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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 announcement of the Company dated 11 April 2016 (the “**Announcement**”) 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 Announcement and the Circular.

The Loan Agreement

Pursuant to the Loan Agreement, an aggregate principal amount of HK\$540,000,000 was drawn down in two tranches on two respective dates (Tranche A: HK\$251,100,000 (the “**Tranche A Loan**”) on 22 April 2016 and Tranche B: HK\$288,900,000 (the “**Tranche B Loan**”) on 12 May 2016). The initial maturity date for each of the Tranche A Loan and the Tranche B Loan was 21 April 2017 and 11 May 2017, respectively, which was further extended by the Borrower to 21 April 2018 and 11 May 2018, respectively.

On 20 April 2018, the Company received a notice from the Borrower that the Tranche A Loan, the Tranche B Loan and the outstanding accrued interests could not be repaid on time (the “**Default**”) because of difficulties encountered in the transfer of fund across borders in a short time. Default interests at a rate of 6% per annum have been accrued on the unpaid sum in accordance with the Loan Agreement. On 20 April 2018, the Company sent a letter to the Borrower demanding for repayment of the Loan and asserted the rights of the Company under the Loan Agreement. During the period from 30 April 2018 to 20 June 2018, the

Borrower repaid an aggregate amount of HK\$15,277,240 to the Company (the “**Repaid Amount**”).

As at 30 June 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\$4,000,000 (the “**Interest Receivables**”).

Impairment for the Loan Receivables and the Interest Receivables

Despite the Repaid Amount, having considered the latest financial position of the Borrower and the possibility of realizing the Loan Receivables and the Interest Receivables from the Borrower, the Company has taken a prudent approach to make impairment provisions for the Loan Receivables and the Interest Receivables for the six months ended 30 June 2018.

The Tranche A Loan and the Tranche B Loan share the same security package (the “**Security**”) 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\$2,420,000,000 as at 31 December 2017. The market value of 24.98% of the equity interest in Yuxing Infotech, based on the closing price of the last trading date in June 2018, was approximately HK\$265,000,000. 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 HK\$269,000,000 and HK\$4,000,000 were proposed to be made on the Loan Receivables and the Interest Receivables respectively for the six months ended 30 June 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 six months ended 30 June 2018 by approximately HK\$273,000,000. Because of the impairment provisions, the Group is expected to record a significant loss for the six months ended 30 June 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 on 8 August 2018 in respect of the interim results for the six months ended 30 June 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, 31 July 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.