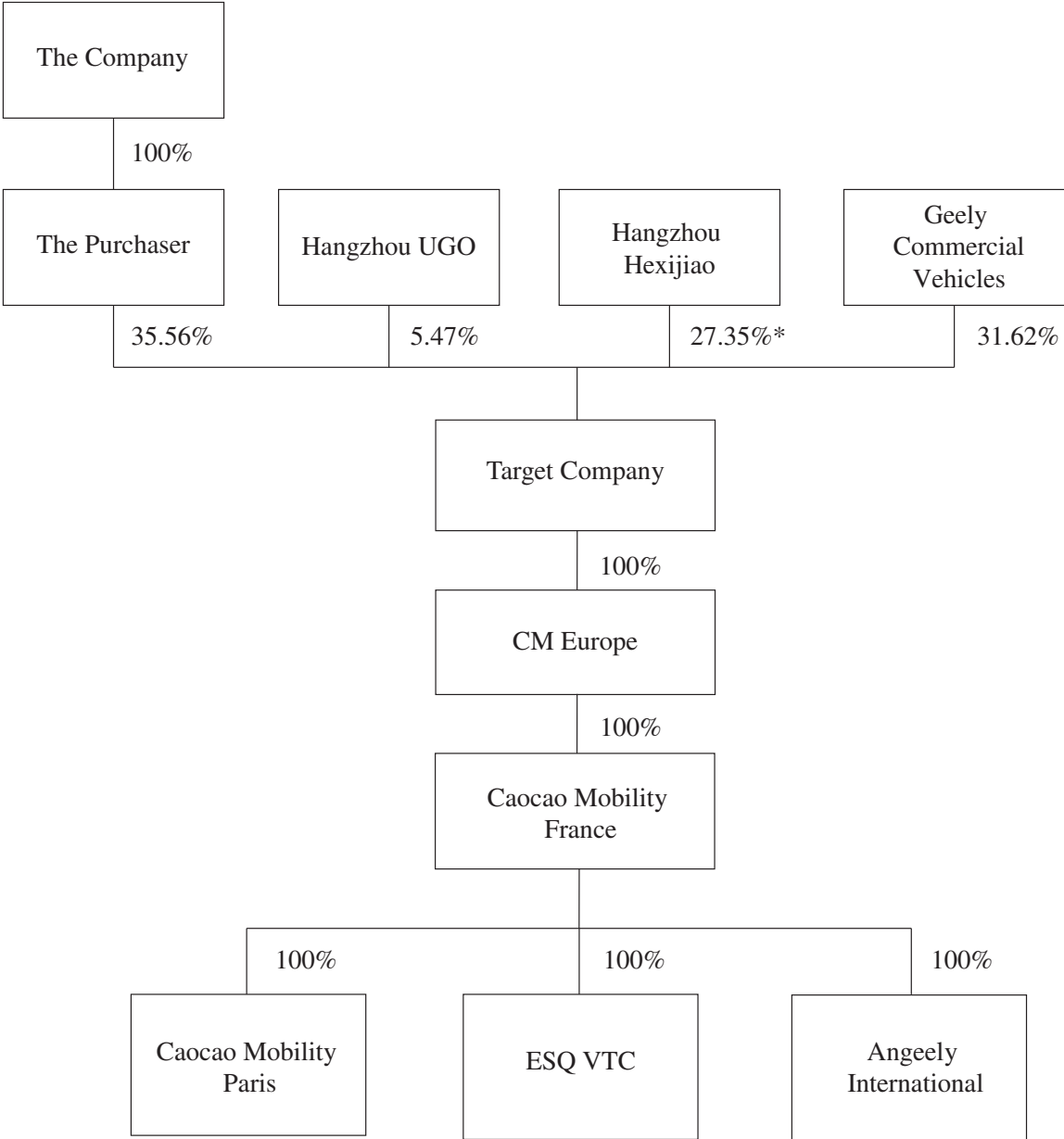
## INFORMATION ON THE TARGET GROUP

The following illustrates the shareholding structure of the Target Group:

**As at the date of this announcement**



**Immediately after registration of the Sale and Purchase Agreement and the Capital Increase Agreement**



*\*Note:* Hangzhou Hexijiao will exercise its voting rights in the same manner as the Purchaser may decide pursuant to the Concert Party Agreement.



