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

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of HKBridge Financial Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 (the "**Period**"), together with the comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2019	2018
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
REVENUE	*3*	**150,186**	124,459
Cost of sales		**(182,176)**	(245,459)
GROSS LOSS		**(31,990)**	(121,000)
Other income	*3*	**2,597**	22,924
Other gains and losses, net	*4*	**(297,751)**	(45,838)
Selling and distribution costs		**(10,728)**	(15,112)
Administrative expenses		**(32,715)**	(89,297)
Finance costs	*5*	**(39,276)**	(42,964)
Share of results of associates		**(3,491)**	91,268
LOSS BEFORE INCOME TAX	*6*	**(413,354)**	(200,019)
Income tax credit	*7*	**66,333**	28,792
LOSS FOR THE PERIOD		**(347,021)**	(171,227)

	Notes	Six months ended 30 June **2019** ***HK$'000*** **(Unaudited)**	 2018 *HK$'000* (Unaudited)
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**20,759**	6,881
Share of other comprehensive income from associates		**–**	4,995
Net other comprehensive income to be reclassified subsequently to profit or loss for the period		**20,759**	11,876
Item that may not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment		**–**	4,444
Total other comprehensive income for the period		**20,759**	16,320
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(326,262)**	(154,907)
Loss per share attributable to owners of the Company			
– Basic	*8*	**HK(15.72) cents**	HK(7.76) cents
– Diluted	*8*	**HK(15.72) cents**	HK(7.76) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2019** ***HK$'000*** **(Unaudited)**	At 31 December 2018 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**286,829**	290,475
Payments for leasehold land held for own use under operating leases		**–**	3,405
Interests in associates		**475,119**	393,573
Rental and utility deposits		**68**	58
Financial assets at fair value through profit or loss	*11*	**211,378**	1,401,378
Deposits paid		**5,173**	1,395
Right-of-use assets		**28,184**	–
Deferred tax assets		**148,199**	72,598
Total non-current assets		**1,154,950**	2,162,882
CURRENT ASSETS			
Inventories		**52,708**	57,935
Payments for leasehold land held for own use under operating leases		**–**	124
Trade receivables	*12*	**246,859**	269,119
Contract assets		**35,124**	32,974
Loan receivables	*13*	**2,150,842**	1,081,403
Note receivables		**372,397**	360,000
Prepayments, deposits and other receivables		**529,006**	426,685
Financial assets at fair value through profit or loss	*11*	**229,232**	625,743
Bank balances and deposits		**53,128**	134,031
Total current assets		**3,669,296**	2,988,014

	Notes	At 30 June 2019 *HK$'000* (Unaudited)	At 31 December 2018 *HK$'000* (Audited)
CURRENT LIABILITIES			
Trade payables	*14*	**106,650**	131,139
Other payables and accruals		**484,657**	538,763
Lease liabilities		**10,801**	–
Tax payable		**189,982**	137,069
Loan from a related company		**200,000**	200,000
Loans from a director		**87,788**	86,351
Borrowings		**1,212,068**	765,451
Total current liabilities		**2,291,946**	1,858,773
NET CURRENT ASSETS		**1,377,350**	1,129,241
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,532,300**	3,292,123
NON-CURRENT LIABILITIES			
Borrowings		**–**	440,000
Lease liabilities		**14,705**	–
Deferred tax liabilities		**12,539**	5,972
Total non-current liabilities		**27,244**	445,972
NET ASSETS		**2,505,056**	2,846,151
CAPITAL AND RESERVES			
Share capital	*15*	**220,800**	220,800
Reserves		**2,284,256**	2,625,351
TOTAL EQUITY		**2,505,056**	2,846,151

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

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

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2018 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019. This is the first set of the Group's financial statements in which HKFRS 16 Leases ("**HKFRS 16**") has been adopted. Details of any changes in accounting policies are set out in part (b) of this note. Except for the adoption of HKFRS 16, the adoption of the new and revised HKFRSs have no material effects on these condensed consolidated interim financial statements. The Group has not early adopted any new and revised HKFRSs that have been issued but not yet effective in the current accounting period.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in part (c) of this note.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("**HK$**"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") and should be read in conjunction with the 2018 annual financial statements.

