中國港橋控股有限公司

China HKBridge Holdings Limited

(formerly known as Topsearch International (Holdings) Limited)
(Incorporated in Bermuda with limited liability)
(Stock Code: 2323)

Annual Report 2017

Contents

Corporate Information and Financial Calendar

EXECUTIVE DIRECTORS
Mr. Liu Tingan *(Chairman and Chief Executive Officer)*
Mr. Cheok Ho Fung *(Deputy Chairman)*
Mr. Zhou Huorong *(resigned on 26 July 2017)*

NON-EXECUTIVE DIRECTOR
Mr. Mao Yumin *(appointed on 10 March 2017)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ng Man Kung
Dr. Ngai Wai Fung *(resigned on 18 April 2018)*
Mr. Lau Fai Lawrence

COMPANY SECRETARY
Mr. Leung King Yu *(resigned on 1 March 2018)*
Mr. Su Zhiyang *(appointed on 1 March 2018 and resigned on 9 April 2018)*
Mr. Chiu Yu Kang *(appointed on 9 April 2018)*

AUDITOR
BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR
Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Estera Management (Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton HM12
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

REGISTERED OFFICE
Canon's Court, 22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 3601-02
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

BRANCH OFFICE
1505 Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

FINANCIAL CALENDAR
Half year results
Announced on 16 August 2017

Full year results
Announced on 22 March 2018

REGISTER OF MEMBERS
To be closed from Monday, 25 June 2018 to Friday, 29 June 2018
To be closed from Tuesday, 10 July 2018 to Wednesday, 11 July 2018

ANNUAL GENERAL MEETING
To be held on Friday, 29 June 2018

DIVIDENDS
Interim	:	Nil
Final	:	10 Hong Kong cents per share

COMPANY WEBSITE
www.hkbridge.com.hk

Business Profile

China HKBridge Holdings Limited and its subsidiaries (together with the Company, the "**Group**") are principally engaged in (a) the manufacture and sales of a broad range of printed circuit boards ("**PCB**"), (b) the carrying out of treasury investments, including investment in securities and other related activities, and (c) the rendering of financial services including asset management, investment and other consultancy related services.

Chairman's Statement

Dear Shareholders,

I am pleased to present the annual results of the Group for the year ended 31 December 2017.

BUSINESS REVIEW

Due to the intense competition in the manufacturing segment, the Group decided to put much more effort and resources in developing the financial services related business, which included asset management, investment and other consultancy related services during 2017.

During 2017, the Group actively established offshore private funds for investments which were relevant to One Belt One Road ("**OBOR**") policy promulgated by the Chinese government. Other than asset management business, the Group also involved in rendering investment and other consultancy related services after the recruitment of some professional individuals who possess investment banking and corporate finance experience and exposures during the second quarter of 2017. These professional individuals enable the Group to render investment referral and consultancy services to potential investors which successfully secured some contracts in this respect.

For treasury investments segment, the performance of this segment remained strong during the year under review. The Group itself had made contributions to three private funds being launched by three independent third parties, of which generated remarkable return to the Group. Besides, the Group also provided financial assistance (including the grant of loans and entrusted loans and the subscription of promissory notes) to some other independent third parties in return for high interest yield. Apart from the above, the Group also generated fair value gains through the acquisition of listed securities in both realised and unrealised ways.

For financial services segment, on 8 July 2017, the Group successfully obtained approval from the relevant regulatory body and had established a platform in Shenzhen (the "**Shenzhen Platform**") of which it can enable the Group to carry investment and consultancy related businesses and services in the People's Republic of China (the "**PRC**"). The Asset Management Association of China (the "**AMAC**") has approved the Shenzhen Platform to perform the role of General Manager of the private equity fund in the PRC with effect from 25 December 2017. As at the date of this statement, the Securities and Futures Commission (the "**SFC**") has approved the Group to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under section 127(1) of the Securities and Futures Ordinance.

For the manufacturing segment, it still operated at losses for the year ended 31 December 2017.

On 28 November 2017, the Company completed the rights issue by the issuance of its 732,000,000 rights shares at HK$2.2 per share. With the full support of the single largest shareholder, Youfu Investment Co., Limited ("**Youfu**") acting as the sole underwriter of the rights issue, the Company raised a total amount of HK$1,598.8 million which enlarged the Group's asset base as a whole. Upon the completion of the rights issue, Youfu itself has become the controlling shareholder holding 41.09% shareholding in the Company.

Chairman's Statement

OUTLOOKS

In view of the intensive competition, the Group will gradually transform and diversify its traditional business in the manufacturing and sale of PCB into the business of treasury investments and financial services business, even though it may take some time to accomplish such goal. The manufacturing segment is likely to grow in slow momentum in 2018 and its market conditions are expected to be competitive and tough for going forward. The Group will use its best endeavour to develop its asset management and other financial service related business by taking advantage of internationalisation of Renminbi ("**RMB**"), the stable international financial market in Hong Kong and those national strategies promulgated by the PRC government officials. The Group is continually expanding its financial services in relevant regulated activities under the SFC so as to fulfill different stakeholders' needs and will recruit more professional individuals to develop the financial services segment. With surplus cash available, the Group will continue its treasury function so as to maximise the return of the Company's shareholders (the "**Shareholders**").

Following the strategic upgrade and the implementation of new strategic plan due to the change in controlling Shareholders, the Group has been actively diversifying its businesses and seeking opportunities for investments and growth. The Group will continue to identify investment and business development opportunities to better utilise its available resources to expand the scope of business, to explore potential projects and to acquire good quality assets so as to enhance its long-term return for the Shareholders and to act as a bridge connecting between China and Hong Kong and even the rest of the world.

