港橋金融控股有限公司
HKBridge Financial Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 2323)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of HKBridge Financial Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results and financial positions of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Year**") together with comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	5	**388,892**	1,347,408
Cost of sales		**(455,649)**	(497,703)
Gross (loss)/profit		**(66,757)**	849,705
Other income	6	**43,410**	44,098
Other gains and losses	7	**(346,439)**	(38,049)
Selling and distribution costs		**(23,229)**	(26,584)
Administrative expenses		**(169,658)**	(201,775)
Finance costs	8	**(86,570)**	(87,020)
Share of results of associates		**139,664**	11,497
Gain on disposal of subsidiaries, net		**—**	5,444
(Loss)/profit before income tax credit/(expense)	9	**(509,579)**	557,316
Income tax credit/(expense)	11	**81,911**	(101,203)
(Loss)/profit for the year attributable to the owners of the Company		**(427,668)**	456,113

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(16,887)**	34,194
Share of other comprehensive income of associates		**(28,258)**	12,266
Net other comprehensive income to be reclassified subsequently to profit or loss for the year		**(45,145)**	46,460
Item that will not be reclassified to profit or loss:			
Gain/(loss) on revaluation of property, plant and equipment		**13,796**	(3,126)
Income tax effect		**(3,449)**	783
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**10,347**	(2,343)
Other comprehensive income for the year, net of tax		**(34,798)**	44,117
Total comprehensive income for the year attributable to the owners of the Company		**(462,466)**	500,230
(Loss)/earnings per share	*13*		
Basic		**HK(19.39) cents**	HK29.92 cents
Diluted		**HK(19.39) cents**	HK28.41 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**290,475**	271,855
Payments for leasehold land held for own use under operating leases		**3,405**	3,655
Interests in associates		**393,573**	489,496
Rental and utility deposits		**58**	58
Available-for-sale financial assets	*17*	**—**	984,046
Financial assets at fair value through profit or loss	*17*	**1,401,378**	—
Loan receivables	*15*	**—**	417,797
Deposits paid		**1,395**	6,160
Deferred tax assets		**72,598**	—
Total non-current assets		**2,162,882**	2,173,067
CURRENT ASSETS			
Inventories		**57,935**	68,545
Payments for leasehold land held for own use under operating leases		**124**	128
Trade receivables	*14*	**269,119**	383,058
Contract assets		**32,974**	—
Loan receivables	*15*	**1,081,403**	212,679
Note receivables	*16*	**360,000**	1,104,438
Prepayments, deposits and other receivables		**426,685**	341,998
Financial assets at fair value through profit or loss	*17*	**625,743**	798,508
Bank balances and deposits		**134,031**	381,203
Total current assets		**2,988,014**	3,290,557

	Notes	**2018** *HK$'000*	2017 *HK$'000*
CURRENT LIABILITIES			
Trade payables	*18*	**131,139**	134,872
Other payables and accruals		**538,763**	269,899
Derivative financial liabilities		**—**	53,957
Tax payable		**137,069**	69,124
Loan from a related company		**200,000**	200,000
Loans from a director		**86,351**	—
Borrowings	*19*	**765,451**	806,743
Total current liabilities		**1,858,773**	1,534,595
NET CURRENT ASSETS		**1,129,241**	1,755,962
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,292,123**	3,929,029
NON-CURRENT LIABILITIES			
Borrowings	*19*	**440,000**	440,000
Loans from a director		**—**	86,619
Deferred tax liabilities		**5,972**	81,452
Total non-current liabilities		**445,972**	608,071
NET ASSETS		**2,846,151**	3,320,958
CAPITAL AND RESERVES			
Share capital	*20*	**220,800**	219,600
Reserves		**2,625,351**	3,101,358
TOTAL EQUITY		**2,846,151**	3,320,958

Notes:

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the Year, the Company changed its name from China HKBridge Holdings Limited to HKBridge Financial Holdings Limited.

As at 31 December 2018, in the opinion of the directors of the Company, the Company has no immediate and ultimate holding company.

During the Year, the Company and its subsidiaries (collectively referred to as the "Group") was involved in the following activities:

- manufacturing and sale of a broad range of printed circuit boards;
- investment and trading of securities and related treasury activities; and
- advising on securities, asset management services and rendering of investment and other consultancy related services.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

Adoption of new/revised HKFRSs — effective on 1 January 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)—Int 22	Foreign Currency Transactions and Advance Consideration

Except as explained below, the adoption of the new/revised HKFRSs has no significant impact on the Group's financial statements.

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 and the amounts recognised in the consolidated financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and 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, measure a financial asset at its fair value plus, in the case of a financial asset not at 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) FVTPL (as defined in above). 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 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.