(b) Changes in HKFRSs

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

HKFRS 16	Leases
HK(IFRIC)– Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combination
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes

The impact of the adoption of HKFRS 16 has been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any material impact on the Group's accounting policies.

(i) Impact of adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease ("**HK(IFRIC)-Int 4**"), HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

	HK$'000
	(Unaudited)
Statement of financial position as at 1 January 2019	
Right-of-use assets	22,599
Payments for leasehold land held for own use under operating leases	(3,529)
Lease liabilities (non-current)	9,849
Lease liabilities (current)	9,221

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 January 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments as of 31 December 2018 (Audited)	23,889
Less: short term leases for which lease terms end within 31 December 2019	(319)
Less: future interest expenses	(4,500)
Total lease liabilities as of 1 January 2019 (Unaudited)	19,070

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 January 2019 is 12.45%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for the lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2019.

The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments recognised in the statement of financial position immediately before 1 January 2019.

The Group has applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

(c) Use of Judgements and Estimates

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2018 annual financial statements.

2. SEGMENT INFORMATION

(a) Reportable segments

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

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

(1) Manufacturing segment – Manufacture and sales of printed circuit boards ("**PCBs**")

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

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

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

	Manufacturing *HK$'000*	Treasury investments *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Six months ended 30 June 2019 (Unaudited)				
Revenue from external customers	**207,059**	**(56,873)**	**–**	**150,186**
Reportable segment loss	**(15,864)**	**(381,845)**	**(14,714)**	**(412,423)**
Interest income	**15**	**45,888**	**–**	**45,903**
Finance costs	**(7,111)**	**(32,165)**	**–**	**(39,276)**
Depreciation				
– Own assets	**(7,053)**	**(1,035)**	**–**	**(8,088)**
– Right-of-use assets	**(1,846)**	**(3,516)**	**–**	**(5,362)**
Share of results of associates	**–**	**(3,491)**	**–**	**(3,491)**
Impairment loss on trade receivables	**–**	**(9,586)**	**–**	**(9,586)**
Impairment loss on loan receivables	**–**	**(148,000)**	**–**	**(148,000)**
Impairment loss on other receivables	**–**	**–**	**(14,714)**	**(14,714)**
Net loss on disposal of property, plant and equipment	**–**	**(2,642)**	**–**	**(2,642)**
Bad debt written-off	**–**	**(6,650)**	**–**	**(6,650)**

	Manufacturing *HK$'000*	Treasury investments *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Six months ended 30 June 2018 (Unaudited)				
Revenue from external customers	268,982	(165,055)	20,532	124,459
Reportable segment (loss)/profit	(10,686)	(167,335)	17,303	(160,718)
Interest income	28	146,793	–	146,821
Finance costs	(7,312)	(35,652)	–	(42,964)
Depreciation	(6,858)	(998)	–	(7,856)
Release of payments of leasehold land held for own use under operating lease	(66)	–	–	(66)
Reversal of write-down of inventories	4,229	–	–	4,229
Share of results of associates	–	91,268	–	91,268
Impairment loss on loan receivables	–	(48,220)	–	(48,220)
Impairment loss on other receivables	–	–	(42,971)	(42,971)

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit or loss		
Reportable segment loss	**(412,423)**	(160,718)
Equity-settled share based-compensation benefits	**14,833**	–
Other unallocated staff cost	**(15,764)**	(39,301)
Consolidated loss before income tax	**(413,354)**	(200,019)

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers by geographical market based on the location of customers.

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Europe	**83,153**	88,890
Hong Kong	**(58,550)**	(185,963)
The People's Republic of China (the "**PRC**")	**68,144**	150,044
United States of America	**13,160**	15,968
Malaysia	**1,093**	1,242
Japan	**29,402**	33,513
Singapore	**8,964**	7,628
Others	**4,820**	13,137
	150,186	124,459

(c) Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A[2]	**29,401**	33,454
Customer B[2]	**20,175**	24,887
Customer C[2]	**18,019**	19,887
Customer D[2]	**13,804**	18,195
Customer E[2]	**13,549**	16,060
Customer F[2]	**N/A**[1]	12,562
Customer G[3]	**N/A**[1]	20,532

[1] These customers contributed less than 10% of the Group's revenue for the six months ended 30 June 2019.