APPRECIATION

I would like to express on behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, my sincere appreciation to the management team and all staff for their dedication and commitment to make valuable contributions to the Group during 2017 and to thank all our Shareholders, business partners and customers for their continuous support. We look forward to overcoming all those challenges which might be facing by our combined efforts and to achieving the Group's success in the year to come.

Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 22 March 2018

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are of the opinion that during 2017, 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 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group has complied with the code provisions and one of the recommended best practices of the CG Code for the period from 1 January 2017 to 31 December 2017 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 return for 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 value over the longer term, and the basis on which the Group will execute its strategy for achieving the Group's objectives.

Corporate Governance Report

COMPLIANCE WITH CG CODE

The Directors confirm that, for the financial year ended 31 December 2017, 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:

Since 22 March 2016, Mr. Liu Tingan has been acting as an executive Director, the chairman as well as the chief executive officer of the Company up to 19 April 2018, being the latest practicable date prior to the printing of this annual report (the "**Latest Practicable Date**") . 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 can enable the Group to have a more efficient and effective management and can enable the Group to have a solid business and strategic planning. The Directors believe that it 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 new requirements under the amendments to C.3.3 of the CG Code relating to risk management and internal control during the year 2017. The Board has complied with the existing terms of reference for the audit committee of the Board (the "**Audit Committee**") so as to fulfill 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 2017. 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 updated Own Dealing Code has been uploaded on the Company's website.

Corporate Governance Report

THE BOARD OF DIRECTORS

As at 31 December 2017, the Board consisted of six Directors, with a variety and a balance of skills and experience in accounting, banking, manufacturing, marketing, finance and investment professions. Their biographical particulars are set out on pages 58 to 66 of this annual report. List of Directors and Their Role and Function, which sets out the members and composition of the Board, has been uploaded on the Stock Exchange's website and the Company's website.

Members of the Board and their respective attendance to Board meetings and general meetings held during the year ended 31 December 2017 are as follows:

Names of Directors	Number of attendance at Board meetings	Number of attendance at general meetings
Executive Directors		
Mr. Liu Tingan *(the Chairman and Chief Executive Officer)*	6/6	3/3
Mr. Cheok Ho Fung *(Deputy Chairman)*	3/7	1/3
Mr. Zhou Huorong *(resigned on 26 July 2017)*	3/4	0/2
Non-executive Director		
Mr. Mao Yumin *(appointed on 10 March 2017)*	5/6	1/2
Independent non-executive Directors		
Mr. Ng Man Kung	7/7	3/3
Dr. Ngai Wai Fung *(resigned on 18 April 2018)*	7/7	3/3
Mr. Lau Fai Lawrence	7/7	3/3

The number of Board meetings held during the year ended 31 December 2017 was 7.

The number of general meetings held during the year ended 31 December 2017 was 3.

During the year, the Company had reached the minimum requirement of three independent non-executive Directors forming more than one-third of the Board, all of whom have accounting and related financial management expertise. They dedicated to provide the Company with professional advice with respect to the steady operation and development of the Company. They also exercised supervision and coordination to safeguard the interests of the Company and its shareholders.

Corporate Governance Report

Each independent non-executive Director during the year ended 31 December 2017 had provided an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on such annual confirmation received from each of the independent non-executive Directors, the Company considers that all independent non-executive Directors are still considered to be independent during their tenure of office in the Company for the purpose of Rule 3.13 of the Listing Rules.

All existing independent non-executive Directors have signed letters of appointment with the Company for a term of not more than three years, and will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company and the requirements of the Listing Rules.

The remuneration of non-executive Directors is reviewed by the remuneration committee of the Board (the "**Remuneration Committee**") and is fixed from time to time by the Board subject to the authority granted pursuant to the Company's Bye-laws by the Shareholders at the Company's general meetings.

As at the Latest Practicable Date, the members of the Board are Mr. Liu Tingan (executive Director, Chairman of the Board and Chief Executive Officer), Mr. Cheok Ho Fung (executive Director and Deputy Chairman), Mr. Mao Yumin (non-executive Director), Mr. Ng Man Kung (independent non-executive Director) and Mr. Lau Fai Lawrence (independent non-executive Director).

Dr. Ngai Wai Fung resigned as independent non-executive Director effective on 18 April 2018. He ceased to act as chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee respectively on 18 April 2018.

THE OPERATION OF THE BOARD

One of the main responsibilities of the Board is to supervise and direct the management of the Company to operate under good corporate governance in order to maximise value of the Shareholders while balancing the interest of its various stakeholders. The Board holds meetings quarterly so as to monitor the performance and discuss the business development of the Company against the budget, to discuss and decide on major corporate, strategic and operational issues, and to evaluate any available investment opportunities.

Corporate Governance Report

The major duties performed by the Board are as follows:

1. setting the Company's values and standards;

2. setting the objectives of the Company and responsibilities of the Board and its various committees;

3. establishing the strategic direction for the Company;

4. setting targets for the management of the Group;

5. monitoring the performance of the management of the Group;

6. reviewing the annual and interim results of the Group;

7. ensuring that a framework of prudent and effective internal control is in place to assess and manage the risk of the Group and implementing appropriate systems to manage these risks;

8. overseeing the Company's relationships with its Shareholders, customers, the community, various government authorities, interest groups and others;

9. identifying and assessing any matters of a substantial Shareholder or a Director resulting in conflict of interest;

10. determining material acquisitions and disposals of assets, investments, capital, projects, authority levels, major treasury policies, risk management policies and key human resources issues; and

11. considering and determining issues which are the responsibilities of the Board pursuant to the Company's Memorandum of Association and Bye-laws and the relevant laws and regulations in force by which the Company is governed from time to time.