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 unlisted equity investments 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 HKFRS 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 3(i)(b))*	FVTPL	4,046	4,046
Unlisted equity investments	Available-for-sale (at fair value) *(note 3(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	322,760	322,760
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 ("ECL") model". HKFRS 9 requires the Group to recognised ECLs for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses 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 (i.e. the general approach). 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. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the financial service sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 ECL 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.

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 lifetime ECLs for 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.

For trade receivables of treasury investment and financial services segment, the Group applies the aforementioned general approach to measure ECLs.

Applying the ECL model results in the recognition of ECLs for trade receivables of HK$64,000 during the Year.

No additional loss allowance is recognised as at 1 January 2018 as the amount is immaterial.

(b) Impairment of other receivables, loan receivables and loans to associates

The Group other financial assets at amortised costs mainly includes other receivables, loan receivables and loans to associates. Applying the ECL model results in the recognition of ECLs for other receivables, loan receivables and loans to associates of HK$189,597,000, HK$177,564,000 and HK$36,429,000 for the Year respectively. No ECLs were recognised for other receivables and loan receivables on 1 January 2018 as the amounts are immaterial.

(iii) 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 ECL rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the consolidated statement of financial position on 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 and financial liabilities as measured at FVTPL.

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 consolidated statement of financial position as at 31 December 2018. There was no material impact on the Group's consolidated statement of profit or loss and other comprehensive income and statement of cash flows for the Year.

Impact on the consolidated statement of financial position as of 31 December 2018 (increase/(decrease)):

	HK$'000
Current assets	
Contract assets	32,974
Trade receivables	(32,974)
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 on sales of goods and provision of services.

4. SEGMENT REPORTING

(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.

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:

Manufacturing segment	—	Manufacture and sales of printed circuit boards
Treasury investments segment	—	Investment in securities and other related activities
Financial services segment	—	Advisory on securities, asset management and consultancy and corporation solution services

Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar order.

	Manufacturing		Treasury investments		Financial services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**513,467**	560,982	**(207,408)**	328,880	**82,833**	457,546	**388,892**	1,347,408
Reportable segment(loss)/profit	**(15,808)**	(33,667)	**(305,383)**	262,906	**(125,000)**	436,847	**(446,191)**	666,086
Interest income	**58**	69	**232,850**	100,049	**—**	—	**232,908**	100,118
Finance costs	**(14,258)**	(13,498)	**(72,312)**	(73,522)	**—**	—	**(86,570)**	(87,020)
Depreciation of property, plant and equipment	**(14,611)**	(12,003)	**(1,677)**	(2,532)	**(669)**	—	**(16,957)**	(14,535)
Release of payments of leasehold land held for own use under operating lease	**(127)**	(124)	**—**	—	**—**	—	**(127)**	(124)
Reversal of write-down/ (write-down) of inventories	**4,882**	(673)	**—**	—	**—**	—	**4,882**	(673)
Share of results of associates	**—**	—	**139,664**	11,497	**—**	—	**139,664**	11,497
Impairment loss on trade receivables	**(64)**	(326)	**—**	—	**—**	—	**(64)**	(326)
Impairment loss on loan receivables	**—**	—	**(177,564)**	—	**—**	—	**(177,564)**	—
Impairment loss on other receivables	**—**	—	**—**	—	**(189,597)**	—	**(189,597)**	—
Impairment loss on loans to associates	**—**	—	**(36,429)**	—	**—**	—	**(36,429)**	—
Net gain on disposal of property, plant and equipment	**1,337**	—	**—**	—	**—**	—	**1,337**	—
Gain on disposal of subsidiaries, net	**—**	—	**—**	5,444	**—**	—	**—**	5,444
Reportable segment assets	**500,251**	733,960	**3,914,963**	3,820,969	**628,285**	591,226	**5,043,499**	5,146,155
Interests in associates accounted for by equity method	**—**	—	**393,573**	489,496	**—**	—	**393,573**	489,496
Additions to non-current assets	**28,280**	8,351	**7,481**	814	**—**	—	**35,761**	9,165
Reportable segment liabilities	**409,986**	451,534	**1,351,317**	1,622,008	**406,373**	—	**2,167,676**	2,073,542

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

	2018	2017
	HK$'000	*HK$'000*
Profit or loss		
Reportable segment (loss)/profit	**(446,191)**	666,086
Equity-settled share-based compensation benefits	**12,341**	(54,528)
Other unallocated staff cost	**(75,729)**	(54,242)
Consolidated (loss)/profit before income tax credit/(expense)	**(509,579)**	557,316

	2018	2017
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**5,043,499**	5,146,155
Unallocated bank balances and deposits	**107,397**	317,469
Consolidated total assets	**5,150,896**	5,463,624

	2018	2017
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**2,167,676**	2,073,542
Tax payable	**137,069**	69,124
Consolidated total liabilities	**2,304,745**	2,142,666

