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中國港橋控股有限公司
China HKBridge Holdings Limited

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中國港橋控股有限公司
(in the process of changing its name to HKBridge Financial Holdings Limited 港橋金融控股有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of China HKBridge Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018 (the "**Period**"), together with the comparative figures for the corresponding period in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	**2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
REVENUE	*3*	**124,459**	410,077
Cost of sales and services rendered		**(245,459)**	(273,703)
GROSS (LOSS)/PROFIT		**(121,000)**	136,374
Other income	*3*	**22,924**	16,081
Other gains and losses, net	*4*	**(45,838)**	(1,784)
Selling and distribution costs		**(15,112)**	(17,031)
Administrative expenses		**(89,297)**	(50,463)
Finance costs	*5*	**(42,964)**	(33,621)
Share of results of associates		**91,268**	400
(LOSS)/PROFIT BEFORE INCOME TAX	*6*	**(200,019)**	49,956
Income tax credit/(expense)	*7*	**28,792**	(14,286)
(LOSS)/PROFIT FOR THE PERIOD		**(171,227)**	35,670

	Notes	Six months ended 30 June **2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**6,881**	14,003
Share of other comprehensive income from associates		**4,995**	—
Net other comprehensive income to be reclassified subsequently to profit or loss for the period		**11,876**	14,003
Item that may not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment		**4,444**	—
Total other comprehensive income for the period		**16,320**	14,003
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(154,907)**	49,673
(Loss)/earnings per share attributable to owners of the Company			
— Basic	*8*	**HK(7.76) cents**	HK2.44 cents
			(Restated)
— Diluted	*8*	**HK(7.76) cents**	HK2.29 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**284,966**	271,855
Payments for leasehold land held for own use under operating leases		**3,549**	3,655
Interests in associates		**414,859**	489,496
Rental and utility deposits		**64**	58
Available-for-sale financial assets	*11*	**—**	984,046
Financial assets at fair value through profit or loss	*11*	**1,763,744**	—
Loan receivables	*13*	**165,518**	417,797
Deposits paid		**10,511**	6,160
Total non-current assets		**2,643,211**	2,173,067
CURRENT ASSETS			
Inventories		**66,490**	68,545
Payments for leasehold land held for own use under operating leases		**127**	128
Trade receivables	*12*	**233,048**	383,058
Contract assets		**66,271**	—
Loan receivables	*13*	**958,879**	212,679
Note receivables		**359,500**	1,104,438
Prepayments, deposits and other receivables		**289,535**	341,998
Financial assets at fair value through profit or loss	*11*	**481,990**	798,508
Bank balances and deposits		**121,160**	381,203
Total current assets		**2,577,000**	3,290,557
CURRENT LIABILITIES			
Trade payables	*14*	**133,355**	134,872
Other payables and accruals		**188,385**	269,899
Derivative financial liabilities		**73,559**	53,957
Tax payable		**99,446**	69,124
Loan from a related company		**200,000**	200,000
Borrowings		**826,192**	806,743
Total current liabilities		**1,520,937**	1,534,595

	Note	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
NET CURRENT ASSETS		**1,056,063**	1,755,962
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,699,274**	3,929,029
NON-CURRENT LIABILITIES			
Borrowings		**440,000**	440,000
Loans from a director		**72,973**	86,619
Deferred tax liabilities		**20,250**	81,452
Total non-current liabilities		**533,223**	608,071
NET ASSETS		**3,166,051**	3,320,958
CAPITAL AND RESERVES			
Share capital	*15*	**220,800**	219,600
Reserves		**2,945,251**	3,101,358
TOTAL EQUITY		**3,166,051**	3,320,958

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (the "**HKAS 34**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of The Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in part (b).

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("**HK$**"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") and should be read in conjunction with the 2017 annual financial statements.

(b) Changes in HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Considerations
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle	First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 Financial Instruments (see note A below) and HKFRS 15 Revenue from Contracts with Customers (see note B below) have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

A. HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(a) As of 1 January 2018, all unlisted equity investments originally classified as available-for-sale financial assets were designated by the Group as financial assets at FVTPL. The Group intends to hold these unquoted equity investment for long term strategic purposes. In addition, the Group has designated such unlisted equity instruments at the date of initial application as measured at FVTPL.

(b) In addition to (a) above, unlisted club debentures were reclassified from available-for-sale to FVTPL.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 January 2018 under HKFRS 9** *HK$'000*
Listed equity investments	FVTPL	FVTPL	798,508	798,508
Unlisted club debenture	Available-for-sale (at fair value) *(note A(i)(b))*	FVTPL	4,046	4,046
Unlisted equity investments	Available-for-sale (at fair value) *(note A(i)(a))*	FVTPL	980,000	980,000
Loan receivables	Loans and receivables	Amortised cost	630,476	630,476
Note receivables	Loans and receivables	Amortised cost	1,104,438	1,104,438
Trade receivables	Loans and receivables	Amortised cost	383,058	383,058
Other loan and receivables	Loans and receivables	Amortised cost	102,760	102,760
Cash and cash equivalents	Loans and receivables	Amortised cost	381,203	381,203

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current Period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables of manufacturing segment using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortised cost, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables of manufacturing segment. To measure the ECLs, the trade receivables have been grouped based on shared credit risk characteristics and the days past due. No additional loss allowance is recognised as at 1 January 2018 as the amount is immaterial.

(b) Impairment of other receivables and loan receivables

The Group's other financial assets at amortised costs mainly include other receivables and loan receivables. Applying the ECLs model resulted in the recognition of ECLs for other receivables and loan receivables of HK$42,971,000 and HK$48,220,000 for the six months ended 30 June 2018. No ECLs were recognised for other receivables and loan receivables on 1 January 2018 as the amount is immaterial.

(c) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(d) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9, if any, are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9:

- The determination of the business model within which a financial asset is held; and

- The designation and revocation of previous designations of certain financial assets as measured at FVTPL.

