

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國港橋控股有限公司

China HKBridge Holdings Limited

China HKBridge Holdings Limited

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)

DISCLOSEABLE TRANSACTION

LOAN TRANSACTIONS

During the period between January and April 2018, the Group entered into four loan agreements with three Borrowers, details of the agreements are set out below. The total principal amounts advanced to the Borrowers under the Loans was approximately HK\$381.5 million. As of 31 August 2018, the Borrowers defaulted in making repayment of the Loans. After negotiations, Zhonghong entered into the Supplemental Agreements and agreed (among other matters) to assume, on a joint basis, the repayment obligations of all the other Borrowers under the Loan Agreements.

Details of the Loan Agreements and the Supplemental Agreements are set out below.

FIRST LOAN

The First Loan was made pursuant to the First Loan Agreement dated 25 January 2018 and made between the Company and Zhonghong.

First Loan Agreement

Date: 25 January 2018

Parties: (1) Zhonghong, as borrower under the First Loan Agreement
(2) the Company, as lender under the First Loan Agreement

Zhonghong Holding Co., Ltd. (中弘控股股份有限公司) is a company incorporated in the PRC with limited liability, and its shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000979). Zhonghong has been in the process of restructuring, and the First Loan was made for the Group to participate in the restructuring exercise. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Zhonghong and its substantial shareholders are Independent Third Parties. The principal activity of Zhonghong is property development and operations.

Brief details of the principal terms of the First Loan Agreement are summarised as follows:

- Principal amount: RMB200,000,000
- Term: 30 days from the drawdown date of the First Loan, extendable further for 30 days
- Interest rate: 10% per annum
- Purpose: The First Loan shall be applied and used by Zhonghong in financing its general working capital
- Collaterals: Zhonghong's payment and repayment obligations under the First Loan Agreement are secured by the following collaterals:
- (a) irrevocable and unconditional guarantee given by Mr. WANG Yonghong (王永紅, a PRC resident), who is the sole shareholder of Zhonghong Zhuoye Group Limited* (中弘卓業集團有限公司, a limited liability company incorporated in the PRC) which in turn holds about 26.55% equity interest in Zhonghong; and

- (b) charges over the entire issued share capital in four subsidiaries of Zhonghong (namely, Zhu Rong Asset Hong Kong Investment Limited and Li Zhen Hong Kong Trading Co. Limited (both of which are incorporated in Hong Kong), Zhonghong New World Investment Pte Ltd (incorporated in Singapore) and Zhong Hong New World International Limited (incorporated in BVI)) and 51% of the entire equity interest of a subsidiary of Zhonghong's associate (namely, Tianjin Shuzhi Business Management Consultation Limited* (天津曙知企業管理諮詢有限公司) which is incorporated in the PRC). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, the above entities and their respective ultimate beneficial owners (and in respect of Zhonghong, its substantial shareholders) are Independent Third Parties and the principal activities of these entities include investment holding, property development or tourist business.

The entire principal amount of the First Loan was drawn on 25 January 2018. As at the date of this announcement, Zhonghong did not repay the principal amount and the accrued interests of the First Loan.

In relation to the First Loan, Zhonghong (as client) and the Company (as service provider) entered into the ZH Service Agreement dated 25 January 2018. Pursuant to the ZH Service Agreement, Zhonghong has agreed to pay a service fee at 26% per annum of the principal amount under the First Loan in return for the financial services to be provided by the Group.

SECOND LOAN

The Second Loan was made pursuant to the Second Loan Agreement dated 26 January 2018 and entered into between the Company and Weifang.

Second Loan Agreement

Date: 26 January 2018

Parties: (1) Weifang, as borrower under the Second Loan Agreement
(2) the Company, as lender under the Second Loan Agreement

Weifang Hengqichangsheng Investment Limited Company* (濰坊恒祺昌盛投資有限公司) is a company incorporated in the PRC with limited liability, whose principal activity is investment holdings. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Weifang and its ultimate beneficial owners are Independent Third Parties of the Group and Zhonghong. Weifang was referred by Zhonghong to the Group for the proposed borrowing of a loan, and the Second Loan was made by the Group to Weifang for its general working capital.