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers *(Note)*		Specified non-current assets	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**(200,188)**	641,425	**13,170**	32,744
The People's Republic of China ("PRC")	**267,066**	351,854	**476,476**	333,467
Singapore	**16,342**	40,107	**—**	—
Thailand	**160**	311	**—**	—
Malaysia	**2,398**	1,022	**—**	—
Germany	**66,348**	75,014	**—**	—
Poland	**722**	12,443	**—**	—
Other Europe Countries	**108,564**	103,645	**—**	—
United States of America	**33,141**	37,234	**—**	—
Korea	**9,831**	15,382	**—**	—
Japan	**66,801**	55,939	**—**	—
Others	**15,762**	13,032	**—**	—
Total	**587,135**	705,983	**476,476**	333,467
	386,947	1,347,408	**489,646**	366,211

Note:

Revenue is attributed to countries on the basis of the customer's location.

(c) Information about major customer

During the years ended 31 December 2018 and 2017, no individual customers accounted for 10% or more of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Revenue from contracts with customers:		
Sales of goods	**513,467**	560,982
Corporate solution service income *(Note)*	**19,763**	372,047
Management fee and performance fee income	**1,766**	85,499
Total revenue from contracts with customers	**596,300**	1,018,528
Revenue from other sources:		
Fair value (loss)/gain on trading purpose equity investments at FVTPL, net		
— Realised loss	**(14,843)**	(19,443)
— Unrealised (loss)/gain	**(425,277)**	248,274
	(440,120)	228,831
Interest income		
— Loan receivables	**232,712**	74,793
— Loan to an associate	**—**	25,256
Total revenue from other sources	**(207,408)**	328,880
	388,892	1,347,408

Note: Corporate solution services income mainly represent investment referral, financial services and other consultancy related services income.

6. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**196**	69
Service income	**1,353**	1,529
Investment income from non-trading purpose financial assets at FVTPL/available-for-sale financial assets	**36,000**	31,657
Government grants *(Note)*	**1,266**	6,023
Tooling income	**2,829**	3,607
Others	**1,766**	1,213
	43,410	44,098

Note: Government grants mainly represent reimbursement of export credit insurance paid under a concession policy in Guangdong province, the PRC.

7. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Net exchange losses	**(6,716)**	(16,066)
Impairment loss on trade receivables	**(64)**	(326)
Impairment loss on other receivables	**(189,597)**	—
Impairment loss on loan receivables	**(177,564)**	—
Impairment loss on loans to associates	**(36,429)**	—
Unrealised fair value loss on non-trading purpose financial assets at FVTPL	**(332,813)**	—
Unrealised fair value gain on derivative financial asset	**293,000**	
Unrealised fair value loss on call option	**—**	(21,657)
Realised fair value gain on call option	**102,407**	—
Net gain on disposal of property, plant and equipment	**1,337**	—
	(346,439)	(38,049)

8. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on:		
— Borrowings	**74,613**	74,359
— Loan from a related company	**6,000**	6,329
— Loans from a director	**5,957**	6,317
— Obligation under finance leases	**—**	15
	86,570	87,020

9. (LOSS)/PROFIT BEFORE INCOME TAX (CREDIT)/EXPENSE

This is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration		
— Current year	**3,078**	3,576
— Others	**—**	9
	3,078	3,585
Cost of inventories recognised as expenses	**277,259**	303,024
(Reversal of write-down)/write-down of inventories (included in cost of sales)	**(4,882)**	673
Employee costs *(Note 10)*	**182,515**	241,845
Depreciation of property, plant and equipment	**16,957**	14,535
Release of payments for leasehold land held for own use under operating leases	**127**	124
Minimum lease payments under operating leases on land and buildings	**12,604**	9,250

10. EMPLOYEE COSTS

	2018	2017
	HK$'000	*HK$'000*
Employee costs (including directors' remuneration) comprise:		
— Wages and salaries	**179,586**	175,334
— Contributions to retirement benefits scheme	**11,626**	16,260
— Provision for employee termination benefits	**—**	(10,532)
— Equity-settled share-based compensation benefits	**(12,341)**	54,528
— Other staff benefits	**3,644**	6,255
	182,515	241,845

11. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax		
— tax for the year	**24,133**	9,159
Current tax — Hong Kong Profits Tax		
— tax for the year	**45,408**	54,652
	69,541	63,811
Deferred tax	**(151,452)**	37,392
Income tax (credit)/expense	**(81,911)**	101,203

Hong Kong profits tax has been provided at the rate of 16.5% on estimated assessable profits arising from Hong Kong during the Year.

No Macau profits tax has been provided as the Macau subsidiary of the Company is exempted from Macau Complementary Tax for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Group's PRC subsidiaries is 25%.

12. DIVIDEND

The Board has resolved not to recommend any declaration of dividend payment for the Year (31 December 2017: The final dividend of 10 Hong Kong cents per share was recommended by the Board and its declaration was subject to approval by Shareholders. However, such proposed resolution was not passed at the last annual general meeting of the Company held on 29 June 2018).