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. As a result, the financial information presented for 2017 has not been restated.

The following tables summarised the impact of adopting HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018. There was no material impact on the Group's condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the six months period ended 30 June 2018:

Impact on the condensed consolidated statement of financial position as of 30 June 2018 (increase/(decrease)):

	HK$'000
Current assets	
Contract assets	66,271
Trade receivables	(66,271)
Total current assets	—

Under HKAS 18, the Group recorded its rights to consideration for investment referral services performed but not yet billed as trade receivables. Such balances were reclassified from trade receivables to contract assets upon the adoption of HKFRS 15 as at 1 January 2018.

Adoption of HKFRS 15 does not lead to significant changes to previous accounting policies of the Group's various goods and services.

2. SEGMENT INFORMATION

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to strategic decisions. No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision-makers.

During the Period, the Group has three reportable segments. The segments are managed separately because each segment offers different products and services and requires different strategies. The following summary describes the operations in each of the Group's reportable segments:

(1) Manufacturing segment — Manufacture and sales of printed circuits boards ("**PCBs**")

(2) Treasury investments segment — Investment in securities and other treasury related activities

(3) Financial services segment — Advisory on securities, asset management and consultancy and corporate solution services

The following is an analysis of the Group's revenue and results by operating and reporting segments for the Period:

	Manufacturing	Treasury investments	Financial services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2018 (Unaudited)				
Revenue from external customers				
— Recognised at a point in time	**268,982**	**—**	**—**	**268,982**
— Recognised over time	**—**	**(165,055)**	**20,532**	**(144,523)**
	268,982	**(165,055)**	**20,532**	**124,459**
Reportable segment (loss)/profit	**(10,686)**	**(167,335)**	**17,303**	**(160,718)**
Six months ended 30 June 2017 (Unaudited)				
Revenue from external customers	282,991	25,356	101,730	410,077
Reportable segment (loss)/profit	(16,062)	8,134	57,884	49,956

Reconciliation of reportable segment profit or loss, assets and liabilities:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit or loss		
Reportable segment (loss)/profit	**(160,718)**	49,956
Other unallocated staff cost	**(39,301)**	—
Consolidated (loss)/profit before income tax	**(200,019)**	49,956

(b) Geographical information

The following table, the Group's revenue from external customers is disaggregated by geographical market based on the location of customers. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Manufacturing		
Europe	**88,890**	100,953
Hong Kong	**22,716**	23,003
The People's Republic of China (the "**PRC**")	**85,888**	73,916
United States of America	**15,968**	14,250
Malaysia	**1,242**	22,299
Japan	**33,513**	24,405
Singapore	**7,628**	12,040
Others	**13,137**	12,125
	268,982	282,991
Treasury investments		
Hong Kong	**(208,679)**	(12,132)
The PRC	**43,624**	37,488
	(165,055)	25,356
Financial services		
Hong Kong	**—**	101,730
The PRC	**20,532**	—
	20,532	101,730
	124,459	410,077

3. REVENUE AND OTHER INCOME

Revenue represents the net amounts received and receivable for goods sold external customers, less returns, rebate, discounts and related taxes, if any; corporate solution service income, interest income from loan receivables, revenue from asset management and fair value gain/(loss) on equity investments that are held for trading and at FVTPL, net.

The amount of each significant category of revenue and other income recognised during the Period are as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**268,982**	282,991
Corporate solution service income *(Note)*	**20,532**	101,730
Interest income:		
— Loan receivables	**135,735**	24,756
— Loan to an associate	**1,558**	12,732
— Note receivables	**9,500**	—
Total revenue before fair value gain/(loss)	**436,307**	422,209
Realised fair value loss on trading purpose equity investments at FVTPL, net	**(6,656)**	—
Unrealised fair value loss on trading purpose equity investments at FVTPL, net	**(305,192)**	(12,132)
Total revenue	**124,459**	410,077
Other income		
Interest income from bank deposits	**28**	25
Investment income from non-trading purpose financial assets at FVTPL/available-for-sale financial assets	**18,000**	13,000
Government grants	**475**	567
Others	**4,421**	2,489
	22,924	16,081

Note:

Corporate solution service income mainly represents investment referral, financial services and other consultancy related service income, etc.

Apart from interest income and realised or unrealised fair value changes on trading purpose equity investments at FVTPL, all the Group's revenue is derived from contract with customers.

	At 30 June 2018 *HK$'000* (Unaudited)	At 1 January 2018 *HK$'000* (Unaudited)
Trade receivables	**233,048**	321,410
Contract assets	**66,271**	61,648

The contract assets primarily relate to the Group's rights to consideration for investment referral services fully performed in previous year but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group provides invoices to the customers.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net exchange gains/(losses)	**2,957**	(7,382)
Impairment loss on other receivables	**(42,971)**	—
Impairment losses on loan receivables	**(48,220)**	—
Gain on disposal of other investment	**—**	5,598
Unrealised fair value gain on non-trading purpose financial assets at FVTPL	**29,698**	—
Unrealised fair value loss on call option	**(57,409)**	—
Realised fair value gain on call option	**70,107**	—
	(45,838)	(1,784)

5. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on:		
— Borrowings	**37,045**	27,416
— Loan from a related company	**2,975**	3,000
— Loans from a director	**2,944**	3,192
— Obligation under finance leases	**—**	13
	42,964	33,621

6. (LOSS)/PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense	**245,459**	248,216
Reversal of write-down of inventories (Included in cost of sales)	**(4,229)**	(1,015)
Depreciation of property, plant and equipment	**7,856**	7,184
Release of prepaid lease payments	**66**	82

7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The income tax expense comprises:		
Hong Kong Profits Tax:		
Current period	**9,324**	7,071
PRC Enterprise Income Tax:		
Current period	**18,227**	8,559
	27,551	15,630
Deferred tax (credit)/expense	**(56,343)**	(1,344)
Income tax (credit)/expense	**(28,792)**	14,286

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

(Loss)/earnings

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings for the purpose of basic and diluted earnings per share	**(171,227)**	35,670

Number of shares

	Six months ended 30 June	
	2018	2017
	'000	*'000*
	(Unaudited)	(Unaudited)
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,206,806**	1,463,736
Effect of dilutive potential ordinary shares:		
— share award scheme	**N/A**	96,264
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,206,806**	1,560,000

No adjustment is made to the basis loss per share for the Period as the dilutive potential ordinary shares have an anti-dilutive effect on the basic loss per share amount presented.