The Board is also responsible for the following corporate governance duties:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations on any amendment or updating (if any);

2. to review and monitor the training and continuous professional development of Directors and the Company's senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Company's employees and Directors;

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report (the "**CG Report**") under the CG Code; and

6. to be responsible for performing any other corporate governance duties and functions set out in the CG Code and the Listing Rules (as amended from time to time), or delegating the responsibility to a committee or committees (if applicable).

During the year, the Company had reviewed its corporate governance policy by the Board in achieving high standards of corporate governance duties. The Board will further develop and review this policy regularly and at least annually so as to make recommendations on any amendment or updating (if any).

During the year, the Board had delegated its authority to the nomination committee of the Board (the "**Nomination Committee**") to review its board diversity policy for the Company and the terms of reference of the Nomination Committee. The Board (via the reporting from the Nomination Committee) had reviewed and considered the measurable objectives that it has set for implementing the Company's board diversity policy during the year and would, together with its Nomination Committee, regularly review the progress on achieving those objectives.

The Board delegates to the management of the Company in respect of the major corporate matters as stated below:

1. preparation of the annual and interim results of the Group to be approved by the Board;

2. execution of the corporate strategies and directions of the Group adopted by the Board;

3. implementation of sufficient systems of internal controls and risk management procedures of the Group; and

4. carrying out daily business operations and decision-makings of the Group, etc.

Corporate Governance Report

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established various committees to oversee particular aspects of the Company's affairs. These committees are governed by their respective terms of reference, which describe the authorities and duties of these committees and will be regularly reviewed and updated by the Board. These committees include the Audit Committee, the Remuneration Committee, the Nomination Committee, and executive committee (the "**Executive Committee**") of the Board whose terms of reference had been set out in writing respectively.

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive Directors throughout the year.

The chairman of the Audit Committee is an independent non-executive Director who has the appropriate professional qualifications and experience in accounting or related financial management expertise as required by the Listing Rules. The Audit Committee discharges its responsibilities as follows and in accordance with its existing terms of reference being adopted by the Board:

1. reviewing and monitoring the integrity of the interim and annual results and financial statements of the Company and of the Group and reviewing significant financial reporting judgements;

2. reviewing and monitoring the reporting, accounting and financial policies and practices of the Group;

3. reviewing and primarily responsible for making recommendation to the Board on the appointment, re-appointment, retirement, resignation or removal of the Company's external auditor and reviewing their remuneration and terms of engagement, discussing their audit plan and scope of audit, and monitoring the external auditor's independence, objectivity and effectiveness of the audit process up to applicable standard, and also reporting the issues raised by the external auditor, including but not limited to those stated in their management letter addressed to the Board, implementing policy on engaging external auditor to supply non-audit services;

4. acting as the key representative body for overseeing the Company's relations with the external auditor;

5. reviewing the fairness and reasonableness of connected transaction(s) or continuing connected transaction(s) of the Company, if any;

6. ensuring full access by the respective responsible teams of the Group under corporate governance function of any concerns that may have arisen during the course of their corporate governance works;

7. conducting annual review of the effectiveness of the Group's internal control and risk management systems as delegated by the Board and considering any findings of major investigation of its internal control and risk management matters; and ensuring the Group's management has discharged its duty to have an effective internal control and risk management system including the adequacy of resources, qualifications and experience of staff from the Group; and

8. reviewing arrangements which can be used by employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the whistleblowing policy and system for employees which has been adopted by the Board on 27 March 2012.

During the year ended 31 December 2017, three Audit Committee meetings were held (whereas all of which had been held with the attendance of the Company's external auditor) to review the financial results and reports for the year ended 31 December 2016 and for the six months ended 30 June 2017, risk management and internal control processes, related party transactions, continuing connected transactions and discloseable transactions (if any), roles and responsibilities as well as works performed by the teams under corporate governance function, and the re-election of the Company's external auditor.

The Audit Committee has reviewed the consolidated annual results and financial statements of the Group for the year ended 31 December 2017, including the significant accounting principles and practices adopted by the Group.

This annual report has been reviewed by the Audit Committee.

The attendance record of each member of the Audit Committee at its meeting during the year ended 31 December 2017 is set out below:

Members of Audit Committee	**Attendance**
Mr. Lau Fai Lawrence *(Chairman)*	3/3
Mr. Ng Man Kung *(Member)*	3/3
Dr. Ngai Wai Fung *(Member)*	3/3

Auditor's Remuneration

The Audit Committee of the Company is responsible for considering the appointment and re-election of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to the Company. During the year under review, the remunerations paid/payable to the external auditor, BDO Limited, were as follows:

Type of services provided by the external auditor	**Fee paid/payable** *(HK$'000)*
Audit services:	
Audit of the consolidated financial statements for the year ended 31 December 2017	2,200
Non-audit services:	
Review of continuing connected transaction(s)	10
Agreed-upon procedures on preliminary announcement of results	20
Agreed-upon procedures on interim financial statements for the six months ended 30 June 2017	100
Report on environmental, social and governance	138
Other professional services	200
Subtotal:	2,668
Internal audit service:	
Subcontracting internal audit function to a consultancy firm for the year ended 31 December 2017	917
	3,585

REMUNERATION COMMITTEE

Throughout the year, three members of the Remuneration Committee were independent non-executive Directors.

The Remuneration Committee performs the following roles and functions in accordance with its terms of reference and its written remuneration policy adopted by the Board:

1. ensuring formal and transparent procedures for overseeing, developing and determining policies on the remuneration packages of Directors and the Company's senior management;

2. assessing the achievement and performance and reviewing the performance-based remuneration of executive Directors and the Company's senior management by reference to the Company's corporate goals;

3. approving the terms of executive Directors' service agreements or letters of appointment (as appropriate);

4. providing effective supervision and administration of the Company's share award or option schemes and other share incentive schemes (if available);

5. determining with delegated responsibility on the remuneration packages of individual executive directors and the Company's senior management or recommending to the Board on executive Directors' and the Company's senior management's remuneration packages, and reviewing the remuneration of Non-executive Directors; and

6. ensuring that no Director or any of his associates is involved in deciding his own remuneration.