13. (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:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/Earnings		
(Loss)/Earnings for the purpose of basic and diluted earnings per share	**(427,668)**	456,113

	2018	2017
<u>**Number of shares**</u>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**2,205,073,973**	1,524,328,767
Effect of dilutive potential ordinary shares:		
— share award scheme	**N/A**	80,942,466
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**2,205,073,973**	1,605,271,233

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

14. TRADE RECEIVABLES

	2018 ***HK$'000***	2017 *HK$'000*
Trade receivables	**270,804**	384,699
Less: Allowance for doubtful debts	**(1,685)**	(1,641)
	269,119	383,058

Customers of manufacturing segment are generally granted with credit terms of 30 to 120 days while no credit period will normally be granted to customers in treasury investment and financial service segments. The ageing analysis of trade receivables based on invoice date (net of allowance for doubtful debts) at the end of reporting period is as follows:

	2018 ***HK$'000***	2017 *HK$'000*
0–30 days	**53,315**	349,571
31–60 days	**35,676**	11,986
61–90 days	**30,311**	2,483
Over 90 days	**149,817**	19,018
	269,119	383,058

15. LOAN RECEIVABLES

	2018 *HK$'000*	2017 *HK$'000*
Secured loan *(Note (a))*	**1,083,483**	451,905
Entrusted loan *(Note (b))*	**175,484**	178,571
	1,258,967	630,476
Less: Allowances for doubtful debts	**(177,564)**	—
	1,081,403	630,476
Classified under:		
Non-current assets	**—**	417,797
Current assets	**1,081,403**	212,679
	1,081,403	630,476

Notes:

(a) The balance represents secured loans to independent third party corporate borrowers which bear fixed interest rates ranging from 9% to 36% (2017: 9% to 18%) per annum with original loan period ranging from 3 months to 24 months. These loans were secured by the following:

— issued share capital of the borrowers;

— fund investment of a borrower;

— equity investment owned by the shareholder of a borrower;

— listed shares owned by the shareholder of a borrower;

— issued share capital of group companies of the borrowers;

— interest in rights to use of a number of sea areas in the PRC owned by the group companies of the borrowers; and

— personal guarantees executed by the shareholders or key management personnel of the borrowers.

(b) On 16 August 2017, the Group entered into the entrusted loan agreement pursuant to which the Group agreed to grant the entrusted loan to an independent third party borrower (the "Borrower") in the amount of RMB150,000,000 (equivalent to HK$178,484,000) for a term of two years (the "Loan"), which carries an expected rate of return of 18% per annum. The Loan was secured by (a) a pledge over the entire equity interest in the Borrower by its sole equity holder; and (b) a charge created on certain land use rights on a piece of a land located in the PRC, held by the Borrower.

16. NOTES RECEIVABLES

(a) On 12 December 2017, pursuant to a subscription agreement, the Group subscribed from a third party issuer a promissory note with principal amount of HK$900 million which carried an interest rate at 9% per annum and matured on 11 March 2018. The note was secured by a share charge over the 98,181,450 shares in a joint stock company incorporated in the PRC with shares listed on the Stock Exchange, a share charge over the entire issued share capital in the issuer and the personal guaranteed given by the sole shareholder of the issuer. The promissory note was redeemed in full by the Group on 6 March 2018 and the share charge has been released accordingly. Further details were set out in the Company's announcements dated 12 December 2017 and 8 March 2018.

(b) The Group subscribed from third party issuers 5%–10% fixed redeemable coupon bonds with principal amount in aggregate of HK$350 million (2017: HK$200 million). Both the principal and interests on the bonds are repayable within the next year. The bonds are secured by an issuer's interests in certain bonds issued by a company listed on the Stock Exchange and personal guarantee executed by the director of another issuer.

17. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")/ AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018	2017
	HK$'000	*HK$'000*
Available-for-sale financial assets:		
Non-current assets:		
Unlisted fund investments, at fair value *(Note (a))*	—	980,000
Club debentures, at fair value	—	4,046
	—	984,046

	2018	2017
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss:		
Non-current assets:		
Unlisted fund investments, at fair value *(Note (a))*	**1,397,187**	—
Club debentures, at fair value	**4,191**	—
	1,401,378	—
Current assets:		
Listed equity investments, at fair value *(Note (b))*	**332,743**	798,508
Derivative financial asset, at fair value	**293,000**	—
	625,743	798,508

Note:

(a) On 14 May 2017, a wholly-owned subsidiary of the Company, as the general partner of an investment fund (the "Investment Fund I"), entered into a limited partnership agreement (the "Limited Partnership Agreement I") with an independent third party (the "First-tier Limited Partner I") and another wholly-owned subsidiary of the Company (the "Second-tier Limited Partner I") in respect of the subscription of interest to the Investment Fund I. Pursuant to the Limited Partnership I, the First-tier Limited Partner I and the Second-tier Limited Partner I contributed HK$780 million and HK$220 million to Investment Fund I respectively.