The dilutive earnings per share amount for the six months ended 30 June 2017 is restated to account for the dilutive potential ordinary shares arising from the share award scheme during that period.

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2017: HK$Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment with a cost of approximately HK$25,371,000 (six months ended 30 June 2017: approximately HK$4,577,000).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At **30 June 2018** ***HK$'000*** **(Unaudited)**	At 31 December 2017 *HK$'000* (Audited)
Non-current assets:		
Available-for-sale financial assets:		
— Unlisted equity investments, at fair value	**—**	980,000
— Club debentures, at fair value	**—**	4,046
	—	984,046
Non-current assets:		
Financial assets at FVTPL		
— Unlisted equity investments, at fair value *(Note (a))*	**1,759,698**	—
— Club debentures, at fair value	**4,046**	—
	1,763,744	—
Current assets:		
Financial assets at FVTPL:		
— Listed equity investments, at fair value *(Note (b))*	**481,990**	798,508
	2,245,734	798,508

Notes:

(a) During the Period, the Group had made further contributions to two separate private equity funds with, in aggregate, HK$750 million. Further details of all these two funds were set out in the Company's announcement dated 12 March 2018.

(b) Assuming the portfolio of the Group's listed equity investments has remained unchanged, the market value of the Group's listed equity investments at the date of publication of this announcement was approximately HK$455,151,000.

12. TRADE RECEIVABLES

Customers of manufacturing segment are generally granted with credit terms of 30 to 120 days (31 December 2017: 30 to 120 days) while no credit period will be granted to customers in treasury investment and financial service segments. The Group closely monitors its outstanding trade receivables. Overdue balances are reviewed regularly by the Group's senior management. The ageing analysis of trade receivables (net of allowance for doubtful debts) based on invoice date at the end of the reporting period is as follows:

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**48,456**	349,571
31–60 days	**42,907**	11,986
61–90 days	**41,069**	2,483
Over 90 days	**100,616**	19,018
	233,048	383,058

13. LOAN RECEIVABLES

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Secured loans (net of impairment losses)	**958,879**	451,905
Entrusted loan	**165,518**	178,571
	1,124,397	630,476
Classified under:		
Non-current assets	**165,518**	417,797
Current assets	**958,879**	212,679
	1,124,397	630,476

Note:

As at 30 June 2018, except certain loan receivables of HK$453,725,000 (31 December 2017: HK$Nil) were past due between 30 and 90 days, none of the balances were past due or impaired.

14. TRADE PAYABLES

	At 30 June 2018 *HK$'000* (Unaudited)	At 31 December 2017 *HK$'000* (Audited)
0–30 days	**46,753**	37,686
31–60 days	**14,952**	29,727
61–90 days	**27,765**	28,693
Over 90 days	**43,885**	38,766
	133,355	134,872

The trade payables are non-interest bearing and are normally settled on terms of 60 to 120 days (31 December 2017: 60 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each *('000)*	*HK$'000*
Authorised:		
At 1 January 2017:	2,000,000	200,000
Increased in authorised share capital *(Note (a))*	3,000,000	300,000
At 31 December 2017 and 1 January 2018 (Audited)	5,000,000	500,000
Issued and fully paid:		
At 1 January 2017	1,440,000	144,000
Issue of award shares *(Note (c))*	24,000	2,400
Rights issue *(Note (b))*	732,000	73,200
At 31 December 2017 and 1 January 2018 (Audited)	2,196,000	219,600
Issue of award shares *(Note (c))*	12,000	1,200
At 30 June 2018 (Unaudited)	2,208,000	220,800

Notes:

(a) On 23 October 2017, the shareholders of the Company approved, in the special general meeting held on the same date, to increase the authorised share capital of the company from HK$200,000,000 divided into 2,000,000,000 shares of par value HK$0.1 each to HK$500,000,000 divided into 5,000,000,000 shares by the creation of an addition 3,000,000,000 shares of par value HK$0.1 each.

(b) On 29 November 2017, 732,000,000 rights shares of par value HK$0.1 each were issued at a price of HK$2.2 per right share on the basis of one right share per every two then existing shares. An aggregate award of HK$1,598,822,000, net of issuing expenses, out of the aggregate award of HK$73,200,000 was credited to share capital and the remaining balance of approximately HK$1,525,622,000 credited to the share premium account. Further details were set out in the Company's announcements dated 3 November 2017 and 27 November 2017 respectively.

(c) During the Period, 12,000,000 award shares to Mr. Liu Tingan (year ended 31 December 2017: 12,000,000 award shares to each of Mr. Liu Tingan and Mr. Zhou Huorong (the then executive director of the Company)), were allocated and issued after the vesting conditions of the share award scheme of the Company have been fulfilled.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

After two years of transformation, the Group has successfully diversified its core business from PCBs into financial services. The Group's financial service and treasury investment segments have begun to generate a stable income stream in the form of consultancy fee income, interest income and returns from its investments.

