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港橋金融控股有限公司

HKBridge Financial Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

**ANNOUNCEMENT
UPDATES ON ARBITRATION PROCEEDINGS
COMMENCED IN SEPTEMBER 2018**

This announcement is made by HKBridge Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcements dated 6 September 2018 and 20 September 2018 (the “**2018 Announcements**”) in relation to the Loans and the application for and notice of acceptance of the arbitration proceedings respectively. Capitalized terms used herein shall, unless the context requires otherwise, have the meanings as those defined in the 2018 Announcements.

This announcement is made to update shareholders of the Company and investors about the progress of the arbitration proceedings commenced by the Group (as mentioned in the 2018 Announcements) for purpose of seeking recovery of the outstanding debts owing by Zhonghong and the Hainan Group Guarantors.

As disclosed in the Company’s announcement dated 20 September 2018, Shaoguan HKBridge Corporate Management and Consultancy Service Company Limited* (韶關港橋企業管理諮詢服務有限公司) (formerly known as Topsearch Corporate Management and Consultancy Service (Shaoguan) Company Limited) (“**Shaoguan HKBridge**”) (a wholly-owned subsidiary of the Company) filed on 13 September 2018 an application for arbitration proceedings (the “**First Proceedings**”) with the Shenzhen Court of International Arbitration (the “**SCIA**”) against Zhonghong and the Hainan Group Guarantors for breaching of the Supplemental Agreements and the Guarantee Agreement. On the same date, Shenzhen HKBridge (a wholly-owned subsidiary of the Company) also filed an application for arbitration proceedings with SCIA against the

Hainan Group Guarantors for breaching certain service fee agreement and the Guarantee Agreement (the “**Second Proceedings**”). Under the acceptances and directions of SCIA, Shaoguan HKBridge and Shenzhen HKBridge have jointly appointed the legal agent to complete taking up possession of the Sea Area Use Certificate (海域使用權證書) and relevant properties held by the Hainan Group Guarantors. In January 2019, hearing of the arbitration proceedings was conducted. At the end of April 2019, the Group received first and second arbitral awards (裁決書) both dated 25 April 2019 and given by SCIA for the First Proceedings and the Second Proceedings respectively.

Under the first arbitral award, it is SCIA’s findings (among other matters) that the Supplemental Agreements and the Guarantee Agreement are legally binding on the parties, and it was decided by SCIA that Zhonghong is liable to repay and pay to Shaoguan HKBridge, among other matters, for (i) the principal amount of the Loans in the aggregate sum of RMB330 million (the “**Principal Amount**”); (ii) the interests in the sum of about RMB33.3 million accrued on the outstanding Principal Amount up to 12 September 2018; and (iii) any interests which accrued and will accrue on any outstanding Principal Amount commencing from 13 September 2018 until the final settlement of the Principal Amount (collectively, the “**First Payment Obligations**”); it is also decided by SCIA that the Hainan Group Guarantors are jointly liable to Shaoguan HKBridge for the First Payment Obligations; and it is further decided by SCIA that the First Payment Obligations shall be performed by Zhonghong and the Hainan Group Guarantors.

Under the second arbitral award, it is SCIA’s findings (among other matters) that the relevant service fee agreement and the related guarantee Agreement are legally binding on the parties, and it was decided by SCIA that the Hainan Group Guarantors are liable to make payment to Shenzhen HKBridge, among other matters, for (i) the service fee and damages for breach of contract up to 12 September 2018 in the total sum of about RMB12.9 million, and (ii) interests which accrued and will accrue on any outstanding service fee commencing from 13 September 2018 until the final settlement of the outstanding service fee (collectively, the “**Second Payment Obligations**”), and it is also decided by SCIA that the Second Payment Obligations shall be performed by Zhonghong and the Hainan Group Guarantors.

It is the Group’s estimate that up to 30 April 2019, the outstanding principal amounts and interest owing by Zhonghong and the Hainan Group Guarantors in connection with the matters considered under the First Proceedings and the Second Proceedings amounted to an aggregate of about RMB428.1 million. The Group will consult with PRC legal advisors for further legal actions against Zhonghong and the Hainan Group Guarantors.

Further announcement(s) will be made regarding any significant developments on the above arbitrations as and when appropriate.

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

By Order of the Board
HKBridge Financial Holdings Limited
Su Zhiyang
Company Secretary

Hong Kong, 3 May 2019

* *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