On the same day, a wholly-owned subsidiary of the Company, as the general partner of an investment fund (the "Investment Fund II"), entered into a limited partnership agreement (the "Limited Partnership Agreement II") with an independent third party (the "First-tier Limited Partner II") and another wholly-owned subsidiary of the Company (the "Second-tier Limited Partner II") in respect of the subscription of interest to Investment Fund II. Pursuant to the Limited Partnership II, the First-tier Limited Partner II and the Second-tier Limited Partner II contributed HK$780 million and HK$220 million to Investment Fund II respectively.

During the Year, the Group made further contributions of HK$375 million to each of Investment Fund I and Investment Fund II. As at 31 December 2018, Group's investments in Investment Fund I and Investment Fund II amounted to HK$1,190 million (2017: HK$440 million) in total.

According to the Limited Partnership Agreement I and Limited Partnership Agreement II, in the event that the First-tier Limited Partner I and First-tier Limited Partner II have not received a distribution reaching a level equivalent to 6% per annum of its aggregate capital contributions calculated on a daily basis from the date of such capital contributions on the date falling every 6 months from its first contribution date, the Second-tier Limited Partner I and the Second-tier Limited Partner II shall make additional contributions to the Investment Fund I and Investment Fund II such that the First-tier Limited Partner I and the First-tier Limited Partner II shall receive an amount of 6% per annum of its aggregate capital contributions.

(b) The above equity investments at 31 December 2018 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at FVTPL.

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 approval of these consolidated financial statements was approximately HK$274,647,000.

18. TRADE PAYABLES

The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**23,435**	37,686
31–60 days	**21,896**	29,727
61–90 days	**24,946**	28,693
Over 90 days	**60,862**	38,766
	131,139	134,872

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

19. BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Secured bank loans repayable within one year *(Note (a))*	**120,049**	154,362
Other loans, unsecured *(Note (b))*	**890,000**	890,000
Other loans, secured *(Note (b))*	**195,402**	202,381
	1,205,451	1,246,743
Current portion	**765,451**	806,743
Non-current portion	**440,000**	440,000
	1,205,451	1,246,743

Notes:

(a) The bank loans are 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. As at 31 December 2018, bank loans of approximately HK$120,049,000 (2017: HK$154,362,000) carried fixed interest rate ranged from 1.00% to 4.35% per annum (2017: 2.48% to 4.57% per annum).

(b) As at 31 December 2018, other loans with independent third parties amounting to approximately HK$890,000,000 (2017: HK$890,000,000) are unsecured, bear interest at a rate of 3% to 7.5% per annum (2017: 3% to 7.5% per annum) and HK$450,000,000 and HK$440,000,000 of which are repayable within the next twelve months and within the next 2 years respectively. The remaining balance of other loans is secured by equity interests in certain subsidiaries of the Group's manufacturing segment, bears interest at a rate of 5% per annum (2017: 5% per annum) and repayable by 30 June 2019.

20. 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 31 December 2018	**5,000,000**	500,000
Issued and fully paid:		
At 1 January 2017	**1,440,000**	144,000
Issue of Award Shares *(Note (b))*	**24,000**	2,400
Rights issue *(Note (c))*	**732,000**	73,200
At 31 December 2017	**2,196,000**	219,600
Issue of Award Shares *(Note (b))*	**12,000**	1,200
At 31 December 2018	**2,208,000**	220,800

Notes:

(a) On 23 October 2017, the shareholders of the Company (the "Shareholders") 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) During the Year, 12,000,000 Award Shares (2017: 24,000,000 Award Shares representing 12,000,000 Award Shares to each of Mr. Liu and Mr. Zhou (the then executive directors of the Company)), were allocated and issued to Mr. Liu after the vesting conditions of the Share Award Scheme of the Company have been fulfilled.

(c) On 28 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 at an aggregate amount of HK$1,598,822,000, net of issuing expenses. Out of the aggregate amount of HK$73,200,000 was credited to share capital and the remaining balance of approximately HK$1,525,622,000 was credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

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

Surrounded by the unstable investment environment and financial market during the Year, 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 was noted that the above strategies had been implemented throughout 2018.

Although the business for PCBs had been improved in the third quarter of the Year, the situation has changed since November 2018. The PCBs business has dropped substantially and sustained at such until February 2019. The PCBs industry, and also all market segments of its customers upstream, are believed to be affected by the Sino-U.S. trade disputes. The PCBs business has improved by the end of first quarter of 2019. However, a true recovery should depend largely on the progress of settlement of the disputes between the PRC and the United States.