## **Consolidation of the Target Group**

Upon registration of the Sale and Purchase Agreement and the Capital Increase Agreement with the SAIC, the Purchaser and Hangzhou Hexijiao shall become the Target Company's shareholders holding 35.56% and 27.35% respectively. As (i) the Purchaser has the right to nominate the majority of directors on the board of the Target Company; (ii) the Purchaser will hold 35.56% equity interest in the Target Company; and (iii) Hangzhou Hexijiao holding 27.35% equity interest in the Target Company will vote in the same manner as the Purchaser may decide pursuant to the Concert Party Agreement, the Target Company will be treated as a subsidiary of the Company for accounting purpose as the Board considers the Company will be able to control the Target Group. Accordingly, the results of the Target Group will be consolidated into the financial statements of the Company so long as the Concert Party Agreement is in force.

## **Other information of the Target Group**

The Target Company is a limited liability company established under the laws of the PRC on 26 April 2019. As at the date of this announcement, the Target Company is owned as to 20% by the Purchaser, as to 40% by Hangzhou UGO and as to 40% by Hangzhou Hexijiao. The Target Company is principally engaged in research and development of mobile and online applications, provision of transportation service and import and export of goods. The registered capital of the Target Company is RMB 80,000,000 (equivalent to approximately HK\$93,600,000) with an operation term of 30 years ending on 25 April 2039.

The Target Company has a wholly-owned subsidiary, CM Europe, which is a private company limited by shares incorporated under the laws of England and Wales. CM Europe is principally engaged in investment holding while different functions of online car hailing services being carried out by its subsidiaries as follows: (i) Caocao Mobility France, incorporated in France, is principally engaged in human resources, finance and marketing; (ii) Caocao Mobility Paris, incorporated in France, is principally engaged in customer service, online platform and App operation; (iii) ESQ VTC, incorporated in France, is principally engaged in driver management; and (iv) Angeely International, incorporated in France, is principally engaged in vehicle management.

Set out below is a summary of the unaudited consolidated financial information of the Target Group for each of the two years ended 31 December 2021, and the three months ended 31 March 2022, which was prepared in accordance with the French Financial Reporting Standards:

	<b>For the year ended 31 December 2020 EUR'000</b>	<b>For the year ended 31 December 2021 EUR'000</b>	<b>For the period ended 31 March 2022 EUR'000</b>
Revenue	703	2,170	943
Loss before tax	5,711	6,570	1,514
Loss after tax	5,711	6,573	1,514
			<b>As at 31 March 2022 EUR'000</b>
Non-current assets ( <i>Note 1</i> )			19,845
Current assets			4,253
Current liabilities ( <i>Note 2</i> )			30,646
Non-current liabilities			—
Net liabilities			6,548

*Note 1:* Approximately 98% of the non-current assets represented the carrying amount of vehicles.

*Note 2:* Approximately 93% of the current liabilities represented the Loan from Geely Commercial Vehicles to the Target Group.

### **Series Pre-A funding of CM Europe**

As at the date of this announcement, the Target Company holds all issued ordinary shares (the “**A Ordinary Shares**”) of CM Europe. In May 2022, CM Europe, the Target Company (as warrantor) and the Investor entered into an agreement in relation to the Investor’s subscription of series pre-A preferred shares (the “**Series Pre-A Preferred Shares**”) of CM Europe at the aggregate subscription price of GBP 2,509,280 (equivalent to approximately HK\$24,800,000). The Investor together with its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of the Group and its connected persons. To the best knowledge of the Company, the Investor is principally engaged in investment holding. As at the date of this announcement, the Investor has yet injected the subscription

consideration and no Series Pre-A Preferred Share has been issued. Upon the issue of Series Pre-A Preferred Shares, the Target Company will hold 95% and the Investor will hold 5% of the total issued equity securities of CM Europe.

CM Europe, the Target Company and the Investor also entered into the CM Europe Shareholders' Agreement, pursuant to which, among other things, the Investor has the following special rights and restrictions as shareholder of CM Europe:

- (i) **Voting Rights:** each Series Pre-A Preferred Shares confers on its holder the right to 1 vote at any general meetings of all shareholders of CM Europe;
- (ii) **Lock-up:** save for permitted transfer in compliance with the CM Europe Shareholders' Agreement, the Investor shall not transfer any CM Europe Shares prior to the 6th anniversary of the relevant subscription completion;
- (iii) **Capitalisation:** the Investor shall be issued new Series Pre-A Preferred Shares by capitalisation of CM Europe's reserves upon completion of capitalisation of the Advance, such that its holding in the total equity securities of CM Europe can be maintained at 5%;
- (iv) **Initial public offering and liquidity:** CM Europe shall use its reasonable best efforts to consummate a qualified initial public offering (the "**Qualified IPO**") on or before 1 January 2027:
  - (a) in case of an initial public offering, the parties undertake to take all appropriate measures to achieve an allocation of the Proceeds (as defined below) or of the listed shares consistent with the terms of the Preference Principles (as defined below),
  - (b) should there have been no Qualified IPO or sale of 100 % of CM Europe Shares or should the equity securities held by the Investor not have been sold by 1 January 2028 (the "**Liquidity Date**"), the Investor shall be entitled to require either that CM Europe be sold, or listed if the market conditions allow so. The Investor shall be entitled to freely transfer its CM Europe Shares to any financial investor in a bona fide transaction with no restriction whatsoever from the Liquidity Date;
- (v) **Investor's option to sell:** the Target Company undertakes, within 6 months from the occurrence of a material adverse change event or from the Liquidity Date when the Investor still hold CM Europe Shares, to buy at the Investor's request (the "**Sell Option**"), all the equity securities the Investor owns at the date of exercise of such Sell Option, at an option price for each CM Europe Shares equivalent to: the lower price between (a) the Series Pre-A Preferred Shares issue price (ie, GBP5.3364 (equivalent to approximately HK\$52.67)) yearly increased by (1) 5% or by (2) the

applicable 3 months EURIBOR rate for the considered year plus 500 basis points, whichever rate is the highest for the considered year, yearly accrued, and (b) its fair market value;

- (vi) **Right of first refusal:** if the Target Company proposes to make a transfer or receives an unsolicited proposal to make a transfer, the Investor shall be entitled to purchase all or any part of its proportional entitlement to the transfer shares, and more transfer shares in the event other investors (if any) do not exercise the right of first refusal;
- (vii) **Proportional tag along right:** if the Target Company proposes to transfer any CM Europe Shares to any third party, the Investor shall have the right to require the proposed transferee to purchase a proportional number of CM Europe Shares the Investor holds;
- (viii) **Full tag along right:** if the Target Company proposes to transfer any CM Europe Shares which will result in a change in control of CM Europe, the Investor shall have the right to require the proposed transferee to purchase all of its equity securities held by the Investor;
- (ix) **Drag along rights:** if the Target Company proposes to transfer any CM Europe Shares that equal to or greater than 90% of all issued CM Europe Shares to a third party, the Target Company may cause all other CM Europe shareholders to sell and transfer all CM Europe Shares held by them to the transferee. Where the selling price per CM Europe Share is lower than either (a) the adjusted Series Pre-A Issue Price for the considered year as increased yearly by 5% or the applicable 3 months EURIBOR rate for the considered year plus 500 basis points, whichever is higher) or (b) where shown not to be an arm's length transfer through an independent comparability analysis, the fair market value (the "**Uplift**"), the Target Company shall pay to the Investor an amount equal to the difference between the selling price per CM Europe Share and the Uplift;
- (x) **Anti-dilution protection:** in the event of new issue at a share price less than the Series Pre-A Issue Price (a "**Qualifying Issue**"), CM Europe shall issue to the Investor such number of new Series Pre-A Preferred Shares to be paid up by capitalisation of available reserves of CM Europe to the extent possible and lawful, then in cash at par and the entitlement of the Investor shall be increased by adjustment so that it shall be in no worse position than if it had not been so subscribed at par, the Investor shall also be subject to adjustment in the event of any bonus issue;

(xi) ***Sale of CM Europe:*** in case of any sale triggering a change of control of CM Europe, the total sale price (the “**Proceeds**”) payable to the selling shareholders shall be allocated as follows (the “**Preference Principles**”):

(a) first among the selling Series Pre-A Preferred Shares shareholders pro rata and up to an amount equal to the Series Pre-A Issue Price (less any declared and paid dividends, plus any declared but unpaid dividends) per Series Pre-A Preferred Shares,

(b) then among the selling A Ordinary Shares shareholders pro rata to the number of A Ordinary Shares sold by them and up to an amount equal to the Series Pre-A Issue Price (less any declared and paid dividends, plus any declared but unpaid dividends) per such share,

(c) then among all the selling shareholders pro rata to the CM Europe Shares sold;

If the Proceeds are paid in part in cash and in part in assets, the Proceeds paid in cash shall be allocated to the selling Series Pre-A Preferred Shares shareholders in priority up to an amount equal to the Series Pre-A Issue Price per Series Pre-A Preferred Share, then the allocation of Proceeds shall apply according to the above order with no distinction to the nature of payment (in cash or in assets/shares);