[2] Included in the manufacturing segment.

[3] Included in the financial services segment.

3. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of goods	**207,059**	268,982
Investment referral and consultancy fee income	**–**	20,532
Total revenue from contracts with customers	**207,059**	289,514
Revenue from other sources:		
Fair value loss on trading purpose financial assets at fair value through profit or loss ("**FVTPL**")		
– Realised loss	**(3,600)**	(6,656)
– Unrealised loss	**(99,117)**	(305,192)
	(102,717)	(311,848)
Interest income:		
– Loan receivables	**28,871**	135,735
– Loan to an associate	**4,576**	1,558
– Note receivables	**12,397**	9,500
Total revenue from other sources	**(56,873)**	(165,055)
	150,186	124,459
Other income		
Interest income from bank deposits	**59**	28
Investment income from non-trading purpose financial assets at FVTPL	**–**	18,000
Government grants	**115**	475
Others	**2,423**	4,421
	2,597	22,924

	At 30 June 2019 *HK$'000* (Unaudited)	At 1 January 2019 *HK$'000* (Audited)
Trade receivables	**246,859**	269,119
Contract assets	**35,124**	32,974

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

4. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net exchange gains	**901**	2,957
Impairment loss on trade receivables	**(9,586)**	–
Impairment loss on other receivables	**(14,714)**	(42,971)
Impairment losses on loan receivables	**(148,000)**	(48,220)
Unrealised fair value (loss)/gain on non-trading purpose financial assets at FVTPL	**(143,371)**	29,698
Realised fair value gain on non-trading purpose financial assets at FVTPL	**17,019**	–
Unrealised fair value loss on call option	**–**	(57,409)
Realised fair value gain on call option	**–**	70,107
	(297,751)	(45,838)

5. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on:		
– Borrowings	**31,608**	37,045
– Loan from a related company	**2,975**	2,975
– Loans from a director	**3,014**	2,944
– Interests on lease liabilities	**1,679**	–
	39,276	42,964

6. LOSS BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense	**182,176**	245,459
Reversal of write-down of inventories (Included in cost of sales)	**–**	(4,229)
Depreciation		
– Own assets	**8,088**	7,856
– Right-of-use assets	**5,362**	–
	13,450	7,856
Release of prepaid lease payments	**–**	66
Bad debt written-off	**6,650**	–

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The income tax credit comprises:		
Hong Kong Profits Tax:		
Current period	**1,026**	9,324
PRC Enterprise Income Tax:		
Current period	**1,675**	18,227
	2,701	27,551
Deferred tax credit	**(69,034)**	(56,343)
Income tax credit	**(66,333)**	(28,792)

8. LOSS PER SHARE

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

Loss

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share	**(347,021)**	(171,227)

Number of shares

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,208,000**	2,206,806
Effect of dilutive potential ordinary shares:		
– share award scheme	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	**2,208,000**	2,206,806

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

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2018: HK$Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment with a cost of approximately HK$7,242,000 (six months ended 30 June 2018: approximately HK$25,371,000).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current assets:		
Financial assets at FVTPL:		
– Unlisted equity investments, at fair value	**207,187**	1,397,187
– Club debentures, at fair value	**4,191**	4,191
	211,378	1,401,378
Current assets:		
Financial assets at FVTPL:		
– Listed equity investments, at fair value *(Note)*	**229,232**	332,743
– Derivative financial asset, at fair value	**–**	293,000
	229,232	625,743

Note:

Assuming the portfolio of the Group's listed equity investments has remained unchanged, the market value of the Group's listed equity investments at the date of publication of these unaudited condensed consolidated interim financial statements was approximately HK$203,683,000.