Brief details of the principal terms of the Second Loan Agreement are summarised as follows:

| | |
|-------------------|---|
| Principal amount: | RMB90,000,000 |
| Term: | 30 days from the drawdown date of the Second Loan, extendable further for 30 days |
| Interest rate: | 10% per annum |
| Purpose: | The Second Loan shall be applied and used by Weifang in financing its general working capital |
| Collateral: | Weifang's payment and repayment obligations under the Second Loan Agreement are secured by the following collateral: irrevocable and unconditional guarantee given by Rizhao Taige Investment Limited Company* (日照泰格投資有限公司), a limited liability company incorporated in the PRC, whose principal activity is investment holdings; and to the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, such entity and its ultimate beneficial owners are Independent Third Parties |

The entire principal amount of the Second Loan was drawn on 26 January 2018. As at the date of this announcement, Weifang did not repay the principal amount and the accrued interests of the Second Loan.

In relation to the Second Loan, Weifang (as client) and the Company (as service provider) entered into the WF Service Agreement dated 26 January 2018. Pursuant to the WF Service Agreement, Weifang has agreed to pay a service fee at 26% per annum of the principal amount under the Second Loan in return for financial services to be provided by the Group.

THIRD LOAN

The Third Loan was made pursuant to the Third Loan Agreement dated 23 February 2018 and made between the Company and Grandcheer.

The Third Loan Agreement

Date: 23 February 2018

Parties: (1) Grandcheer, as borrower under the Third Loan Agreement
(2) the Company as the lender under the Third Loan Agreement

Grandcheer Limited is a limited liability company incorporated in Hong Kong, whose principal activity is investment holdings. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Grandcheer and its ultimate beneficial owners are Independent Third Parties of the Group and Zhonghong. The Third Loan was made by the Group to Grandcheer for its general working capital.

Brief details of the principal terms of the Third Loan Agreement are summarized as follows:

Principal amount: HK\$15,000,000

Term: 30 days from the drawdown date of the Third Loan, extendable further for 30 days

Interest rate: 10% per annum

Purpose: The Third Loan shall be applied and used by Grandcheer in financing its general working capital

Collateral: Grandcheer's payment and repayment obligations under the Third Loan Agreement are secured by the following collateral: irrevocable and unconditional guarantee given by Beagen Holdings Limited, a limited liability company incorporated in BVI, whose principal activity is investment holdings. Beagen Holdings Limited holds the entire issued share capital of Grandcheer and is an Independent Third Party.

The entire principal amount of the Third Loan was drawn on 23 February 2018. As at the date of this announcement, Grandcheer did not repay the principal amount and the accrued interests under the Third Loan.

In relation to the Third Loan, Grandcheer (as client) and the Company (as service provider) entered into the February Grandcheer Service Agreement dated 23 February 2018. Pursuant to the February Grandcheer Service Agreement, Grandcheer has agreed to pay a service fee at 26% per annum of the principal amount under the Third Loan in return for the financial services to be provided by the Group.

FOURTH LOAN

The Fourth Loan was made pursuant to the Fourth Loan Agreement dated 3 April 2018 and made between the Company and Grandcheer.

The Fourth Loan Agreement

Date: 3 April 2018

Parties: (1) Grandcheer, as borrower under the Fourth Loan Agreement
(2) the Company, as lender under the Fourth Loan Agreement

Grandcheer is also the borrower under the Third Loan Agreement. The Fourth Loan was made by the Group to Grandcheer for its general working capital use.

