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HONBRIDGE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

CONTINUING CONNECTED TRANSACTION

THE OPERATION AGREEMENT FOR BATTERY PILOT LINE PROJECT

On 2 December 2022 (after trading hours), Zhejiang Forever New Energy, a non-wholly owned subsidiary of the Company, entered into the Operation Agreement with Ningbo Geely, pursuant to which Zhejiang Forever New Energy will provide certain support such as sites, equipment, power supply, personnel and other support to assist Ningbo Geely to install a battery pilot line and conduct testing of batteries in accordance with the terms and conditions thereunder.

LISTING RULES IMPLICATION

Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company and therefore it is a substantial Shareholder and a connected person of the Company. Ningbo Geely is an associate of Zhejiang Geely and therefore a connected person of the Company. As such, the transaction contemplated under the Operation Agreement constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio in respect of the proposed Annual Caps under the Operation Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

BACKGROUND

In April 2022, Zhejiang Forever New Energy and Ningbo Geely reached an initial framework agreement, pursuant to which, Zhejiang Forever New Energy would, upon the request of Ningbo Geely, provide certain battery testing services and certain support to assist Ningbo Geely to install a battery pilot line, develop and produce batteries. It was originally expected by the Company that the above continuing connected transactions were fully exempted from reporting, announcement and independent shareholders' approval requirements on the basis that all the applicable percentage ratios were less than 5% and the maximum aggregate annual service fees payable to Zhejiang Forever New Energy were less than HK\$3,000,000 for the year ending 31 December 2022.

After several months of experimental cooperation, Zhejiang Forever New Energy and Ningbo Geely decided to enter into a long-term agreement for the provision of services from Zhejiang Forever New Energy to Ningbo Geely to install a battery pilot line, develop and produce batteries. It is now anticipated that the transaction amounts under the Operation Agreement will exceed the *de minimis* threshold. Therefore, the entering into the Operation Agreement and the transactions contemplated thereunder will be subject to annual review and disclosure requirements and the Company has set annual caps for such transactions pursuant to Chapter 20 of the GEM Listing Rules.

THE OPERATION AGREEMENT

On 2 December 2022 (after trading hours), Zhejiang Forever New Energy, a non-wholly owned subsidiary of the Company, entered into the Operation Agreement with Ningbo Geely, pursuant to which Zhejiang Forever New Energy will provide certain support such as sites, equipment, power supply, personnel and other support to assist Ningbo Geely to install a battery pilot line and conduct testing of batteries in accordance with the terms and conditions thereunder. Principal terms of the Operation Agreement are set out below:

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| Parties: | (1) Zhejiang Forever New Energy; and (2) Ningbo Geely |
| Date: | 2 December 2022 |
| Term: | From 1 July 2022 to 1 July 2024 |
| Subject matters: | Pursuant to the Operation Agreement, Zhejiang Forever New Energy will provide certain support such as sites, equipment, power supply, personnel and other support to assist Ningbo Geely to install a battery pilot line and conduct testing of batteries. |
| Payment terms: | Zhejiang Forever New Energy shall calculate the cost according to the actual quantity of equipment used, energy consumption, equipment consumables, and hourly consumption of personnel monthly and send a cost confirmation sheet to Ningbo Geely for confirmation. |

The fees shall be settled on a monthly basis.

Proposed Annual Caps for the Operation Agreement

It is expected that for the period ending 31 December 2022, for the year ending 31 December 2023 and for the period ending 30 June 2024, the proposed Annual Caps for the transactions contemplated under the Operation Agreement are set out as follows:

| | For the period from 1 July 2022 to 31 December 2022 RMB | For the year ending 31 December 2023 RMB | For the period from 1 January 2024 to 30 June 2024 RMB |
|----------------------|--|---|---|
| Proposed Annual Caps | 9,000,000 | 18,000,000 | 9,000,000 |

The proposed Annual Caps were determined based on:

Pricing policies

The service amount for each individual service order shall be negotiated at arm's length by Zhejiang Forever New Energy and Ningbo Geely at the time when the individual service order is entered into and at a price determined upon the basis of the principle of "cost-plus" which is based on the cost arising from the provision of products or services to Ningbo Geely by Zhejiang Forever New Energy plus a margin in the range of approximately 5% to 8% as agreed after arm's length negotiations between Zhejiang Forever New Energy and Ningbo Geely.

In determining the costs, the Company will take into account the actual costs incurred (including, among others, the cost of human resources, professional knowledge and other resources). In determining the margin, the Company will take into account the scope and type of the services to be provided by Zhejiang Forever New Energy and rates that are generally accepted by the market.

The Company will refer to, among other things, the terms in relation to the provision of products or services of similar nature in the market and compare them with the terms for the provision of services by Zhejiang Forever New Energy to ensure that the fees payable by Ningbo Geely to Zhejiang Forever New Energy will not be less favorable than the fees receivable from an independent third party for the provision of products or services of similar nature.