12. TRADE RECEIVABLES

Customers of manufacturing segment are generally granted with credit terms of 30 to 120 days (31 December 2018: 30 to 120 days) while no credit period will be granted to customers in treasury investments and financial services segments. The Group closely monitors its outstanding trade receivables. Overdue balances are reviewed regularly by the Group's senior management. The ageing analysis of trade receivables (net of allowance for doubtful debts) based on invoice date at the end of the reporting period is as follows:

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**33,629**	53,315
31–60 days	**35,270**	35,676
61–90 days	**24,894**	30,311
Over 90 days	**153,066**	149,817
	246,859	269,119

13. LOAN RECEIVABLES

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Secured loans *(Note)*	**2,476,406**	1,083,483
Entrusted loan	**–**	175,484
	2,476,406	1,258,967
Less: Allowances for doubtful debts	**(325,564)**	(177,564)
	2,150,842	1,081,403

Note:

The balance represents secured loans to independent third party corporate borrowers which bear fixed interest rates ranging from 9% to 36% (31 December 2018: 9% to 36%) per annum with loan period ranging from 12 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.

14. TRADE PAYABLES

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**29,319**	23,435
31–60 days	**19,813**	21,896
61–90 days	**14,282**	24,946
Over 90 days	**43,236**	60,862
	106,650	131,139

The trade payables are non-interest bearing and are normally settled on terms of 60 to 120 days (31 December 2018: 60 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each ('000)	*HK$'000*
Authorised:		
At 1 January 2018, 31 December 2018 (audited) and 30 June 2019 (unaudited)	**5,000,000**	**500,000**
Issued and fully paid:		
At 1 January 2018	**2,196,000**	**219,600**
Issue of Award Shares *(Note)*	**12,000**	**1,200**
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	**2,208,000**	**220,800**

Note:

During the year ended 31 December 2018, 12,000,000 Award Shares to Mr. Liu were alloted and issued after the vesting conditions of the Share Award Scheme of the Company for the year ended 31 December 2017 have been fulfilled.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For the Period, the Group recorded a total revenue of HK$150.19 million, representing an increase of approximately 20.67% as compared with the total revenue of HK$124.46 million for the corresponding period in 2018. Such an increase in revenue was mainly due to the decrease in unrealised fair value losses of listed securities being generated by treasury investments segment of the Group. The total revenue of the Group for the Period represented by the manufacturing segment amounted to HK$207.06 million (six months ended 30 June 2018: HK$268.98 million). The loss for the treasury investments segment was HK$56.87 million (six months ended 30 June 2018: HK$165.06 million) whereas there was no income for the financial services segment (six months ended 30 June 2018: HK$20.53 million) respectively.

Loss before income tax for the Period reported a significant increase to approximately HK$413.35 million (six months ended 30 June 2018: HK$200.02 million), which was mainly due to the increase in the unrealised fair value losses on non-trading purpose financial assets at fair value through profit or loss ("**FVTPL**") of approximately HK$143.37 million, unrealised fair value loss on financial investments held for trading through FVTPL of approximately HK$99.12 million and impairment loss on loan receivables of HK$148.00 million.

Loss attributable to owners of the Company for the Period amounted to approximately HK$347.02 million, as compared with the loss attributable to owners of the Company of approximately HK$171.23 million for the corresponding period in 2018. Basic loss per share attributable to owners of the Company for the Period was approximately 15.72 Hong Kong cents, as compared with the basic loss per share of 7.76 Hong Kong cents for the corresponding period in 2018.

INTERIM DIVIDENDS

The Board has resolved not to recommend any declaration of interim dividend payment for the Period (six months ended 30 June 2018: HK$Nil).

BUSINESS REVIEW

Manufacturing business

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

Compared to the revenue for the first six months in 2018, the sales of goods in the Group's manufacturing segment decreased by approximately 23.02% from approximately HK$268.98 million in 2018 to approximately HK$207.06 million in 2019 whereas its gross profit margin increased from 8.75% in 2018 to 12.02% in 2019.

Treasury investments

During the Period, 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 Period, the Group's treasury investment segment recorded a total loss of approximately HK$56.87 million in the form of realised and unrealised fair value losses 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 downturn share price performance of the individual listed securities during the Period.