Brief details of the principal terms of the Fourth Loan Agreement are summarised as follows:

Principal amount: HK\$33,000,000

Term: 60 days from the drawdown date of the Fourth Loan, extendable further for 60 days

Interest rate: 10% per annum

Purpose: The Fourth Loan shall be applied and used by Grandcheer in financing its general working capital

Collateral: Grandcheer's payment and repayment obligations under the Fourth Loan Agreement are secured by the following collateral: irrevocable and unconditional guarantee given by Beagen Holdings Limited (brief details of which are mentioned in the paragraph headed "Third Loan" above)

The entire principal amount of the Fourth Loan was drawn on 3 April 2018. As at the date of this announcement, Grandcheer did not repay the principal amount and the accrued interests under the Fourth Loan.

In relation to the Fourth Loan, Grandcheer (as client) and the Company (as service provider) entered into the April Grandcheer Service Agreement dated 3 April 2018. Pursuant to the April Grandcheer Service Agreement, Grandcheer has agreed to pay a service fee at 26% per annum of the principal amount under the Fourth Loan in return for the financial services to be provided by the Group.

SUPPLEMENTAL AGREEMENTS TO THE LOAN AGREEMENTS

In relation to the above four Loans, all the Borrowers have defaulted in making their repayments. In this regard, the Company has been negotiating with each of the Borrowers to reach a supplemental agreement respectively for the settlement of the principal and interests incurred. The Group also consulted its legal advisors and sought advice on possible legal actions to be taken further (if necessary).

For the First Loan, the Company entered into the First Supplemental Agreement with Zhonghong and TCMCS on 11 May 2018. Pursuant to the First Supplemental Agreement, it has been agreed that the First Loan should be repaid by Zhonghong, and interest shall accrue at the increased rate of 24% per annum for the outstanding loan amount commencing from 12 May 2018 until the final settlement of the principal.

On 3 September 2018, the Company, TCMCS and Zhonghong entered into:

- (a) with Weifang the Second Supplemental Agreement, pursuant to which it has been agreed that the Second Loan (together with the accrued interests) is to be repaid by Zhonghong and Weifang on a joint basis, and interest shall accrue at the rate of 24% per annum for the outstanding loan amount commencing from 12 May 2018 until the final settlement of the principal, and
- (b) with Grandcheer the Third Supplemental Agreement, pursuant to which it has been agreed that the Third Loan and the Fourth Loan (together with the accrued interests) are to be repaid by Zhonghong and Grandcheer on a joint basis, and interest shall accrue at the rate of 24% per annum for the outstanding loan amount commencing from 12 May 2018 until the final settlement of the principal.

Under the Supplemental Agreements, TCMCS will act as the receiving entity of the four Loans.

In addition, the loans under the Supplemental Agreements were guaranteed by the Hainan Group Guarantors as the guarantors pursuant to the Guarantee Agreement being entered into between TCMCS, Shenzhen HKBridge Equity Investment Fund Management Limited* (深圳港橋股權投資基金管理有限公司), Ningxia HKBridge Investment Management Limited* (寧夏港橋投資管理有限公司) and the Hainan Group Guarantors dated 11 May 2018. The Hainan Group Guarantors are indirectly wholly-owned subsidiaries of Zhonghong and obtained the Sea Area Use Certificate (海域使用權證書) from State Oceanic Administration (國家海洋局) in the PRC and is currently in the process of land reclamation to further develop the property and tourism project.

Based on the information currently available, the Hainan Group Guarantors are in discussion with a potential buyer to dispose the right for use and the whole constructing project at substantial price. Under such circumstance, the recoverability level of the payment of the four Loans mentioned above is higher accordingly.

Save for the amendments made under the Supplemental Agreements, the provisions of the four Loan Agreements as amended and/or supplemented by the Supplemental Agreements and the rights and obligations thereunder shall remain in full force and effect.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

The terms and conditions of the Supplemental Agreements (including the principal and the interest rate) were negotiated on an arm's length basis between the Borrowers, Zhonghong and the Group with reference to the prevailing market practice as well as the credit assessment towards Zhonghong. As Weifang and Grandcheer were business partners of Zhonghong and had indirectly contributed to the restructuring of Zhonghong, Zhonghong agreed to enter into the Supplemental Agreements and to repay the Second Loan, Third Loan and Fourth Loan on a joint basis with Weifang and/or Grandcheer, respectively.