Through the continuing support from Youfu Investment Co., Limited, the controlling Shareholder, the Group has developed its assets management and financial services businesses by taking advantages of the strong stock market in Hong Kong. Through the resources in and interactions with China and the advantages of Hong Kong as an international financial centre and offshore Renminbi (the "**RMB**") centre, together with the Group's two newly established presences via its subsidiaries in Shenzhen and Ningxia, the management of the Company is confident that the Group can further strengthen its business development in financial services and treasury investments and can further exercise its influence in the market.

Surrounded by the unstable investment environment and financial market during the Period, the Board and the management of the Company considered that the Group should concentrate more on improving the risk management and control and compliance management in relation to the inflow of sustainable returns while exploring the opportunities in assets management and other financial services related businesses, and also on enhancing the recoverability of the transactions and maintaining sufficient level of cash flow. It is expected that the above strategies will continue throughout 2018.

As referred to in the Outlooks section of the Chairman's Statement in the 2017 Annual Report, the momentum of the PCBs manufacturing segment remained slow during the Period and in fact it has suffered a minor fall back in sales due to the cessation of the receipts of certain orders caused by the ending of product life cycles and the incomplete new designs. However, the Group is still optimistic to replace such missing orders with new businesses, the full extent of which may only be able to accomplish over the next six months of 2018.

FINANCIAL PERFORMANCE

Owing to the intense competition in the manufacturing segment, the Group allocated its additional resources and efforts in developing the financial service segment which includes asset management and investment and other consultancy related services.

For the Period, the Group recorded a total revenue of HK$124.46 million representing a decrease of approximately 69.65% as compared with the total revenue of HK$410.08 million for the corresponding period in 2017. Such a significant decrease in revenue was mainly due to the unrealised and realised fair value losses of listed securities being booked by treasury investment segment. The total revenue of the Group for the Period represented by the segments of financial services and treasury investments amounted to a gain of HK$20.53 million (30 June 2017: HK$101.73 million) and the loss of HK$165.06 million (30 June 2017: the gain of HK$25.36 million), respectively. For the manufacturing segment, the total revenue for the Period was HK$268.98 million (30 June 2017: HK$282.99 million).

Profit before income tax reported a significant decline and recorded a loss before income tax of approximately HK$200.02 million (30 June 2017: profit before income tax of HK$49.96 million), which was mainly due to the decrease in the revenue recorded by financial service segment of approximately HK$81.20 million and the increase in the unrealised fair value losses on listed securities recorded by treasury investments segment of approximately HK$293.10 million.

Loss attributable to owners of the Company for the Period amounted to approximately HK$171.23 million, representing a decrease of approximately 5.80 times as compared with the profit attributable to owners of the Company of approximately HK$35.67 million for the corresponding period in 2017. Basic loss per share attributable to owners of the Company for the Period was approximately 7.76 Hong Kong cents, representing a decrease of approximately 4.18 times as compared with the basic earnings per share of 2.44 Hong Kong cents for the corresponding period in 2017.

INTERIM DIVIDENDS

The Board has resolved not to declare any interim dividend for the Period (30 June 2017: Nil).

BUSINESS REVIEW

Manufacturing business

During the Period, the principal business of the Group's manufacturing segment remained unchanged and was involved in the manufacture and sale of a wide range of PCBs.

Compared to the revenue for the first six months in 2017, the sales of goods in the Group's manufacturing segment decreased by approximately 4.95% from approximately HK$282.99 million in 2017 to approximately HK$268.98 million in 2018 whereas its gross profit margin decreased from 12.30% in 2017 to 8.75% in 2018.

Treasury investments

During the Period, the Group's treasury investments team continued to make effective use of its available financial resources in investing on a wide variety of financial assets including investments in listed and unlisted equities and debt securities, investment in funds, and the provision of financial assistance to independent third parties.

For the Period, the Group's treasury investments segment recorded a total loss of approximately HK$165.06 million in the form of realised and unrealised fair value losses, returns from investments in funds and interest income. The significant reduction in the fair value of listed securities held by the Group was mainly due to the downturn of the Hong Kong stock market and the downward share price performance of the individual listed security during the Period.

Financial services

Asset management

The Group has commenced its asset management business since December 2016. During the Period, the Group continued to act as general partner of several offshore private funds launched by the Group which were related to investments under the concept of One Belt One Road ("**OBOR**"). Besides, the Group has set up several offshore private funds ("**HKBridge Funds**") for investments in listed equity security investments and unlisted debt investments.

Up to 30 June 2018, the Group made a total sum of contributions of approximately HK$1.56 billion to some of the funds. Out of the total of 14 investment funds established by the Group during 2017, 9 of which were related to OBOR and 5 were related to HKBridge Funds, the aggregated amount of assets under management was approximately HK$8.01 billion.

The Group has gradually started to build its credential in the asset management business and has established a solid foundation for further development in the years to come.

Investment and consultancy and corporation solution services

For investment and consultancy and corporation solution services, the Group increased its headcount with investment banking and corporate finance experience and exposures in the last two years in order to improve the efficiency and quality of services. During the Period, the Group has entered into a consultancy agreement in rendering consultancy services to potential investors. For the Period, the Group recorded a total amount of HK$20.53 million in consultancy fee income.

BUSINESS UPDATES

Licensed business

The approval was granted by Securities and Futures Commission (the "**SFC**") to an indirect wholly-owned subsidiary of the Company, Hong Kong Bridge Investments Limited ("**HKBI**") to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under section 127(1) of the Securities and Futures Ordinance (the "**SFO**") with effect from 21 December 2016.

On 6 February 2018, Hong Kong Bridge Capital Partners Limited ("**HKBCP**"), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong, was granted the licence to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under section 127(1) of the SFO.

The Company is now planning to reallocate its resource to further expand the regulated businesses. For the purpose of building up the brand name and corporate image, the Company is also correspondingly changing its name to HKBridge Financial Holdings Limited in Hong Kong. The new name of the Company, HKBridge Financial Holdings Limited, has been approved by the Registrar of Companies in Bermuda on 13 July 2018 with the relevant certificate was issued on 13 August 2018. Further details of the change of name were set out in the Company's announcements dated 22 March 2018, 26 April 2018 and 29 June 2018, respectively.