FINANCIAL PERFORMANCE

For the Year, the Group recorded a total revenue of HK$388.89 million, representing a decrease of approximately 71.14% as compared with the total revenue of HK$1,347.41 million for the corresponding year in 2017. Such a significant decrease in revenue was mainly due to the unrealised fair value losses of listed securities being generated by treasury investment segment of the Group. The total revenue of the Group for the Year represented by the segments of financial services and treasury investments amounted to a gain of HK$82.83 million (31 December 2017: HK$457.55 million) and the loss of HK$207.41 million (31 December 2017: the gain of HK$328.88 million), respectively. For the manufacturing segment, the total revenue for the Year was HK$513.47 million (31 December 2017: HK$560.98 million).

Profit before income tax reported a significant decline and recorded a loss before income tax of approximately HK$509.58 million (31 December 2017: profit before income tax of HK$557.32 million), which was mainly due to the increase in the unrealised fair value losses on non-trading purpose financial assets at FVTPL of approximately HK$332.81 million, unrealised fair value loss on financial investments held for trading through FVTPL of approximately HK$425.28 million, and impairment loss on other receivables and loan receivables of approximately HK$189.60 million and HK$177.56 million respectively.

Loss attributable to owners of the Company for the Year amounted to approximately HK$427.67 million, as compared with the profit attributable to owners of the Company of approximately HK$456.11 million for the corresponding year in 2017. Basic loss per share attributable to owners of the Company for the Year was approximately 19.39 Hong Kong cents, as compared with the basic earnings per share of 29.92 Hong Kong cents for the corresponding year in 2017.

FINAL DIVIDEND

The Board has resolved not to recommend any declaration of dividend payment for the Year (31 December 2017: The final dividend of 10 Hong Kong cents per share was recommended by the Board and its declaration was subject to approval by Shareholders. However, such proposed resolution was not passed at the last annual general meeting of the Company held on 29 June 2018).

CHANGE OF THE COMPANY'S NAME

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 has changed its name to "HKBridge Financial Holdings Limited" in Bermuda and Hong Kong during the Year. The new name of the Company, HKBridge Financial Holdings Limited, has been approved by the Registrar of Companies in Bermuda and Hong Kong on 13 July 2018 and 4 September 2018 respectively. Further details of the change of name were set out in the Company's announcements dated 22 March 2018, 26 April 2018, 29 June 2018 and 10 September 2018, respectively.

BUSINESS REVIEW

Manufacturing business

During the Year, 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.

The sales of goods in the Group's manufacturing segment decreased by approximately 8.47% from approximately HK$560.98 million in 2017 to approximately HK$513.47 million in 2018 whereas its gross profit margin decreased from 11.28% in 2017 to 11.26% in 2018.

Treasury investments

During the Year, the Group's treasury investment 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 Year, the Group's treasury investment segment recorded a total loss of approximately HK$305.38 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 Year.

Financial services

Asset management

During the Year, 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 31 December 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 the past two years, 9 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 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, consultancy and corporation solution services

For investment, 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 Year, the Group has entered into a consultancy agreement in rendering consultancy services to potential investors. During the Year, the Group recorded a total amount of HK$19.76 million in consultancy fee income.

BUSINESS UPDATES

Licensed business

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.

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 31 December 2018, the Group had total equity of approximately HK$2,846.15 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$2,027.67 million (31 December 2017: HK$1,556.93 million), representing a gearing ratio, defined as net debts over total equity plus net debts, of 41.60% (31 December 2017: 31.92%).

The Group's net current assets of approximately HK$1,129.24 million (31 December 2017: HK$1,755.96 million) consisted of current assets of approximately HK$2,988.01 million (31 December 2017: HK$3,290.56 million) and current liabilities of approximately HK$1,858.77 million (31 December 2017: HK$1,534.60 million), representing a current ratio of 1.61 (31 December 2017: 2.14).

As at 31 December 2018, the Group's current assets consisted of approximately HK$134.03 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 manufacturing segment's current assets also consisted of approximately HK$107.59 million (31 December 2017: HK$118.0 million) as trade receivables. Debtors turnover days was 77 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$57.94 million as at 31 December 2018. Inventory turnover days in the Group's manufacturing segment was 46 days (31 December 2017: 50 days). Trade payables decreased from approximately HK$134.87 million as at 31 December 2017 to approximately HK$131.14 million as at 31 December 2018. Creditors turnover days was approximately 105 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 Year. As at 31 December 2018, bank loans of approximately HK$120.05 million (31 December 2017: HK$154.36 million) carried fixed interest rates ranging from 1.00% to 4.35% per annum (31 December 2017: 2.48% to 4.57% per annum).

As at 31 December 2018, other loans with independent third parties amounting to approximately HK$890.00 million (31 December 2017: HK$890.00 million) were unsecured, interest-bearing at a rate of 3% to 7.5% per annum (31 December 2017: 3% to 7.5% per annum) and HK$450.00 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% per annum (31 December 2017: 5% per annum) and repayable by 30 June 2019.