During the year, the Company has made recommendations to the Board on the remuneration packages of Directors and the Company's senior management.

During the year ended 31 December 2017, two Remuneration Committee meetings were held to discuss and review the remuneration packages and bonus (if any) of executive Directors and other Directors and the terms of their service agreements and letters of appointment, and the remuneration policy of the Company and the Group as well as the adoption of the share award scheme (with reference to Remuneration Committee's terms of reference and Listing Rules).

The attendance record of each member of the Remuneration Committee at its meeting for the year ended 31 December 2017 is set out below:

Members of Remuneration Committee	Attendance
Dr. Ngai Wai Fung *(Chairman)*	2/2
Mr. Ng Man Kung *(Member)*	2/2
Mr. Lau Fai Lawrence *(Member)*	2/2

NOMINATION COMMITTEE

Throughout the year, three members of the Nomination Committee were independent non-executive Directors.

The Nomination Committee performs the following roles and functions in accordance with its nomination procedures and criteria as follows and in accordance with its terms of reference and its written nomination policies adopted by the Board:

1. determining the policy for the nomination of Directors during the year;

2. adopting the nomination procedures and the process and criteria to select and recommend candidates for directorship during the year by considering the candidates' past performance and experience, academic and working qualifications, general market conditions in accordance with the requirements set out in the Listing Rules and the Company's Bye-laws so as to make the composition of the Board filled with a variety and a balance of skills and experience;

3. reviewing regularly the roles of Directors and considering any issue on conflict of interest, their performance and conduct;

4. assessing the independence of Independent Non-executive Directors; and

5. reviewing regularly the nomination policy and board diversity policy of the Company to ensure the effectiveness of these policies and to review any progress on achieving those objectives in these policies.

The Board has adopted a board diversity policy (the "**Policy**") to enhance its effectiveness. In designing the Board's composition, the Policy has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, regional and industry experience, professional experience, skills, knowledge, length of services and time to be devoted as a director of the Company. The Company will consider all measurable objectives for implementing the Policy, and also take into account factors relating to its own business model and specific needs from time to time. The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies and in order for the Board to be effective. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. Further details of the Policy were set out in the 2015 annual report despatched to the Shareholders previously and there is no further update since the adoption of the Policy.

During the year ended 31 December 2017, one Nomination Committee meeting had been held to discuss and review (i) the retiring Directors to be re-elected at the 2017 annual general meeting of the Company; (ii) the independence of the independent non-executive Directors; (iii) the terms of appointment of Directors; (iv) the structure, size and composition (including the skills, knowledge and experience) of the Board; (v) the role, performance and conduct of the existing Directors (including but not limited to the issues on any conflict of interest); (vi) any nomination of potential candidate in place of the resigned Director(s) to the Board; and (vii) the nomination policy and board diversity policy (including its measurable objectives and progress on achieving those objectives) of the Company (with reference to the Nomination Committee's terms of reference and Listing Rules).

The attendance record of each member of the Nomination Committee at its meeting for the year ended 31 December 2017 is set out below:

Members of Nomination Committee	**Attendance**
Mr. Ng Man Kung *(Chairman)*	1/1
Dr. Ngai Wai Fung *(Member)*	1/1
Mr. Lau Fai Lawrence *(Member)*	1/1

Corporate Governance Report

Under the CG Code provision A.4.2, every Director including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company has provided that at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation such that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Under the CG Code provision A.4.2, all Directors appointed to fill a casual vacancy should be subject to election by the Shareholders at the first general meeting of the Company after appointment. The Bye-laws of the Company has provided that the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

EXECUTIVE COMMITTEE

The Executive Committee operates with overall delegated authority from the Board. The Executive Committee carries out the following tasks for the purposes of dealing with the affairs relating to the day-to-day operations of the Group:

1. determining group strategies;

2. setting targets for the management;

3. reviewing business performance;

4. ensuring adequate funding; and

5. examining major investments.

For the period from 1 January 2017 to 31 December 2017 and up to the Latest Practicable Date, the members of the Executive Committee are Mr. Liu Tingan (Chairman)(executive Director), Mr. Cheok Ho Fung (Deputy Chairman)(executive Director) and Mr. Zhou Huorong (executive Director)(resigned on 26 July 2017).

The attendance record of each member of the Executive Committee at its meeting for the year ended 31 December 2017 is set out below:

Member of the Executive Committee	Attendance
Mr. Liu Tingan *(the Chairman and Chief Executive Officer)*	1/1
Mr. Cheok Ho Fung *(Deputy Chairman)*	1/1
Mr. Zhou Huorong *(resigned on 26 July 2017)*	0/0

During the year ended 31 December 2017, one Executive Committee meeting was held, together with 17 written resolutions in lieu of Executive Committee meeting were passed, to consider and approve the affairs regarding the daily transactions and business operations of the Group.

TRAINING AND SUPPORT FOR DIRECTORS

The Group provides briefings, reading materials and other training opportunities to develop and refresh the Directors' knowledge and skills so as to keep them abreast of their collective responsibilities and to put more emphasise on the importance of roles, functions and duties of Directors.

The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices, and to ensure that their contribution to the Board remains informed and relevant.

