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HONBRIDGE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(stock code : 8137)

PROVISIONS FOR ASSET IMPAIRMENT AND PROFIT WARNING

This announcement is made by Honbridge Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcements of the Company dated 11 April 2016 and 31 July 2018 (the “**Announcements**”) and circular of the Company dated 24 May 2016 (the “**Circular**”). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

Update on Loan Repayment

The Company has been demanding the Borrower to repay the Loan and asserting the rights of the Company under the Loan Agreement. However, the Borrower has not repaid any principal and interests since 20 June 2018. As at 30 September 2018, the Borrower has defaulted in repaying the Tranche A Loan and the Tranche B Loan in the outstanding principal amounts in a sum of approximately HK\$534,000,000 (the “**Loan Receivables**”) and the outstanding accrued interests in the sum of approximately HK\$12,000,000 (the “**Interest Receivables**”).

Impairment for the Loan Receivables and the Interest Receivables

The Company has taken a prudent approach and made an impairment provisions of HK\$272,429,000 for the Loan Receivables and the Interest Receivables for the six months ended 30 June 2018. Having considered the latest financial position of the Borrower and the possibility of realising the Loan Receivables and the Interest Receivables from the Borrower, the Company has reconsidered to further provide provision for the Loan Receivables and the Interest Receivables for the period

ended 30 September 2018.

The security package (the “**Security**”) of the Loan comprising (i) a share charge granted by Bronze Pony Investments Limited relating to its shares in the Borrower; (ii) a share charge granted by Capital Melody Limited relating to its shares in the Borrower; and (iii) a debenture consisting of a fixed and floating charge over all of the assets of the Borrower, mainly comprising an equity interest in approximately 24.98% of Yuxing Infotech Investment Holdings Ltd (“**Yuxing Infotech**”), a company listed on the GEM (Stock code: 8005) with a net asset value of approximately HK\$2,170,000,000 as at 30 June 2018, according to the interim report of Yuxing Infotech. If Tranche A Loan and the Tranche B Loan could not be recovered in full eventually, the Company intends to enforce the Security. Impairment provisions for approximately HK\$106,000,000 and approximately HK\$8,300,000 were proposed to be made on the Loan Receivables and the Interest Receivables respectively for the three months ended 30 September 2018, based on the market value of 24.98% of the equity interest in Yuxing Infotech (approximately HK\$160,000,000, based on the closing price of the last trading date in September 2018).

The Company will continue to demand repayment from the Borrower and update the Shareholders on any material development as and when appropriate.

Profit Warning

The impairment provisions for the Loan Receivables and the Interest Receivables will in aggregate reduce the Company’s total profit for the three months ended 30 September 2018 by approximately HK\$114,300,000. Because of the impairment provisions, the Group is expected to record a significant loss for the three months and nine months ended 30 September 2018.

The information contained in this announcement is based on a preliminary assessment made by the management of the Company on the unaudited management accounts and the information currently available. The information in this announcement has not been reviewed by the auditors of the Company or the audit committee of the Company and the actual results of the Group may differ from the information disclosed herein.

Shareholders and investors are advised to read the announcement expected to be released by the Company in November 2018 in respect of third quarterly results for the nine months ended 30 September 2018.

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

By Order of the Board of
Honbridge Holdings Limited

YEUNG Ho Ming

Company Secretary

Hong Kong, 9 October 2018

As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Jian and Mr. Liu Wei, William as executive directors; Mr. Ang Siu Lun, Lawrence and Mr. Yan Weimin as non-executive directors and Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun as independent non-executive directors.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.8137.hk.