Restructuring Business

On 13 February 2018, Shenzhen HKBridge Equity Investment Fund Management Limited ("**Shenzhen HKBridge**"), an indirect wholly-owned subsidiary of the Company, intended to set up and manage a private equity fund to participate in the debt, asset and shareholding restructuring of a listed company in PRC. Shenzhen HKBridge subsequently received a letter from such listed company in which such listed company stated that certain conditions precedent set out in the Strategic Restructuring Agreement would not be satisfied. The Strategic Restructuring Agreement was terminated on 25 May 2018. Further details of restructuring and the Strategic Restructuring Agreement were set out in the Company's announcements dated 13 February 2018, 19 March 2018 and 25 May 2018 respectively.

The Board considers that the restructuring business is challenging and full of complexity, however the Group will continue to explore further restructuring business opportunities.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations through a combination of internally generated cash flows, Shareholders' equity and borrowings from banks and others.

As at 30 June 2018, the Group had total equity of approximately HK$3,166.05 million (31 December 2017: HK$3,320.96 million) and net debts (trade payables, other payables and accruals, borrowings, loans from a director and a related company, less bank balances and deposits) of approximately HK$1,739.75 million (31 December 2017: HK$1,556.93 million), representing a gearing ratio, defined as net debts over total equity plus net debts, of 35.46% (31 December 2017: 31.92%).

The Group's net current assets of approximately HK$1,056.06 million (31 December 2017: HK$1,755.96 million) consisted of current assets of approximately HK2,577.00 million (31 December 2017: HK$3,290.56 million) and current liabilities of approximately HK$1,520.94 million (31 December 2017: HK$1,534.60 million), representing a current ratio of 1.69 (31 December 2017: 2.14).

As at 30 June 2018, the Group's current assets consisted of approximately HK$121.16 million (31 December 2017: HK$381.20 million) held as bank balances and deposits, which were mainly denominated in HK$ and RMB.

The Group's current assets also consisted of approximately HK$233.05 million (31 December 2017: HK$383.06 million) as trade receivables. Debtors turnover days was 87 days (31 December 2017: 77 days).

The Group's inventories decreased from approximately HK$68.55 million as at 31 December 2017 to approximately HK$66.49 million as at 30 June 2018. Inventory turnover days in the Group's manufacturing segment was 50 days (31 December 2017: 50 days). Trade payables decreased from approximately HK$134.87 million as at 31 December 2017 to approximately HK$133.36 million as at 30 June 2018. Creditors turnover days was approximately 98 days (31 December 2017: 99 days).

Interest-bearing Borrowings

The bank loans were secured by certain buildings and payments for leasehold land held for own use under operating leases held by the Group and corporate guarantee of the Company during the Period. As at 30 June 2018, bank loans of approximately HK$151.19 million (31 December 2017: HK$154.36 million) carried fixed interest rates ranging from 3.11% to 4.35% (31 December 2017: 2.48% to 4.57%) per annum.

As at 30 June 2018, other loans with independent third parties amounting to approximately HK$915.00 million (31 December 2017: HK$890.00 million) were unsecured, interest-bearing at a rate of 3% to 8% per annum (31 December 2017: 3% to 7% per annum) and HK$475.00 million and HK$440.00 million of which were repayable within the next twelve months and within the next 2 years respectively. The remaining balance of other loans was secured by equity interests in certain subsidiaries of the Group's manufacturing segment, bearing interest at a rate of 5% (31 December 2017: 5% per annum) per annum and repayable by 30 June 2019.

Apart from the secured borrowings described above, there were loans advanced by Mr. Cheok Ho Fung ("**Mr. Cheok**") at an effective interest rate of 7% (2017: 7%) per annum and repayable on 2 January 2019. This financial assistance provided by Mr. Cheok was a connected transaction under Chapter 14A of the Listing Rules during the Period. However, it was fully exempted from the reporting, announcement and independent Shareholders' approval requirements.

SUBSCRIPTION OF LISTED SECURITIES

Huarong Investment Shares

On 8 December 2017, the Group acquired a total number of 88,000,000 shares in Huarong Investment Stock Corporation Limited ("**Huarong Investment Shares**") (whose shares are listed on the Stock Exchange (HKSE: 2277)) through a broker from an independent third party at a price of HK$0.90 per share. The total consideration of HK$79,200,000 for the acquisition of Huarong Investment Shares was financed by the net proceeds received from the exercise of a put option during 2017. The acquisition of Huarong Investment Shares constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of such acquisition were set out in the Company's announcement dated 8 December 2017.

On 5 February 2018 and 6 February 2018, the Group further acquired a total of 2,600,000 shares in Huarong Investment Shares at the average price of HK$1.32 per share through a broker. The further acquisition of Huarong Investment Shares, together with the abovesaid first acquisition in 2017, constituted a discloseable transaction under Chapter 14 of the Listing Rules but were exempted from further announcement pursuant to the Listing Rules.

Due to the unexpected continuing downward share price performance of Huarong Investment Shares, the Company's investment team decided to minimise the continuing unrealised losses by completing the disposal of a total number of 6,090,000 Huarong Investment Shares through a broker at the total consideration of approximately HK$3.20 million on 29 June 2018, represented half of the Group's total realised loss from disposal of listed securities of approximately HK$6.66 million for the Period.

Crown International Shares

On 28 December 2017, the Group acquired a total number of 80,000,000 shares in Crown International Corporation Limited ("**CIC**") (whose shares are listed on the Stock Exchange (HKSE: 727)) from an independent third party at a price of HK$0.875 per share. Such acquisition did not constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. The total consideration of HK$70,000,000 for the acquisition of CIC shares was financed by the net proceeds received from the Rights Issue in 2017 as mentioned in the paragraph headed "Intended Use of Proceeds" in the Company's prospectus dated 3 November 2017. On the same date, the Group entered into a put option arrangement pursuant to which the grantor of the put option agreed to purchase this bulk of CIC shares from the Group at a predetermined agreed exercise price during the exercise periods.