Financial services

Asset management

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

Up to 30 June 2019, 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$4.11 billion.

The Group gradually started to build its credential in the asset management business and 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.

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 the independent third parties.

As at 30 June 2019, the Group had total equity of approximately HK$2,505.06 million (31 December 2018: HK$2,846.15 million) and net debts (trade payables, other payables and accruals, loans from a related company and a Director, and borrowings less bank balances and deposits) of approximately HK$2,038.04 million (31 December 2018: HK$2,027.67 million), representing a gearing ratio, defined as net debts over total equity plus net debts, of 44.86% (31 December 2018: 41.60%).

The Group's net current assets of approximately HK$1,377.35 million (31 December 2018: HK$1,129.24 million) consisted of current assets of approximately HK$3,669.30 million (31 December 2018: HK$2,988.01 million) and current liabilities of approximately HK$2,291.95 million (31 December 2018: HK$1,858.77 million), representing a current ratio of 1.60 (31 December 2018: 1.61).

As at 30 June 2019, the Group's current assets consisted of approximately HK$53.13 million (31 December 2018: HK$134.03 million) held as bank balances and deposits, which were mainly denominated in HK$ and RMB.

The Group's manufacturing segment's current assets also consisted of approximately HK$94.92 million (31 December 2018: HK$107.59 million) as trade receivables. Debtors turnover days was 84 days (31 December 2018: 77 days).

The Group's inventories decreased from approximately HK$57.94 million as at 31 December 2018 to approximately HK$52.71 million as at 30 June 2019. Inventory turnover days in the Group's manufacturing segment was 53 days (31 December 2018: 46 days). Trade payables decreased from approximately HK$131.14 million as at 31 December 2018 to approximately HK$106.65 million as at 30 June 2019. Creditors turnover days was approximately 107 days (31 December 2018: 105 days).

Interest-bearing Borrowings

The bank loans were secured by certain buildings and right-of-use asset related to leasehold land and corporate guarantee of the Company during the Period. As at 30 June 2019, bank loans of approximately HK$126.67 million (31 December 2018: HK$120.05 million) carried fixed interest rates ranging from 3.00% to 4.35% per annum (31 December 2018: 1.00% to 4.35% per annum).

As at 30 June 2019, other loans with independent third parties amounting to approximately HK$890.00 million (31 December 2018: HK$890.00 million) were unsecured, interest-bearing at a rate of 3% to 7.5% per annum (31 December 2018: 3% to 7.5% per annum) and repayable within the next twelve months. 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 2018: 5% per annum) and repayable by 30 June 2020.

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 (2018: 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 Period. However, it was fully exempted from the reporting, announcement and independent Shareholders' approval requirements pursuant to the Listing Rules.

SUBSCRIPTION OF LISTED SECURITIES

SuperRobotics Shares (formely known as SkyNet Shares)

On 23 November 2016, Hong Kong Bridge Investments Limited ("**HKBIL**"), a company incorporated in the British Virgin Islands (the "**BVI**") and an indirect wholly-owned subsidiary of the Company, entered into a placing letter with a placing agent, pursuant to which, HKBIL agreed, among others, (i) to subscribe for a total number of 35,416,666 shares in SkyNet Group Limited ("**SkyNet Shares**") at a subscription price of HK$4.80 each, of which its shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8176) (the "**SkyNet Shares Subscription**") and (ii) to acquire 6,250,000 SkyNet Shares from New Cove Limited (a then substantial shareholder of SkyNet Group Limited) at a purchase price of HK$4.80 each (the "**SkyNet Shares Acquisition**").

On 5 December and 14 December 2016, the SkyNet Shares Subscription and the SkyNet Shares Acquisition were completed respectively, and a total consideration of approximately HK$200.0 million (exclusive of stamp duty, trading fees, transaction levies and brokerage) was paid out by the Group. As at 31 December 2016, HKBIL held a total number of 41,666,666 SkyNet Shares, representing a total of 9.15% of the total issued share capital of SkyNet Group Limited.