During the year as required by CG Code, the Directors participated in the following trainings:

Name of Directors	Types of Training		
Executive Directors			
Mr. Liu Tingan *(Chairman and Chief Executive Officer)*	A	—	C
Mr. Cheok Ho Fung *(Deputy Chairman)*	A	—	C
Mr. Zhou Huorong *(resigned on 26 July 2017)*	—	—	C
Non-executive Director			
Mr. Mao Yumin	A	—	C
Independent non-executive Directors			
Mr. Ng Man Kung	—	—	C
Dr. Ngai Wai Fung *(resigned on 18 April 2018)*	A	B	C
Mr. Lau Fai Lawrence	A	—	C

A : attending seminars/conferences/forums (via different means)

B : giving talks at seminars/conferences/forums

C : self-reading: (newspapers, journals & updates re: global & Hong Kong economy, business of the Group, updates on Listing Rules, directors' duties, relevant statutory requirements)

CORPORATE MANAGEMENT, RISK MANAGEMENT AND INTERNAL CONTROL

The Board established a Whistleblowing Policy on 27 March 2012 which deals with and governs properly and fairly concerns raised by the Group's employees about any suspected malpractice or misconduct regarding financial reporting, internal control or other matters within the Group. The Audit Committee shall review regularly this Policy and ensure that arrangements are in place for independent and fair investigation of these matters and for appropriate following-up action.

The responsible teams of different sections or departments within the Group under corporate governance function play a major role in monitoring the internal corporate governance of the Group. They have unrestricted access to the information that allow them to review all aspects of the Group's risk management and governance processes in connection with nature of compliance and legal requirements. It also has the power to consult directly with the Audit Committee without the consent of the Company's management.

During the year, the Group has complied with Principle C.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its businesses and operations. The system comprises the following phases:

- *Identification*: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- *Evaluation*: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- *Management*: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the enterprise risk assessments conducted in 2017, no significant risk was identified which might materially affect the Group's businesses and operations.

Internal Control System

The Company has an internal control system in place which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- *Control Environment*: A set of standards, processes and structures that provide the basis for carrying out internal controls across the Group.

- *Risk Assessment:* A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

- *Control Activities*: Actions established by policies and procedures to help ensure that management directives to migitgate risks to the achievement of objectives are carried out.

- *Information and Communication*: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- *Monitoring:* Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures to the Group's directors, officers and all relevant employees. The term "relevant employee" refers to employee of the Group, because of his office or employment, who is likely to be in possession of the unpublished inside information. The above mentioned persons are also recommended to make reference to the "Guidelines on Disclosure of Inside Information" issued by the SFC in June 2012. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.
- Internal controls on handling and dissemination of inside information are set out under the section headed "Inside Information".

Based on the internal control reviews conducted in 2017, no significant control deficiency was identified, which might affect the reliability and effectiveness of the Group's internal controls.

Internal Auditors

The Group has an internal audit ("**IA**") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, a review of the risk management and internal control systems is conducted annually and the results are reported to the Board through the Audit Committee.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by IA function and the Audit Committee during the year, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

OPERATION RISKS

The Group has implemented appropriate policies and procedures for all major operations. The Company's management closely monitors the procurement process and performs due diligence check on vendors. The quality assurance department and the reliability department ensure the stability of the manufacturing process and monitor products quality. The Group also strives to promote human resources reforms and comprehensively enhances cost management. At the same time, management of the Company also keeps close eyes on every investment process so as to ensure that they have exercised due care towards those investments made. By establishing clear policies and requiring well-documented business process, the exposure to operation risks is considered as minimal.

INVESTOR RELATIONS AND COMMUNICATION

The Board established a shareholders' communication policy on 27 March 2012 for maintaining an on-going dialogue with the Shareholders and other stakeholders and encouraging them to communicate actively with the Company. This policy sets out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that its communications with the Shareholders and other stakeholders (including potential investors) with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the Shareholders and other stakeholders to exercise their rights in an informed manner mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars, notices of meetings, proxy forms and listing documents), annual general meetings and other general meetings, as well as disclosure on the website of the Company.

Interim reports, annual reports and circulars and associated explanatory documents etc are sent to the Shareholders and are also posted on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.hkbridge.com.hk) under a dedicated "Investor Relations" section as soon as practicable in plain language and in both English and Chinese versions or where permitted, in single language, and will be updated on a regular basis and in a timely manner. The Company's website provides the Shareholders with the corporate information, such as principal business activities, the development of corporate governance and the corporate social responsibilities of the Group such as environmental protection, etc.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address (as indicated below), in order to enable them or even the Board to make any enquiry that they may have with respect to the Company or the Group. In addition, if the Company's registered shareholders have any enquiries about their shareholdings and entitlements to dividend, they can contact Tricor Tengis Limited, the Company's Hong Kong Branch Share Registrar and Transfer Office through the online holding enquiry service at www.tricoris.com or by email to is-enquiries@hk.tricorglobal.com or hotline at (852) 2980 1333 or in person at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Corporate Governance Report

The Company will not normally deal with verbal or anonymous enquiries. However, Shareholders may send their enquiries to the following contacts:

Principal place of business in Hong Kong	:	Room 3601-02, Bank of America Tower, 12 Harcourt Road Central, Hong Kong
		For the attention of Chairman of the Board/Chief Executive Officer/ Company Secretary
Telephone	:	(852) 2710 2323
Fax	:	(852) 2323 8137
Email	:	investor.relations@hkbridge.com.hk

The Company's general meeting allows the Directors, its members of the Audit Committee, the Remuneration Committee and the Nomination Committee, respectively and its external auditor to meet and communicate with its Shareholders and to answer Shareholders' questions. The Company will ensure that the Shareholders' views can be properly communicated to the Board. For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting, for instances, nomination of persons as Directors by means of a separate resolution. The Procedures for Shareholders to Propose a Person for Election as a Director of the Company has been uploaded on the website of the Company in the section "Corporate Governance" under "Investor Relations" section.