On 30 June 2018, the exercise of put option to purchase the CIC shares was expired. The Company is dealing with a new buyer to dispose all the CIC shares under a new agreed arrangement. As at the date of this announcement, the new buyer has purchased a total of 20,000,000 CIC shares.

Qudian Shares

On 8 June 2018, the Group disposed of a total number of 50,000 shares in Qudian Inc. (whose shares are listed on the New York Stock Exchange (NYSE: QD)) at the consideration of approximately HK$3.70 million (the "**Qudian Disposal**"). Upon the completion of the Qudian Disposal, the Group realised a total loss of HK$1.19 million for the Period.

North Mining Shares

The Group completed the disposal of a total number of 1,324,929,577 shares in North Mining Shares Company Limited ("**North Mining Shares**") (whose shares are listed on the Stock Exchange (HKSE: 433)) to a purchaser through the disposal of a wholly-owned subsidiary of the Company at the consideration of approximately HK$224.44 million (the "**North Mining Disposal**") as disclosed in the Company's announcement dated 29 December 2017.

Subsequent to the North Mining Disposal, the outstanding amount together with late settlement interest due from the purchaser in relation to the North Mining Disposal was approximately HK$191.61 million as at 30 June 2018. The Company has instructed its legal adviser to issue a demand letter to the purchaser and will endeavour to collect the outstanding amount of consideration due from such purchaser. Further details of the North Mining Disposal were set out in the Company's announcements dated 15 February 2018 and 3 May 2018 respectively.

The Group's equity investments

As at 30 June 2018, the details of the Group's listed equity investments at FVTPL were summarised as follow:

Name of Securities	Number of shares held	Market value at 30 June 2018 per share	Carrying value at 30 June 2018	Carrying value at 31 December 2017/Costs of purchases	Change in fair value loss
		HK$	*HK$'million*	*HK$'million*	*HK$'million*
SuperRobotics Limited (formerly known as Skynet Group Limited) (HKSE: 8176)	41,666,666	8.150	339.58	536.67	(197.09)
Huarong Investment Shares (HKSE: 2277)	81,910,000	0.445	36.45	132.69	(96.24)
Huarong Investment Shares (HKSE: 2277)	2,600,000	0.445	1.16	3.42	(2.26)
CIC Shares (HKSE: 727)	80,000,000	1.310	104.80	114.40	(9.60)
Total			**481.99**	**787.18**	**(305.19)**

SUBSCRIPTION OF INTEREST IN FUNDS

Huarong International Fortune Innovation Limited Partnership ("Huarong International Fund")

On 10 April 2017, the Group contributed HK$340 million in Huarong International Fund as one of the limited partners. Huarong International Fund is managed by Huarong International Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability. The net proceeds raised by Huarong International Fund was used to acquire not more than HK$2.23 billion of shares in Fullshare Holdings Limited, a company of which the shares are listed on the Stock Exchange (HKSE: 607) and such other assets with mutual consent by all limited partners of Huarong International Fund. The contribution made to Huarong International Fund constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 23 December 2016.

On 8 December 2017, the Group entered into a call option arrangement (the "**Call Option**") with an independent third party pursuant to which the Group agreed to grant a call option to that independent third party (the "**Optionholder**") at a call option premium of HK$32,300,000 and the Optionholder has the right to exercise the call option at an exercise price of HK$356,150,000 on 31 March 2018 to acquire the Group's interests in Huarong International Fund.

On 26 March 2018, in consideration of the extension premium of HK$16,150,000 (the "**Extension Premium**") paid by the Optionholder, the Group entered into the supplemental agreement ("**Supplemental Agreement**") to extend the exercise and completion date of the Call Option from 31 March 2018 to 30 June 2018. The Extension Premium had been received upon the signing of the Supplemental Agreement. The aforesaid extension constituted an aggregated discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 26 March 2018.

On 3 July 2018, the Optionholder agreed to pay Extension Premium for entering into the second supplement agreement with the Group in relation to further extending the exercise and completion date of the Call Option from 30 June 2018 to 30 September 2018. The second extension of Call Option also constituted an aggregated discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 3 July 2018.

Partners Special Opportunities Fund I ("PSOF")

On 25 January 2017, the Group contributed HK$200 million into PSOF. PSOF is managed by Partners Investment Management Limited, an exempted company incorporated in the Cayman Islands with limited liability, with the objective of generating long term capital appreciation for its investors. For the year ended 31 December 2017, the rate of return generated by the PSOF was approximately 15.8%. The subscription of the PSOF constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 25 January 2017.

One Belt One Road Funds ("OBORFs")

On 14 May 2017, the Group contributed HK$220 million each into two OBORFs whereas the Group also acted as the general partner of both OBORFs. Further details of these OBORFs were set out in the Company's announcement dated 14 May 2017.

On 12 March 2018, the Group through two indirect wholly-owned subsidiaries contributed additional HK$375 million each into the two OBORFs mentioned above as the Second-tier Limited Partner. The further subscription constituted an aggregated discloseable transaction under Chapter 14 of the Listing Rules. Further details of these two further subscriptions were set out in the Company's announcement dated 12 March 2018. On the same date, the Group also contributed HK$150 million to Hong Kong Bridge One Belt One Road Infrastructure Investment Fund III LP where the Group acted as the general partner.

HKBridge Fund

On 2 August 2017, the Group contributed HK$1 to one HKBridge Fund which was managed by the general partner, a subsidiary of the Group. The majority scope of the fund was generating the returns during the Period by investing all or substantially all of its assets in its portfolio investment, entering into options, futures and derivatives contract for the purpose of hedging the equity, currency and interest rate exposure.