(xii) ***Contribution or merger of CM Europe:*** in case of a contribution of CM Europe Shares or a merger of CM Europe, triggering a change of control of CM Europe, the shares newly issued to the shareholders by the corporation benefiting from the contribution or the surviving corporation in exchange for the CM Europe Shares would be allocated mutatis mutandis according to the Preference Principles;

(xiii) ***Liquidation:*** in the event of any dissolution, liquidation or winding up of CM Europe, the net assets available, if any, after repayment of CM Europe’s creditors as well as of the par value of each CM Europe Share, shall be allocated in accordance with the Preference Principles;

(xiv) ***Sale of all or substantially all of CM Europe’s properties or assets:*** in case of a sale of all or substantially all of CM Europe’s properties or assets, or sale or licensing of all or substantially all of the intellectual property rights owned by CM Europe, the shareholders of CM Europe shall ensure the net proceeds of such liquidation available for distribution to the shareholders of CM Europe be distributed in accordance with the Preference Principles.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Group is principally engaged in research and development and production of lithium-ion powered batteries for new energy vehicle, provision of electric bicycle battery sharing service in the PRC and investment in mineral resources exploration and development in Brazil.

The Target Group is principally engaged in the business of online car-hailing services and related services in Europe. The Target Group owns approximately 300 LEVC TX range extended electric vehicles which are capable of zero-emission transport. Through employee drivers, vehicle leasing drivers and affiliated drivers, the Target Group launched an online car-hailing service under the brand “CaoCao” in Paris, France in January 2020.

The Target Group offers online car-hailing service through a user-friendly Caocao mobile App, as well as the iconic LEVC TX which has low carbon emission, been equipped with panoramic roof and wheelchair passenger-friendly feature, etc. The service was widely welcomed by citizens, travelers, companies and wheelchair passengers in Paris.

In May 2022, the online car-hailing service expanded to Nice and Cannes in France. The Target Group plans to further expand its online car-hailing service to other countries and major cities in Europe gradually.

In May 2022, the Target Group had 406,000 downloaded users and 127,000 registered users respectively. Online car-hailing service was provided through 237 drivers, among whom 80 were employee drivers. The iconic LEVC TX also provides a movable advertising board. The Target Group has provided advertising service to world renowned brands such as Huawei Honor, Chanel and Burberry, etc.

Sharing economy, intelligent mobility, etc. is a long-term common direction of the global automotive industry. Accordingly, their popularity will gradually increase and may eventually become the mainstream travel pattern, as their potential market and economic scale are huge. France and other European countries have also accelerated the tightening of carbon emissions, which is beneficial to the business development of the Target Group (where all service vehicles are new energy vehicles) in France and other European countries in the future. The Acquisition will enable the Company to seize this historical opportunity and create value for the Shareholders. In view of the growing demand of online car-hailing service in Europe, the Group plans to re-brand the Target Group within 18 months after completion of the Sale and Purchase Agreement, and will cease to operate under the brand of “Caocao”.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of Acquisition (including the transactions contemplated under the Sale and Purchase Agreement, the Capital Increase Agreement and the Concert Party Agreement) are on normal commercial terms and are fair and reasonable, the entering into

of the Sale and Purchase Agreement, the Capital Increase Agreement and the Concert Party Agreement is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Independent Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Li, together with companies controlled by him, is interested in 1,953,739,675 Shares, representing approximately 19.83% of the issued share capital of the Company. Hangzhou UGO is a close associate of Mr. Li pursuant to the GEM Listing Rules. Accordingly, Hangzhou UGO is a core connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under the GEM Listing Rules.

As Hangzhou UGO is regarded as a core connected person of the Company, the Licence Agreement shall constitute a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules upon registration of the Sale and Purchase Agreement and the Capital Increase Agreement, and upon the Concert Party Agreement having become effective. However, since the annual amount payable under the Licence Agreement falls under the de-minimis category of connected transactions under Chapter 20 of the GEM Listing Rules, and it was signed prior to the date of the Sale and Purchase Agreement, the Licence Agreement will not be subject to any announcement or independent shareholders' approval requirements. The Group will comply in full with all reporting, announcement, and if applicable, independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules upon any variation or renewal of the Licence Agreement by the Target Group.

Mr. Liu Jian, an executive Director, is currently taking position in companies in which Mr. Li has controlling interests. In order to avoid the perception of a conflict of interest, Mr. Liu Jian has abstained from voting on the Board resolutions in relation to the Acquisition (including the Sale and Purchase Agreement, the Capital Increase Agreement and the Concert Party Agreement and the transactions contemplated thereunder). To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, save as disclosed, no other Director has a material interest in the Acquisition (including the transactions contemplated under the Sale and Purchase Agreement, the Capital Increase Agreement and the Concert Party Agreement) and therefore no other Director is required to abstain from voting on the Board resolutions in relation to the Acquisition (including the Sale and Purchase Agreement, the Capital Increase Agreement and the Concert Party Agreement and the transactions contemplated thereunder).