The proceedings of general meeting are reviewed from time to time to ensure that the Company follows good corporate governance practices. Notice of an annual general meeting (whether for the passing of a special resolution and/or an ordinary resolution) shall be called by not less than twenty business days' notice or twenty-one days' notice (whichever is longer) in writing at the least and a special general meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least, and a general meeting of the Company (other than an annual general meeting or a meeting for the passing of a special resolution) shall be called by ten business days' notice or fourteen days' notice (whichever is longer) in writing at the least (whereas the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given), and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules.

The chairman of the general meeting exercises his power under the Company's Bye-laws to put each proposed resolution to the vote by way of a poll, save for the resolutions (if any) proposed by the chairman of the meeting regarding the approval on the procedural and administrative matters as defined in the Listing Rules. The procedures for demanding and conducting a poll are explained at the general meeting prior to the polls being taken. Shareholders who are entitled to attend and vote at a general meeting are entitled to ask about the poll voting procedures and details of the proposed resolutions at the general meeting whose questions should be answered during the general meeting prior to the conduction of poll voting. Announcement on poll voting results of general meeting will be posted on the Stock Exchange's website and the Company's website.

During the year, there was no significant change in the Company's Memorandum of Association and Bye-laws except for change in the Company's name on 25 January 2017.

The Company continues to commit to a proactive policy of promoting investor relations and effective communication with the Shareholders and analysts by better utilising the Company's website (www.hkbridge.com.hk) as a channel to disclose the Company's updated information and corporate communications to the Shareholders, stakeholders and the public on a timely basis.

Shareholders Rights

The Directors, pursuant to Bermuda Companies Act and notwithstanding anything in the Company's Bye-laws shall, on the requisition of the Shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company.

The requisition must state the purposes of the general meeting, and must be signed by the requisitionists and deposited at the Company's registered office, and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any general meeting so convened shall not be held after the expiration of three months from the said date.

A general meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Directors.

Any number of Shareholders representing not less than one-twentieth (1/20) of the total voting rights of all the Shareholders or not less than 100 Shareholders, may make a requisition in writing to the Company to do the following (which will be done at the expense of the requisitionists unless the Company otherwise resolves):

(i) to give to the Shareholders entitled to receive notice of the next annual general meeting and notice of any resolution which may properly be moved and is intended to be moved at that meeting; and/or

(ii) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand (1,000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

A copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, must be deposited at the registered office of the Company.

(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) in the case of any other requisition, not less than one week before the meeting,

and there must be deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

However please note that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time limit stated above shall be deemed to have been properly deposited for the purposes thereof.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly to convene a general meeting shall be repaid to the requisitionists by the Company.

Environmental, Social and Governance Report

China HKBridge Holdings Limited (hereafter "**We**", "**China HKBridge**" and "**the Company**") recognizes its corporate responsibility to operate the business sustainably by minimizing the negative impacts to the environment, our community and to the society. On the other hand, by capturing the tremendous growth opportunities from China and maintaining our good work on the business segment of manufacturing Printed Circuits Boards ("**PCBs**"), we strive to create optimal values and interests to our stakeholders through pursuing excellence in customer satisfaction, business integrity, employees care, community contribution and environment protection.

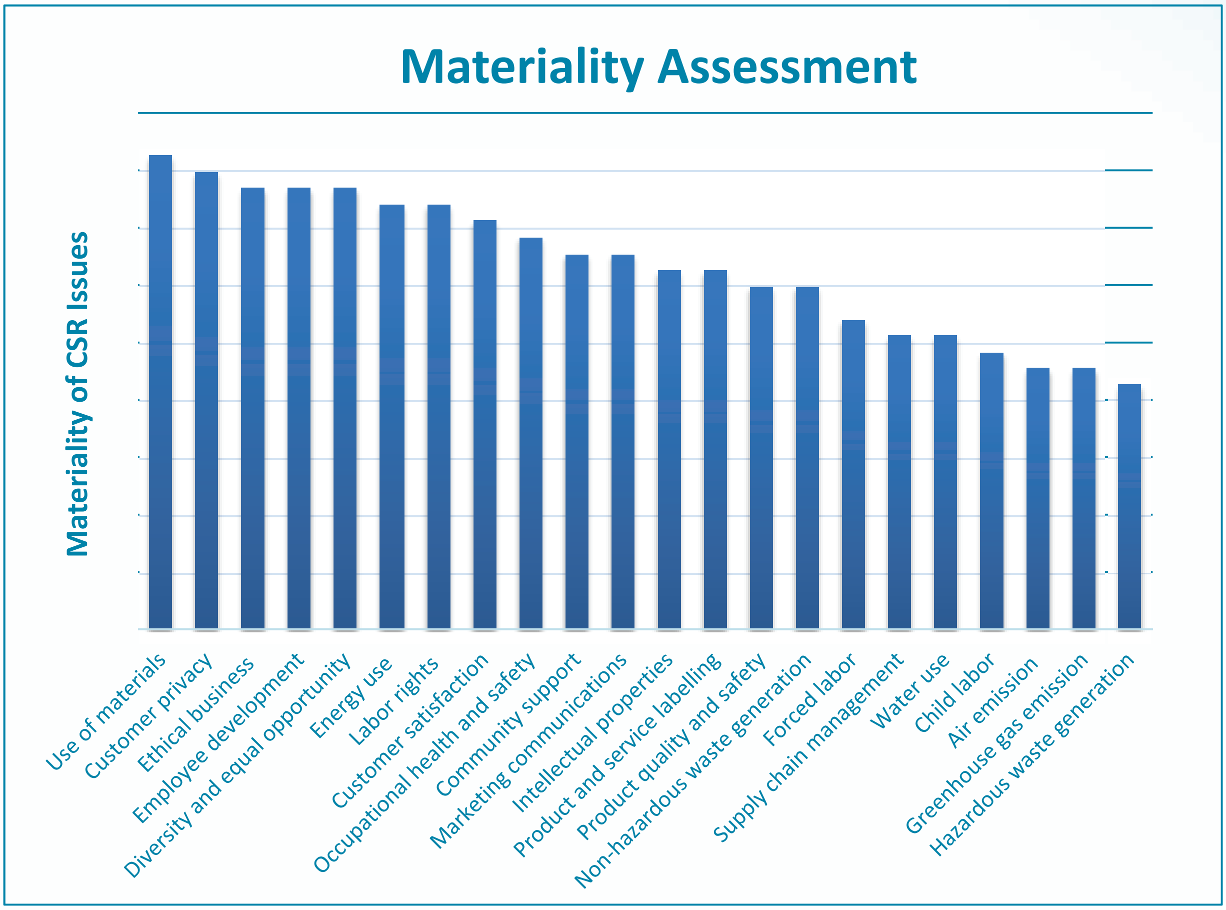
This Environmental, Social and Governance ("**ESG**") report ("**Report**") provides our sustainability practices and performances on the environmental and social issues, covering the financial year from 1 January 2017 to 31 December 2017 (the "**Reporting period**"). The scope of the Report is focused on the office in Hong Kong, and the Qujiang factory for the manufacture and sale of PCBs business and including our subsidiary — Topsearch Printed Circuits (QuJiang) Limited. The ESG Report was prepared in accordance with appendix 27 of the Listing Rules. This is also the first year for the Group to disclose the environmental key performance indicators ("**KPIs**"), which marks another significant milestone on our efforts to monitor our ESG performance.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In order to determine a well-rounded sustainability strategy in line with our business development and transformation and continually make improvement in our ESG performance, stakeholder engagement forms a vital process to understand our stakeholders' perspectives on ESG topics that are relevant and influential to our operation.

