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

PROFIT WARNING

This announcement is made by Honbridge Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the currently available information which includes, but without limitation to, the unaudited management accounts of the Group, the Group is expected to record approximately HK\$137 million revenue for the year ended 31 December 2022 (“**Year Ended 2022**”), decreased by approximately 71% when compared to the approximately HK\$479 million revenue for the year ended 31 December 2021 (“**Year Ended 2021**”). The substantial decline in revenue was mainly due to the substantial decrease in lithium-ion batteries orders from our major customer. While the new battery product has commenced mass production ahead of the schedule, product delivery to a car model under a connected person of the Company was only started in mid-June 2022.

For the Year Ended 2022, the loss for the year was approximately HK\$280 million (Year Ended 2021: HK\$89 million profit). The change from profit to loss was mainly due to (i) the approximately HK\$150 million loss in relation a provision (details below); (ii) a net loss of approximately HK\$63 million on financial assets at fair value through profit or loss due to the decrease in share price of listed securities owned by the Company (31 December 2021: gain of HK\$120 million), (iii) decrease in gross profit by at least 75% year over year (Year Ended 2021: HK\$115 million) and (iv) approximately HK\$30 million impairment of property, plant and equipment for the Year Ended 2022. Their negative impact was partially set-off by the approximately HK\$27 million non-cash gain on re-measurement of pre-existing interest in an associate recognised on the acquisition date of controlling interests of Jixing International Technology Co., Ltd. (previously an associate of the Company), which provide online-car hailing service in France.

Provision in Relation to Government Grant

On 31 December 2022, Zhejiang Forever New Energy Company Limited (“**Zhejiang Forever**”, being the Group’s 52% owned subsidiary) entered into an agreement with certain local government entities in Zhejiang, PRC (the “**Government**”), pursuant to which, Zhejiang Forever shall repay the Government (a) by 31 December 2022, the Government Loans in the principal amount of RMB100 million (which Zhejiang Forever had already fully repaid in December 2022); and (b) by 29 February 2024, the government grants (the “**Grants**”) received by Zhejiang Forever in relation to its production facilities in the aggregate amount of around RMB208 million, net of 20% to 30% of Zhejiang Forever’s accumulated qualified plant and equipment investment as at 31 January 2024 (the percentage being subject to the category classification of the production facilities as at 31 January 2024) (the “**Deductible Amount**”). The maximum of the Deductible Amount shall not exceed the amount of the Grants received of around RMB208 million and if the maximum of Deductible Amount is reached as at 31 January 2024, no repayment of the Grants shall be made. Based on the currently available information, it has estimated that the repayment amount is approximately RMB130 million (equivalent to approximately HK\$150 million) which is recognised in profit or loss for the Year Ended 2022.

As the Company is still in the process of finalising the annual results of the Group for the Year Ended 2022 (the “**2022 Annual Results**”), the information contained in this announcement is based on a preliminary assessment made by the Board with reference to the information most currently available including the Group’s latest consolidated management accounts, and such information or figures have not been reviewed or audited by the auditors of the Group nor approved by the Audit Committee and the actual results of the Group for the Year Ended 2022 may differ from the information disclosed herein. Shareholders of the Company and potential investors are advised to read carefully the announcement to the 2022 Annual Results which is scheduled to be published on 29 March 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Honbridge Holdings Limited
YEUNG Ho Ming
Company Secretary

Hong Kong, 24 March 2023

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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Company Announcements” page of the GEM website at 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.