With effect from 12 September 2017, the English name of SkyNet Group Limited has been changed to "SuperRobotics Limited" and its secondary name in Chinese has been changed from "航空互聯集團有限公司" to "超人智能有限公司".

As at the date of this announcement, the Group believed that the subscription in SkyNet Shares will generate the solid returns from medium to long term investments.

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 downturn share price performance of Huarong Investment Shares, the Group'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.

As at 30 June 2019, the Group still hold a total of 84,170,000 shares in Huarong Investment Shares.

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 Period.

On 24 January 2019, the Group entered into the agreement with an independent third party to dispose of the rest of 60,000,000 CIC shares at the total consideration of HK$48.00 million, representing 100% of the Group's total realised loss from disposal of listed securities of approximately HK$3.60 million for the Period.

As at the date of this announcement, the Group has received the amount of the abovesaid consideration and ceased to have interest in CIC shares.

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 purchaser settled HK$45 million to the Group for 20% of the abovesaid consideration on 30 January 2018. On 15 February 2018, the Group agreed to entered into a supplemental agreement to extend the repayment due date for the rest of 80% of the total consideration to 30 April 2018. However, the aforesaid purchaser had defaulted in making the repayment of the outstanding consideration amount together with late settlement interest since the extended repayment due date. The Company instructed its legal adviser to issue a demand letter to the said purchaser on 3 May 2018. Further details of the North Mining Disposal were set out in the Company's announcements dated 15 February 2018 and 3 May 2018 respectively.

On 25 June 2019, the Company issued a writ of summons out of the High Court of The Hong Kong Special Administrative Region, bringing claims against the said purchaser for the payment of HK$223.06 million as the total sum of outstanding principal of HK$179.44 million and interest of HK$43.63 million due and payable as of 23 June 2019 and further details of such litigation were set out in the Company's announcement dated 28 June 2019.

The Group is in the process of litigation against the purchaser. Further announcement(s) will be made regarding any significant developments on the above litigation as and when appropriate.

The Group's equity investments

As at 30 June 2019, the details of the Group's listed equity investments for trading purpose at FVTPL were summarised as follows:

Name of Securities	**Number of shares held**	**Market value at 30 June 2019 per share**	**Carrying value at 30 June 2019**	**Carrying value at 31 December 2018**	**Change in fair value loss**
		HK$	*HK$'million*	*HK$'million*	*HK$'million*
SuperRobotics Limited (HKSE: 8176)	41,666,666	3.500	145.83	250.00	(104.17)
Huarong Investment Shares (HKSE: 2277)	84,170,000	0.430	36.19	31.14	5.05
Total			182.02	281.14	(99.12)

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 had 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 announcements made by the Company, 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.

On 15 August 2019, the Group as a limited partner of the Huarong International Fund (as the "**3rd Plaintiff**"), together with two other plaintiffs (collectively, the "**Plaintiffs**") jointly issued a writ of summons (the "**Writ**") out of the High Court of The Hong Kong Special Administrative Region, bringing claims against Mr. Ji Changqun（季昌群）(as the "**Defendant**"). Under the Writ, the Plaintiffs claimed against the Defendant for the total sum of approximately HK$1,466 million (the "**Claim Sum**"), in which the Group's claim was the committed capital contribution of HK$340 million (the "**Committed Capital Contribution**") and the outstanding capital occupancy fees arising from the Committed Capital Contribution of HK$16.15 million (the "**Occupancy Fee**"), in relation to the Defendant's failure to effect or cause payment of the Claim Sum to the Plaintiffs in accordance with the terms of an agreement (the "**Claim Agreement**") dated 13 March 2019. Pursuant to the Claim Agreement, the Defendant had agreed (among other matters) to procure payment or to pay an amount equivalent to the Committed Capital Contribution and the Occupancy Fee to the Group on or before 31 May 2019. Details of the litigation were set out in the Company's announcement dated 16 August 2019.

As at the date of this announcement, the Group is in the process of litigation against the Defendant, further announcement(s) will be made regarding any significant developments on the above litigation as and when appropriate.