On 27 December 2017, the Group contributed HK$220 million to one HKBridge Fund where the Group acted as the general partner of the HKBridge Fund. The purposes of conducting activities during the Period by the HKBridge Fund were primarily intended to achieve long-term capital appreciation, principally through investing in convertible debts, equity or equity-related securities, debt securities and loans.

The Board considered that all the subscription of interest in the funds were beneficial to the Group and the Shareholders as a whole, by generating the returns from medium to long term investments and to enhance the experience of assets management in the coming years.

PROVISION OF FINANCIAL ASSISTANCE

During the Period, the Group also engaged in the provision of financial assistance to some independent third parties. As at 30 June 2018, the total outstanding receivables in relation to this activity amounted to approximately HK$1,124.40 million and those transactions that were summarised below were relatively significant to the Group at the time of entering into the relevant agreements between the Group and those relevant independent third parties respectively.

Zhanjiang Advance

On 22 March 2017, the Group entered into a loan facility agreement with 湛江市鼎盛房地產開發有限公司 (the "**Borrower I**"), a company established in the PRC with limited liability which was owned as to 97.66% by 深圳市方鼎實業投資發展有限公司 ("**Shenzhen Fangding**") and as to 2.34% owned by one of the equity holders of Shenzhen Fangding for the time being. Pursuant to the said loan facility agreement, the Group agreed to grant a facility of not more than RMB200 million to the Borrower I. The loan amount carried interest at the rate of 18% per annum for the first two years commencing from the actual date of drawdown of the principal amount (the "**Term**") and then 20% per annum for the third year of the Term (if so extended). The loan amount was secured by a pledge on the 55% equity interests in the Borrower I as provided by Shenzhen Fangding, of which the Borrower I held a project located at Zhanjiang, Guangdong Province, the PRC and personal guarantees provided by the only two equity holders of Shenzhen Fangding for the time being.

The provision of financial assistance to the Borrower I constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 22 March 2017.

Weihai Advance

On 16 August 2017, the Group and a lending agent entered into the entrusted loan agreement pursuant to which the Group agreed to grant the entrusted loan to Weihai Guosheng Runhe Property Development Co. Ltd.（威海國盛潤禾置業有限公司）(the "**Borrower II**"), a company established in the PRC with limited liability in the amount of RMB150 million for a term of two years (the "**Entrusted Loan**"), which carried an expected rate of return of 18% per annum. The permitted use of the Entrusted Loan was for the development and construction in relation to a property development project in Weihai City, Shandong Province, the PRC.

The Entrusted Loan was secured by (a) a pledge over the entire equity interest in the Borrower II currently held by Jumbo China Investment Limited（奧華投資有限公司）, a company established in Hong Kong and the sole equity holder of the Borrower II, in favour of the Group, and (b) a charge created on certain land use rights on a piece of a land located in Weihai City, Shandong Province, the PRC, held by the Borrower II in favour of the lending agent.

The provision of financial assistance to the Borrower II constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 16 August 2017.

FOREIGN EXCHANGE EXPOSURE

Sales of the Group's products in manufacturing segment are principally denominated in US dollars and the purchases of materials and payments of operational expenses are mainly denominated in US dollars, HK dollars and RMB. Most of the Group's purchases and expenses during the Period are denominated in RMB. As such, the Group had incurred a net exchange gain of HK$2.96 million for the Period (2017: loss of HK$7.38 million) due to the appreciation of RMB in 2018.

As at 30 June 2018, the Group had not entered into any financial instrument for hedging purpose. Nevertheless, the Board will continue to monitor foreign exchange exposure in the future and will consider hedging such exposure to minimise exchange risk should the need arise.

RISK AND UNCERTAINTIES

Macroeconomic Risk

The Group is operating in a highly competitive business and economic environment, in particular, the manufacturing segment. Manufacturing segment is greatly affected by its customers which are highly volatile combined with rising labour and production costs. The Group's manufacturing segment has to compete with its competitors on various factors such as product variety, product performance, customer service, quality, pricing, new product innovation, timely delivery and brand recognition.

On the other hand, volatility in Hong Kong securities market may affect the Group's performance on listed securities investments resulting in fluctuations in unrealised fair value gains or losses. An interest rate hike is highly likely and this will affect not only the Group's cost of borrowings but also costs of purchases of materials.

Credit Risk

The Group has policies in place to ensure that sales are made and services are provided to customers with an appropriate credit history. The Group mainly trades with recognised and creditworthy third parties. It is the Group's policy that credit terms are granted subject to in-depth credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis and trade receivable balances of manufacturing segment are substantially covered by credit insurance. In this regard, management considers that the Group's credit risk is minimal. Since the Group mainly trades with recognised and creditworthy third parties, there is no requirement for collateral.

In respect of loans to associates, loan receivables and note receivables, the Group assesses the background and financial condition of the debtors, and requests securities from the debtors and/or guarantee from the debtors' related parties in order to minimise credit risk.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties in arising from the carrying amount of the respective recognised financial assets is stated in the condensed consolidated statement of financial position.

Foreign Currency Risk

As the PCBs business is operating in Mainland China, the Company faces foreign currency risks due to exchange gain/loss from exchange rate fluctuations as well as currency conversion risk due to converted net asset value fluctuations of investment projects in Mainland China. To effectively manage foreign currency risk, the Company closely monitors foreign exchange markets, and utilises multiple strategic approaches, such as optimising cash management strategy and deploying project finance instruments, to contain foreign exchange risk.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2018, excluding those employed by the Company's associates, the Group had 1,419 employees (31 December 2017: 1,500). For the Period, our total staff costs (including provision for employee termination benefits) amounted to HK$89.98 million (six months ended 30 June 2017: HK$87.70 million).

Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates. Employees are also granted discretionary bonus subject to the individual's performance and business results of the Group.

The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are related directly or indirectly to the Group's businesses.

SHARE AWARD SCHEME

Reference is made to the details set out under the subject headed "share award scheme" of the 2017 annual results announcement of the Company dated 22 March 2018.

With effect from 26 July 2017, Mr. Zhou Huorong ceased to be an executive Director and the relevant portion of his unissued awarded shares lapsed.

On 19 January 2018, upon all vesting conditions of the share award scheme of the Company in respect of the financial year ended 31 December 2017 were satisfied, a total of 12,000,000 new Shares were issued to Trustee to hold on trust for Connected Beneficiary. Accordingly, on 3 April 2018, the above shares were totally vested and transferred by the Trustee to Mr. Liu Tingan who was entitled to such Shares.

CAPITAL COMMITMENTS

As at 30 June 2018 and 31 December 2017, the Group had no significant capital commitment.

MATERIAL ACQUISITIONS OR DISPOSALS

During the Period, the Group did not carry out any material acquisitions or disposals of subsidiaries and associates since the publication of the Company's 2017 Annual Report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are of the opinion that during the Period, the Group has properly operated in accordance with the "Corporate Governance Code and Corporate Governance Report" (the "**CG Code**") which sets out (a) the code provisions (which are expected to comply with); and (b) the recommended best practices (which are for guidance only) in Appendix 14 to the Listing Rules. The Company has complied with the code provisions and one of the recommended best practices of the CG Code for the period from 1 January 2018 to 30 June 2018 except for one deviation of code provisions as stated in the section headed "Compliance with CG Code" below.

The Board is committed to the principles of transparency, accountability and independence highlighted by the CG Code to better enhance the value of the Shareholders and proper management of corporate assets in the following ways:

1. ensuring the decision-making process, risk management process, internal audit and controls, disclosure of information and the communication with stakeholders are carried out in accordance with good management practices and compliance with the respective regulatory standards;

2. cultivating a culture of integrity, transparency and accountability for the Company, its staff and the Directors and emphasising the importance of their roles in such an environment; and

3. adopting quality standards widely recognised to foster quality management in every aspect of daily operations to enhance the performance and value of the Company as a whole.

The Company has in practice complied with the requirements relating to risk management and internal control under the CG Code during the Period. The existing terms of reference for the audit committee of the Board (the "**Audit Committee**") are in compliance with the requirements under C.3.3 of the CG Code.

Corporate Strategy

The primary objective of the Company is to enhance long-term business returns for the Shareholders. To achieve this objective, the Group's strategy is to place high emphasis on achieving long-term financial performance and maintaining the Group's strong financial profit. The sections of Chairman's Statement and the Management Discussion and Analysis in the 2017 Annual Report contain discussions and analyses of the Group's performance and the basis on which the Group generates or preserves its values in long run, and the basis on which the Group will execute its strategy for achieving the Group's objectives.

COMPLIANCE WITH CG CODE

The Directors confirm that, for the Period, the Company acted in compliance with the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules save for the deviation mentioned below:

During the Period, Mr. Liu Tingan has been acting as an executive Director, the chairman as well as the chief executive officer of the Company. This arrangement deviates from the provision of A.2.1 of the CG Code, which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Directors are of the opinion that the current arrangement will enable stronger leadership for managing the Company and will carry out effective management and solid business and strategic planning.

The Directors believe that the current arrangement does not have a material adverse impact on the corporate governance of the Company. The Board will carry out a regular review and propose any amendments, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted its own code of conduct (the "**Own Code**") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code in Appendix 10 to the Listing Rules.

The Company, having made specific enquiries, confirms that members of the Board complied with the Own Code throughout the Period. Members of the Company's management, who, due to their positions in the Company, are likely to be in possession of inside information, also complied with the provisions of the Own Code.

The updated Own Code has been uploaded on the Company's website.

CHANGES IN THE COMPOSITION OF THE BOARD

Dr. Ngai Wai Fung ("**Dr. Ngai**") resigned as independent non-executive Director (the "**INED**"), chairman of the remuneration committee of the Board (the "**Remuneration Committee**"), and member of nomination committee of the Board (the "**Nomination Committee**") and Audit Committee on 18 April 2018, as a result of which the Company had not complied with the requirements under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules during the three-month period from 18 April 2018 to 16 July 2018. Mr. Mak Kwok Kei was appointed as INED, chairman of Nomination Committee, member of Audit Committee and Remuneration Committee on 17 July 2018, i.e. within three months from the date of resignation of Dr. Ngai pursuant to Rules 3.11, 3.23 and 3.27 of the Listing Rules. Mr Ng Man Kung, INED, was redesignated from the chairman of Nomination Committee to the chairman of Renunciation Committee with effect from 17 July 2018, and remains to act as member of both committees.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the Period and discussed with the management of the Company about the accounting principles and accounting standards adopted by the Group and matters relating to the risk management, internal control and financial reporting of the Group. The Audit Committee has the delegated responsibility from the Board to assure that adequate internal controls are in place and followed.

REVIEW OF INTERIM RESULTS

The Group's results for the Period have been reviewed by our auditor, BDO Limited, certified public accountants in Hong Kong in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and the Audit Committee with no disagreement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.hkbridge.com.hk, respectively. The 2018 interim report of the Company, which contains all the information required by the Listing Rules, will be dispatched to the Shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and also to our business partners and the Shareholders for their continuing support.

By order of the Board
China HKBridge Holdings Limited
Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 27 August 2018

As at the date of this announcement, the Board comprises Mr. Liu Tingan and Mr. Cheok Ho Fung being executive Directors; and Mr. Mao Yumin being non-executive Director; and Mr. Ng Man Kung, Mr. Lau Fai Lawrence and Mr. Mak Kwok Kei being independent non-executive Directors.