**As completion to the Acquisition is subject to the fulfilment of the conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.**

## **DEFINITIONS**

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

“Acquisition”	the proposed acquisition of the Sale Interest by the Purchaser from Hangzhou UGO pursuant to the Sale and Purchase Agreement, whereby upon registration of the Sale and Purchase Agreement and the Capital Increase Agreement with the SAIC, the Purchaser shall increase its interests in the Target Company from 20% to 35.56%
“Articles of Association”	the articles of association of the Target Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday) on which commercial banks in the PRC are open for general banking business
“Capital Increase”	the increase in the capital in the Target Company by capitalisation of the Loan whereupon Geely Commercial Vehicles shall become a shareholder of the Target Company pursuant to the terms of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 10 June 2022 entered into among the Original Shareholders, Geely Commercial Vehicles and the Target Company in relation to the Capital Increase
“Company”	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules



“Consideration”	the consideration of RMB25,600,000 (equivalent to approximately HK\$30,000,000) for the sale and purchase of the Sale Interest under the Sale and Purchase Agreement
“CM Europe”	Caocao Mobility Europe Limited, a company incorporated in England and Wales
“CM Europe Shareholders’ Agreement”	the shareholders’ agreement entered into among the Target Company, CM Europe and the Investor in relation to shareholders’ rights of CM Europe in May 2022
“Director(s)”	the director(s) of the Company
“Geely Commercial Vehicles”	浙江吉利新能源商用車集團有限公司 (Zhejiang Geely New Energy Commercial Vehicles Group Co., Ltd.*), a company established in the PRC
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hangzhou Hexijiao”	杭州禾曦嬌科技有限公司 (Hangzhou Hexijiao Technology Company Limited*), a company established in the PRC
“Hangzhou UGO”	杭州優行科技有限公司 (Hangzhou UGO Technology Company Limited*), a company established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Mr. Li and his associates
“Investor”	DUF MOB SARL, a company incorporated in Luxembourg
“Loan”	the loan in the principal amount of RMB200,000,000 (equivalent to approximately HK\$234,000,000) owing by the Target Company to Geely Commercial Vehicles under the Loan Agreement
“Loan Agreement”	the loan agreement dated 26 June 2019 entered into between Geely Commercial Vehicles and the Target Company in relation to the grant of the Loan by Geely Commercial Vehicles to the Target Company for a term of three years, which was interest-free and unsecured

“Mr. Li”	Mr. Li Shufu, a substantial Shareholder who, together with companies controlled by him, is interested in approximately 19.83% of the issued share capital of the Company as at the date of this announcement
“Original Shareholders”	the Purchaser, Hangzhou UGO and Hangzhou Hexijiao
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement)
“Purchaser”	Honbridge Technology Limited 洪橋科技有限公司, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“SAIC”	State Administration for Industry and Commerce of the PRC (國家工商行政管理總局)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 June 2022 entered into between the Purchaser, Hangzhou UGO and Hangzhou Hexijiao in relation to the Acquisition
“Sale Interest”	RMB25,600,000 (equivalent to approximately HK\$30,000,000) of the registered capital of the Target Company
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	吉行國際科技有限公司 (Jixing International Technology Co., Ltd*), a company established in the PRC
“Target Group”	the Target Company and its subsidiaries
“EUR”	Euro, the lawful currency of the European Union
“GBP”	Pound Sterling, the lawful currency of the United Kingdom

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

\* For identification purpose only

By order of the Board  
**Honbridge Holdings Limited**  
**LIU Wei, William**  
*Executive Director and Joint Chief Executive Officer*

Hong Kong, 10 June 2022

*As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Jian and Mr. Liu Wei, William as executive Directors; Mr. Yan Weimin as non-executive Director and Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun as independent non-executive Directors.*

*For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.17, conversion of EUR into HK\$ is based on the approximate exchange of EUR1.00 = HK\$8.39, and conversion of GBP into HK\$ is based on the approximate exchange of GBP1.00 = HK\$9.87. These exchange rates are for the purpose of illustration only and do not constitute any representation that any amounts in HK\$ and RMB, or HK\$ and EUR, or HK\$ and GBP have been, could have been or may be converted at these rates or any other exchange rate.*

*This announcement, 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 this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.8137.hk](http://www.8137.hk).*