During the year under review, we carried out a stakeholder engagement through launching of an online survey. The identified major stakeholder groups, including those from the Board of Directors, employees, customers and investors are invited to fill in the questionnaire to rate the major ESG indicators (e.g. emission, natural resource use, labour practices, supply chain management, product responsibility and community investment etc.) according to their importance and relevance to our business operation.

By conducting a materiality assessment on the collected results, the priorities of the various ESG topics selected by the stakeholders is developed and shown on the chart below. The five most crucial ESG topics were identified and they are: use of materials, customer privacy, ethical business, employee development, and diversity and equal opportunity. With reference to the valued opinions and feedbacks from our stakeholders, we have disclosed our relevant performance on those areas accordingly, and will continue to review and develop corresponding policies in order to pursue continuous development in our ESG performance in future.



Environmental, Social and Governance Report

PROTECTING THE ENVIRONMENT

The growing concerns on the environmental issues such as recent extreme weathers due to climate change, natural resources depletion and environmental pollution, have prompted us to commit greater efforts on minimizing the environmental impacts arising from our business. We recognize that the manufacturing of PCBs requires extensive use of raw materials, and has the potential of generating pollutants and wastes that are harmful to the environment if they are not controlled properly.

The Group pledges to uphold quality environment and implement a clear Environmental Policy for conserving resources and managing waste during our design and production stages. Our well-established environmental management system ("**EMS**"), which is certified with the international standard ISO14001, helps us identify, manage and mitigate our environmental impacts of our PCBs in a systematic manner. Through the implementation of the EMS, it ensures not only our compliance with the relevant environmental laws and regulations, but also drives us to achieve the determined objectives under our Environmental Policy. Striving for a continual improvement in our environmental performance, our Environmental Committee constantly reviews the environmental risks in operation, monitors the progress of our environmental targets and evaluates the effectiveness of the implemented environmental control measures to ensure that the EMS is well maintained in our production.

To fulfill our environmental stewardship, we strive to maximize the resource efficiency, reduce environmental pollution and offer green products by adopting green procurement practice and advanced technology research to conserve the environment.

Resource efficiency	Environmental pollutions reduction	Green Products
• Energy • Water • Other resources	• Air emission • Waste Disposal • Wastewater discharge	• Sustainable raw materials use • Sponsorship to green research

Resource Efficiency

To wisely use the natural resources and to reduce wastage, we focus on maximizing the resources efficiency by implementing the principle of 3Rs (i.e. reduce, reuse and recycle) in our operation.

Energy and Water Use

Energy and water are the principal resources heavily relied on in the operation of our PCBs manufacturing facilities. To increase the efficiency of their use and to reduce the greenhouse gas emission and carbon footprints, we set KPIs for the energy and water consumption in the production processes, and continuously monitor them whether the energy and water use can achieve the standards on a monthly basis. In addition, we adopt equipment and machines with greater efficiency and phase out old or malfunctioned equipment to reduce our electricity consumption.

Apart from the manufacturing facilities, we also strive to promote green management at our offices to utilize the resources (e.g. electricity, water and paper) efficiently in our operation. We set up the Green Office Guideline adopting the 3Rs principles for all workers to follow for reducing the resources wastage.

Electricity

- Switch off electrical appliances after office hours or when they are not in use
- Turn on the air-conditioning only when necessary
- Maintain the office temperature at 23-25 degree Celsius

Paper

- Reduce paper use by double-sided printing
- Reuse of single-sided paper
- Use of electronic means in communication and document storage

Water

- Keep the faucets off when they are not in use
- Carry out regular leakage tests on faucets

Minimizing Environmental Pollution

We are dedicated to avoiding, minimizing and mitigating the pollution that can potentially occur in our operation, and we focus on key pollution related to air emissions, hazardous waste disposal and wastewater being discharged from the manufacturing of PCBs. During the reporting period, we confirm that no breach of laws and regulations related to air emission, waste disposal and wastewater discharge was identified.