Apart from the secured borrowings described above, there were loans advanced by Mr. Cheok Ho Fung, an executive Director ("**Mr. Cheok**") at an effective interest rate of 7% per annum (2017: 7% per annum). The maturity date of the aforesaid loans was 2 January 2019 which has been expired without a new loan agreement. The loan is now repayable on demand and is subject to mutual negotiation for extension and repayment terms and conditions in the foreseeable future. This financial assistance provided by Mr. Cheok was a connected transaction under Chapter 14A of the Listing Rules during the Year. However, it was fully exempted from the reporting, announcement and independent Shareholders' approval requirements pursuant to the Listing Rules.

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 from an independent third party. 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 6,430,000 Huarong Investment Shares through a broker at the total consideration of approximately HK$3.35 million in June and July 2018, representing 48% of the Group's total realised loss from disposal of listed securities of approximately HK$14.84 million for the Year.

Crown International Shares

On 28 December 2017, the Group acquired a total number of 80,000,000 shares in Crown International Corporation Limited (the "**Crown International Shares**" or the "**CIC Shares**") (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.

On 7 August 2018, the Company's investment team decided to minimise the continuing unrealised losses by completing the disposal of a total number of 20,000,000 CIC Shares through a broker at the total consideration of HK$22.00 million, representing 44% of the Group's total realised loss from disposal of listed securities of approximately HK$14.84 million for the Year.

As at the date of this announcement, the rest of 60,000,000 CIC Shares had been sold to an independent third party at the total consideration of HK$40.00 million.

Qudian Shares

On 8 June 2018, the Group disposed of a total number of 50,000 shares (the "**Qudian 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. Upon the completion of the disposal of Qudian Shares, the Group realised a total loss of HK$1.18 million for the Year.

North Mining Shares

The Group completed the disposal of a total number of 1,324,929,577 shares in North Mining Shares Company Limited (the "**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 aforesaid purchaser has defaulted in making repayment of the outstanding consideration amount together with late settlement interest. The Company has instructed its legal adviser to issue a demand letter to the said purchaser. The Group is in the process of negotiating a new settlement arrangement with the 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 31 December 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 31 December 2018 per share**	**Carrying value at 31 December 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	6.000	250.00	536.67	(286.67)
Huarong Investment Shares (HKSE: 2277)	81,570,000	0.370	30.18	132.14	(101.96)
Huarong Investment Shares (HKSE: 2277)	2,600,000	0.370	0.96	3.41	(2.45)
CIC Shares (HKSE: 727)	60,000,000	0.860	51.60	85.80	(34.20)
Total			332.74	758.02	(425.28)

SUBSCRIPTION OF INTEREST IN FUNDS

Huarong International Fortune Innovation Limited Partnership (the "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 agreement (the "**Call Option Agreement**") with an independent third party pursuant to which the Group agreed to grant a call option (the "**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 ("**Huarong 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 Huarong 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 supplemental agreement with the Group in relation to the further extension of the exercise and completion date of the Call Option from 30 June 2018 to 30 September 2018. The second extension of the 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.

On 2 October 2018, the Optionholder agreed to pay the Extension Premium for entering into the third supplemental agreement with the Group in relation to the further extension of the exercise and completion date of the Call Option from 30 September 2018 to 31 December 2018. The third extension of the 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 2 October 2018.

Pursuant to the Call Option Agreement and the various supplemental agreements as mentioned in the above announcements, up to 3 January 2019, the Group had not received the Call Option notice from the Optionholder. Accordingly, the Call Option lapsed on 31 December 2018 in accordance with the terms of the Call Option Agreement and all other supplemental agreements in relation thereof.

As at the date of this announcement, the Group is still negotiating with a new prospective purchaser to look into and consider the put option interest of Huarong International Fund. A further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

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, the rate of return generated by the PSOF was approximately 18% (2017: 18%). 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 while 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 its two indirect wholly-owned subsidiaries contributed an addition of 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 major scope of the fund was generating the returns during the Year 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 Year 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 Year, the Group also engaged in the provision of financial assistance to some independent third parties. As at 31 December 2018, the total outstanding receivables in relation to this activity amounted to approximately HK$1,081.40 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.

On 8 January 2019, the Group have fully received the principal amount of RMB150 million and all accrued interest.

Zhonghong Advance

On 25 January 2018, the Group entered into a loan agreement with Zhonghong Holding Co., Ltd. (the "**Zhonghong**"), a company incorporated in the PRC with limited liability (whose shares were listed on the Main Board of the Shenzhen Stock Exchange (SZSE: 000979)). The principal amount of RMB200 million for a term of two years (the "**Loan I**"), which carried an expected rate of return of 10% per annum and consultancy fee of 26% per annum for a term of 30 days from the drawdown date and further extendable for 30 days. No announcement was made in relation to this loan as it did not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

The Group subsequently entered into a supplemental agreement for the settlement of the principal and interests of the Loan I on 11 May 2018. Pursuant to this supplemental agreement, it has been agreed that the Loan I should be repaid by Zhonghong, and interest shall be accrued at the interest rate of 24% per annum for the outstanding loan amount of the Loan I commencing from 12 May 2018 until the final settlement of the principal thereof, and the relevant consultancy fee shall be accrued at the interest rate of 12% per annum as well.