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. 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. The Group received the cumulative return from PSOF of HK$36 million as at 30 June 2019.

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 Company. The major scope of the fund was generating the returns during the Period by investing all or substantially all of its assets in its portfolio investment, entering into options, futures and derivatives contract for the purpose of hedging the equity, currency and interest rate exposure.

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

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

PROVISION OF FINANCIAL ASSISTANCE

During the Period, the Group also engaged in the provision of financial assistance to some independent third parties. As at 30 June 2019, the total outstanding receivables in relation to this activity amounted to approximately HK$2,150.84 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.

Due to the default of repayment and failure of the negotiation for the settlement, the Group filed a statement of claims (起訴狀) on 30 June 2019 at the Intermediate People's Court of Shaoguan (韶關市中級人民法院 ("**Shaoguan Court**") against the Borrower I and the guarantors. Subsequent to the filing, the Group received a notice of acceptance for litigation proceedings (受理案件通知書) issued by Shaoguan Court on 16 July 2019. On 24 July 2019, the Group paid the required litigation fee to Shaoguan Court to confirm the first hearing of the said litigation proceedings which is currently expected to be held on 20 August 2019. The details in relation to the legal proceedings were set out in the Company's announcement dated 25 July 2019.

The Group is taking legal actions in order to claim against the assets under the Borrower I and the guarantors, and will also continue to consult with PRC legal advisors for further legal actions against Borrower I. Further announcement(s) will be made regarding any significant developments on the above arbitrations as and when appropriate.

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 for 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 had 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. ("**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 was 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 the interest should 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 should be accrued at the interest rate of 12% per annum as well.

On 3 September 2018, the Group entered into two further 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 undergoing the process of land reclamation to further develop the property and tourism projects.

The loans under the abovesaid Zhonghong Supplemental Agreements, when aggregated, 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 (the "**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.

At the end of April 2019, the Group received arbitral award dated 25 April 2019 and given by SCIA for the Proceedings. Under the arbitral award, it was SCIA's findings (among other matters) that the Supplemental Agreements and the Guarantee Agreement were legally binding on the parties, and it was decided by SCIA that Zhonghong is liable to repay and pay to the Group, 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 "**Payment Obligations**"); it is also decided by SCIA that the Hainan Group Guarantors are jointly liable to the Group for the payment obligations; and it is further decided by SCIA that the payment obligations shall be performed by Zhonghong and the Hainan Group Guarantors. The details in relation to the arbitral award were set out in the Company's announcement dated 3 May 2019.

The Group will continue to 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.

FOREIGN EXCHANGE EXPOSURE

Sales of the Group's products in manufacturing segment are principally denominated in US dollars and the purchases of materials and payments of operational expenses are mainly denominated in US dollars, HK dollars and RMB. Most of the Group's purchases and expenses during the Period are denominated in RMB. As such, the Group had incurred a net exchange gains of HK$0.90 million for the Period (2018: loss of HK$16.07 million) due to the depreciation of RMB.

As at 30 June 2019, 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 recent Sino-US trade war and 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 arising from the carrying amount of the respective recognised financial assets, is stated in the condensed consolidated statement of financial position of the Group as at 30 June 2019.

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 30 June 2019, excluding those employed by the Company's associates, the Group had 1,209 employees (31 December 2018: 1,353 employees). For the Period, our total staff costs (including provision for employee termination benefits) amounted to HK$69.02 million (six months ended 30 June 2018: HK$89.98 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

On 17 May 2016, the Company adopted a share award scheme (the "**Share Award Scheme**"), which is not subject to the provisions of Chapter 17 of the Listing Rules. The purposes of the Share Award Scheme are (i) to provide those eligible persons with an opportunity to acquire a proprietary interest in the Company, (ii) to encourage and retain such individual to work with the Company; and (iii) to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning with the interests of those eligible persons directly to shareholders of the Company (the "**Shareholders**") through their ownership of shares in the Company (the "**Shares**").