Should the actual annual service amount exceed the above proposed Annual Caps, the Company will revise the Annual Caps in compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules. The Annual Caps after the period ending 30 June 2024 will be proposed at the suitable time in compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules.

HISTORICAL FIGURES

Zhejiang Forever New Energy had provided with battery testing services with Ningbo Geely since July 2022. The historical amounts of the services provided to Ningbo Geely were approximately RMB2.60 million from July 2022 to the date of this announcement.

The Company confirmed that the total consideration receivable by the Company for the period from July 2022 until the date of this announcement is within the relevant maximum caps.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Zhejiang Forever New Energy is a modern lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park whose principal business includes research and development, production, testing and inspection, demonstration and service, sales of high performance lithium-ion battery and battery system. Zhejiang Forever New Energy occupies an area of approximately 130,000 square meters and the plant is designed to possess a maximum production capacity of approximately 1,500,000 kWh high performance ternary lithium-ion powered battery annually. Zhejiang Geely Group is the key customer of Zhejiang Forever New Energy. The long-term relationship between Zhejiang Forever New Energy and Zhejiang Geely Group enables Zhejiang Forever New Energy to get familiar with the requirements of Ningbo Geely for provision of support for battery pilot line operation and can satisfy the demands of Ningbo Geely. The transaction between Zhejiang Forever New Energy and Ningbo Geely can enable Zhejiang Forever New Energy to better coordinate with Zhejiang Geely Group for its demand for ternary Lithium-ion battery packs in its normal production and operation, enhance the efficiency of development of new products (such as battery pilot line), provide high-quality services to Zhejiang Geely Group.

The transactions contemplated under the Operation Agreement between Zhejiang Forever New Energy and Ningbo Geely were entered in the ordinary and usual course of business of the Group. The Directors consider that the entering into of the Operation Agreement which sets out the proposed Annual Caps is constructive for the Group to sell the products and services thereunder, thereby benefiting the Group.

PRICING PRINCIPLES OF THE OPERATION AGREEMENT

The price of products and services under the Operation Agreement will be negotiated on an arm's length basis and determined in the ordinary course of business on normal commercial terms or on terms no less favourable to the Company than those provided to independent third parties.

INFORMATION ON THE PARTIES

Ningbo Geely

Ningbo Geely is a limited company incorporated in the PRC and is principally engaged in the production of automobile components in the PRC. Zhejiang Geely is a substantial shareholder and a connected person of the Company. Ningbo Geely is an associate of Zhejiang Geely and therefore a connected person of the Company.

Zhejiang Forever New Energy

Zhejiang Forever New Energy is a modern lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park whose principal business includes research and development, production, testing and inspection, demonstration and service, sales of high performance lithium-ion battery and battery system.

THE GEM LISTING RULES

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. Mr. Li is the controlling shareholder, founder, chairman of the board of directors of Zhejiang Geely. Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company and therefore it is a substantial shareholder and a connected person of the Company. Ningbo Geely is an associate of Zhejiang Geely and therefore a connected person of the Company. As such, the transaction contemplated under the Operation Agreement constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As highest applicable percentage ratio set out in Rule 19.07 of the GEM Listing Rules in respect of the Operation Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Mr. Liu Jian, an executive Director, is currently holding positions 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 Operation 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 Operation Agreement and the transactions contemplated thereunder and therefore no other Director is required to abstain from voting on the Board resolutions in relation to the Operation Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

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| “Annual Caps” | the proposed annual caps for the Operation Agreement for the period from 1 July 2022 to 30 June 2024 |
| “associate(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Board” | the board of Directors |
| “Company” | Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the GEM (Stock code: 8137) |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “GEM” | the GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “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 |
| “Ningbo Geely” | 寧波吉利羅佑發動機零部件有限公司, transliterated as Ningbo Geely Luoyou Engine Components Co., Ltd.*, a limited liability company incorporated in the PRC |
| “Operation Agreement” | the battery pilot line operation agreement dated 2 December 2022 entered into between Zhejiang Forever New Energy and Ningbo Geely in relation to the provision of battery pilot line project operation by Zhejiang Forever New Energy to Ningbo Geely |

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| “PRC” | the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the holder(s) of the share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Zhejiang Forever New Energy” | 浙江衡遠新能源科技有限公司, transliterated as Zhejiang Forever New Energy Co., Ltd.*, a limited liability company incorporated in the PRC and a non-wholly owned subsidiary held indirectly as to 52% by the Company |
| “Zhejiang Geely” | 浙江吉利控股集團有限公司, transliterated as Zhejiang Geely Holding Group Co. Ltd.*, a limited liability company incorporated in the PRC |
| “Zhejiang Geely Group” | Zhejiang Geely and its subsidiaries |
| “%” | per cent |

* *The English translation of the Chinese name is for identification purposes only and should not be regarded as the official English translation of such name.*

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

On behalf of the Board
Honbridge Holdings Limited
LIU Wei, William
Director and Joint Chief Executive Officer

Hong Kong, 2 December 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.

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 Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.8137.hk.