On 3 September 2018, the Group entered into another two supplemental agreements (the "**Zhonghong Supplemental Agreements**") with Zhonghong in which Zhonghong agreed, among other matters, to assume, on a joint basis, the repayment obligations of another two borrowers, which are independent third parties to the Group and Zhonghong, under the Loan I agreements signed with the Group. The total principal amount under the Zhonghong Supplemental Agreements was approximately HK$381.50 million.

In addition, in order to increase the recoverability level of the repayment, the loans under the abovesaid Zhonghong Supplemental Agreements were guaranteed by the Hainan Group Guarantors as the guarantors pursuant to the guarantee agreement being entered into among three indirectly wholly-owned subsidiaries of the Company in the PRC and the Hainan Group Guarantors dated 11 May 2018 (the "**Guarantee Agreement**"). The Hainan Group Guarantors are indirect wholly-owned subsidiaries of Zhonghong and obtain 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 are currently undergone the process of land reclamation to further develop the property and tourism projects.

The loans under the abovesaid Zhonghong Supplemental Agreements, when aggregated the above loans, constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and further details of the abovesaid Zhonghong Supplemental Agreements were set out in the Company's announcement dated 6 September 2018.

To secure the recovery of the principal amount of the Loan I and to reduce the risk of impairment loss, on 13 September 2018, the Group filed an application for arbitration proceedings at the Shenzhen Court of International Arbitration ("**SCIA**") against Zhonghong and the Hainan Group Guarantors for the breach of the abovesaid Zhonghong Supplemental Agreements and the Guarantee Agreement. On 18 September 2018, the Company received the notice of acceptance for arbitration proceedings issued by the SCIA. An announcement was published by the Company on 20 September 2018 in relation to the developments on the above arbitrations and further announcement(s) will be published by the Company accordingly for reporting any significant developments on the above arbitrations as and when appropriate.

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 Year are denominated in RMB. As such, the Group had incurred a net exchange loss of HK$6.72 million for the Year (2017: loss of HK$16.07 million) due to the depreciation of RMB in 2018.

As at 31 December 2018, the Group had not entered into any financial instruments 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 the 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 purchase 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, the management team 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 conditions of the debtors, and requests securities pledged from the debtors and/or guarantee as collateral 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 the failure to perform an obligation by the counterparties in arising from the carrying amount of the respective recognised financial assets is stated in the consolidated statement of financial position of the Group for the Year.

Foreign Currency Risk

As the PCBs business is operating in the PRC, the Company faces foreign currency risks due to the exchange gain/loss from exchange rate fluctuations as well as the currency conversion risk due to converted net asset value fluctuations of investment projects in the PRC. To effectively manage the 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 31 December 2018, excluding those employed by the Company's associates, the Group had 1,353 employees (31 December 2017: approximately 1,500). For the Year, our total staff costs (including provision for employee termination benefits) amounted to HK$182.52 million (31 December 2017: HK$241.85 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 report of the Company.

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 awarded shares were issued to the Trustee to hold on trust for Mr. Liu Tingan, an executive Director and Chairman of the Board. Accordingly, on 3 April 2018, the above awarded shares were totally vested and transferred by the Trustee to Mr. Liu Tingan who was entitled to such shares.

As the Group did not achieve the expected return percentage in respect of the assets management and investment business for the Year, the unissued award shares for 2018 were forfeited.

CAPITAL COMMITMENTS

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2018 which would materially affect the Group's operating and financial performance as of the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 June 2019 (Tuesday) to 28 June 2019 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 28 June 2019 (Friday), share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 24 June 2019 (Monday).

PURCHASE, SALES 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 Year.

CORPORATE GOVERNANCE CODE (THE "CG CODE")

The Directors confirm that, for the Year, 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 Year, Mr. Liu Tingan has been acting as an executive Director, the chairman of the Board 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 and efficient 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 Dealing 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 Dealing Code throughout the Year. 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 Dealing Code.

The Own Dealing Code has been uploaded to 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 of the Board (the "**Audit Committee**") respectively 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 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 respectively 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 Remuneration Committee with effect from 17 July 2018, and remains to act as member of both Nomination Committee and Audit Committee.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated annual results and financial statements of the Group for the Year, including the significant accounting principles and practices adopted by the Group.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

This annual 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 annual 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 our gratitude and sincere appreciation to all senior 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
HKBridge Financial Holdings Limited
Su Zhiyang
Company Secretary

Hong Kong, 29 March 2019

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; 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.