On 20 July and 27 October 2016, ordinary resolutions were passed at the respective special general meetings held to grant the relevant special mandate to the Directors to exercise all the powers of the Company to allot and issue an aggregate of 60,000,000 new Shares (the "**Awarded Shares**") to each of Mr. Liu Tingan ("**Mr. Liu**") and Mr. Zhou Huorong ("**Mr. Zhou**") respectively, pursuant to the Share Award Scheme and the fulfillment of vesting conditions specified therein. Since both Mr. Liu and Mr. Zhou were the executive Directors during the relevant time, they were connected persons under Chapter 14A of the Listing Rules. As such, the grant of the Awarded Shares at the relevant time to each of Mr. Liu and Mr. Zhou constituted connected transactions to the Company.

Upon all vesting conditions under the first batch of the Awarded Shares in respect of the financial year ended 31 December 2016 being fulfilled, a total of 24,000,000 new Shares were issued on 3 January 2017 to Computershare Hong Kong Trustees Limited to hold on trust for both Mr. Liu and Mr. Zhou, each was entitled to receive 12,000,000 Awarded Shares.

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

On 19 January 2018, upon all vesting conditions under the second batch of the Share Award Scheme in respect of the financial year ended 31 December 2017 being satisfied, a total of 12,000,000 Awarded Shares were issued to the Trustee to hold on trust for Mr. Liu. Accordingly, on 3 April 2018, the above Awarded Shares were totally vested and transferred by the Trustee to Mr. Liu who was entitled to such Shares.

As the Group did not achieve the expected return percentage in respect of the asset management and investment business for the financial year ended 31 December 2018 in relation to vesting conditions of the third batch of the Award Shares, a total of 12,000,000 unissued Award Shares were forfeited.

As at the date of this announcement, there are outstanding Awarded Shares to be held by Mr. Liu pursuant to which up to 24,000,000 Awarded Shares may be issued upon certain vesting conditions being met. The next vesting date of the grant of the fourth batch of the Awarded Shares is 31 March 2020.

CAPITAL COMMITMENTS

As at 30 June 2019, the Group had capital commitment of HK$3.27 million related to acquisition of property, plant and equipment (31 December 2018: HK$Nil).

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2019 which would materially affect the Group's operating and financial performance as of the date of this announcement, except for the below changes of the interests or short positions of the person holding 5% or more in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

One of the substantial Shareholder, China Tian Yuan Manganese Limited (the "**China Tian Yuan**") informed the Company that China Tian Yuan entered into the share purchase agreement (the "**Share Purchase Agreement**") with Eternal Glory Holdings Limited (the "**Eternal Glory**") on 11 July 2019. Pursuant to the Share Purchase Agreement, China Tian Yuan disposed of all of 360,000,000 ordinary Shares, representing approximately 16.30% of the total issued Shares, to Eternal Glory (the "**Disposal**"). Further details of the shareholding disclosures were published on the HKEXnews website at di.hkex.com.hk.

The Company was also informed by China Tian Yuan and Eternal Glory that the completion of the Disposal took place immediately after they entered into the Share Purchase Agreement. Upon completion of the Disposal, China Tian Yuan was no longer the Shareholder with effect from 11 July 2019, whereas Eternal Glory became interested in 360,000,000 Shares (including deemed interests under the SFO), representing approximately 16.30% of the total issued Shares, and became a substantial Shareholder.

Eternal Glory is a company incorporated under the laws of Hong Kong and is owned as to 50% by Mr. Li Yongjun and as to 50% by his spouse Ms. Liu Xinjun.

MATERIAL ACQUISITIONS OR DISPOSALS

During the Period, the Group did not carry out any material acquisitions or disposals of its subsidiaries and associates since the publication of the Company's 2018 Annual Report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

Corporate Strategy

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

COMPLIANCE WITH CG CODE

The Directors confirm that, for the period ended 30 June 2019, the Company was in compliance with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules save for the deviation mentioned below:

During the Period, 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 amendment, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

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

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 of the Listing Rules.

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

The Own Dealing Code has been uploaded to the Company's Website.

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the HKEXnews 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 2019 interim report of the Company, which contains all the information required by the Listing Rules, will be despatched to the Shareholders and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 29 August 2019

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