The Directors consider that the Supplemental Agreements have been entered into on normal commercial terms, based on the Group's credit assessment towards Zhonghong and the Borrowers. Having taken into account the additional collaterals and guarantees provided by Zhonghong and other parties, the Directors consider that the terms of the Supplemental Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND TCMCS

The Company is principally engaged in (a) the manufacture and sales of a broad range of printed circuit boards, (b) the carrying out of treasury investments including investment in securities and other treasury related activities, and (c) the provision of financial services including advisory on securities, asset management and consultancy and corporate solution services.

TCMCS is a company incorporated in the PRC with limited liability, and it is an indirect wholly-owned subsidiary of the Company. The principal activity is providing the corporate solution and consultancy services.

LISTING RULES IMPLICATION

The loans under the Supplemental Agreements, when aggregated with First Loan, constitute a discloseable transaction for the Company on the basis that the relevant Percentage Ratio(s) exceeds 5% but is less than 25% and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

| | |
|---------------------------|--|
| “Borrowers” | the three borrowers of the four Loan Agreements, namely, Zhonghong as the borrower under the First Loan Agreement, Weifang as the borrower under the Second Loan Agreement and Grandcheer as the borrower under the Third Loan Agreement and Fourth Loan Agreement |
| “Company” | China HKBridge Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange |
| “Directors” | the director(s) of the Company |
| “Grandcheer” | Grandcheer Limited, a limited liability company incorporated in Hong Kong and an Independent Third Party |
| “Group” | the Company and its subsidiaries |
| “Hainan Group Guarantors” | Guarantors of the Guarantee Agreement including Hainan Ruyidao Travel Resort Investment Company Limited* (海南如意島旅遊度假投資有限公司), Hainan Hongcheng Investment Company Limited* (海南弘晟投資有限公司), Hainan Hongye Investment Company Limited* (海南弘燁投資有限公司), Hainan Hongyu Investment Company Limited* (海南弘昱投資有限公司), Hainan Hongen Investment Company Limited* (海南弘恩投資有限公司), Hainan Zhongzhou Investment Company Limited* (海南中洲投資有限公司), Hainan Zhongyan Investment Company Limited* (海南中岩投資有限公司), Hainan Zhonghao Investment Company Limited* (海南中濠投資有限公司), Hainan Zhongyi Investment Company Limited* (海南中翊投資有限公司) and Hainan Zhongyan Investment Company Limited* (海南中衍投資有限公司), all of which companies are Independent Third Parties |

| | |
|--------------------------------|---|
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | a third party (or third parties) which is (or are) independent of and not connected with the Company and its connected persons (within the meaning ascribed to such term in the Listing Rules) |
| “Loan Agreements” | collectively, the First Loan Agreement, the Second Loan Agreement, the Third Loan Agreement and the Fourth Loan Agreement (details of each of which are set out in the main text of this announcement) |
| “Loans” | collectively, the First Loan, the Second Loan, the Third Loan and the Fourth Loan (details of each of which are set out in the main text of this announcement) |
| “PRC” | The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | shareholder(s) of the Company |
| “Singapore” | Republic of Singapore |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TCMCS” | Topsearch Corporate Management and Consultancy Service (Shaoguan) Company Limited* (至卓飛高企業管理諮詢服務(韶關)有限公司), a wholly-owned subsidiary of the Company and which remitted the principal amount of the First Loan to Zhonghong. |
| “Weifang” | Weifang Hengqichangsheng Investment Limited Company* (濰坊恒祺昌盛投資有限公司), a company incorporated in the PRC with limited liability. |

“Zhonghong”

Zhonghong Holding Co., Ltd. (中弘控股股份有限公司), a company incorporated in the PRC with limited liability, and its shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000979).

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

Hong Kong, 6 September 2018

* *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the board of directors of the Company 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