Air Emission

Volatile organic compounds ("**VOCs**") and the exhaust gas with acidic/alkaline mist are the major sources of emission from the production. To avoid deteriorating the air quality and ensure full compliance with the relevant national environmental laws and regulations, all the exhaust gas is properly treated by the in-house purification towers — for the absorption of the organic particulates and neutralization of the acidic/alkaline mist, before emitting the exhausted air to the atmosphere. Regular internal maintenance inspections are carried out to ensure the purification towers are well-functioned, while the external monitoring on the air quality is conducted by a third party to ensure the concentration of air pollutants is in strict compliance to the national standard.

Waste Management

During our production process, various hazardous waste such as waste organic and inorganic solvents, sludge, waste PCBs and electroplated solution are generated. We followed our well-established "Hazardous Waste Management Procedure" to properly handle hazardous waste generated. All the hazardous waste is properly sorted, transferred and stored at designated areas, before they are collected by licensed waste collectors for handling and treatment.

Besides the hazardous waste, various types of non-hazardous waste are also produced during the PCBs production. We actively recycle various types of wastes, including paper, plastic, wood, metal, personal protective equipment and others (such as valuable chemicals and IT waste). Recycling bins are placed in the factory in order to segregate the recyclable and non-recyclable waste, reuse the recyclable materials as much as we can. These recyclable wastes are well-recorded for analysis of our environmental performance, and are consigned to licensed waste collectors for recycling.

Wastewater Management

Wastewater, with metal ions, acids/alkaline and organic substances, is generated during the production of PCBs. We follow our "Wastewater Handling and Treatment Procedure" to ensure the wastewater is treated through the industrial and domestic wastewater treatment facilities. All the collected wastewater must be tertiary treated by the in-house wastewater treatment facilities properly to desirable levels before reuse or discharge. Constant monitoring on the water quality of effluent is conducted by a qualified third-party to ensure the related regulatory standards are met.

Emergency Plan

In order to effectively cope with environmental emergencies, an Environmental Emergency Preparedness and Response Plan has been developed for our workers to follow in case of emergencies. This plan includes precautionary measures and emergency responses for the identified workplace environmental hazard sources, and covers both man-made and natural categorized situations such as fire and leakage of hazardous chemicals and liquid. We also provide training and drills to ensure all workers clearly understand the best response to crisis with minimal impacts to the environment and people.

Green Products

Apart from minimizing the environmental issues within our operation, we are dedicated to producing green products which cause minimal negative impact to the environment and human health.

Sustainable Raw Materials Use

We pay close attention to the use of raw materials in our products in order to reduce the potential hazards to the environment of our whole product lifecycle. In addition, we always follow the international standard Restriction of the use of certain Hazardous Substances ("**RoHS**") to minimize the use of hazardous substances including lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ethers. In particular, we have the surface finishing techniques such as Organic Solderability Preservative ("**OSP**"), Electroless Nickel Immersion Gold ("**ENIG**") and Immersion Silver to ensure lead-free in our products. Likewise, realizing that halogens can contribute to ozone depletion and the greenhouse effect, we opt for raw materials without halogens, so that they do not contribute to these environmental issues in the end of the product lifecycle.

Environmental Performance

During the reporting period, our environmental performance in related to our operation is indicated in the following table:

China HKBridge Holdings Limited		
	Total	**Unit**
Types of resources use		
Electricity	80,662,800.00	kWh
Water	2,257,460.00	m^3
Vehicle fuels		
— Unleaded petrol	25,366.00	Litre
— Diesel oil	27,105.93	Litre
Packaging materials	178.40	Tonne
Paper	7,747.55	kg
Refrigerant	904.90	kg
Type of waste generation		
Non-hazardous waste	837.47	Tonne
Hazardous waste	9,556.37	Tonne
Type of Emission		
Wastewater discharge	1,890,718.00	m^3
Greenhouse gas emissions		
— Scope 1	1668.96	tCO_2e
— Scope 2	72,265.80	tCO_2e
— Scope 3 (Business Travel)	60.50	tCO_2e
Intensity		
Energy intensity		
— Direct energy	68.35	Litre per 1,000 m^2 production unit
— Indirect energy	105,077.37	kWh per 1,000 m^2 production unit
Water intensity	2,940.47	m^3 per 1,000 m^2 production unit
Waste intensity		
— Non-hazardous waste	1.09	Tonne per 1,000 m^2 production unit
— Hazardous waste	12.45	Tonne per 1,000 m^2 production unit
Packaging materials intensity	0.23	Tonne per 1,000 m^2 production unit
Wastewater intensity	2,462.99	m^3 per 1,000 m^2 production unit
Carbon intensity		
— Scope 1	2.17	tCO_2e per 1,000 m^2 production unit
— Scope 2	94.14	tCO_2e per 1,000 m^2 production unit
— Scope 3 (Business Travel)	0.08	tCO_2e per 1000 m^2 production unit

We will continue to collect data with an aim to monitor our resources consumption and emissions so that the plotted trends and patterns can be used for polishing our policies and management procedures to meet the demand of our business operation. Meanwhile, we will constantly improve our environmental performance in future.

RESPECTING OUR EMPLOYEES

We fully recognize that human capital is the main component to drive our business success. We are committed to respecting, treating our employees with dignity, and providing a safe and harmonious working environment for our people, by fully complying with relevant local laws and international industrial standards such as Electronic Industry Citizenship Coalition ("**EICC**") Code of Conduct in our manufacturing facilities.

Labour Practices

Ensuring ethical and sustainable business operations in the Group, we follow the guidelines stipulated under our "Human Resources Management System" and "Labour and Ethics Management Procedure" to maintain a good working environment for our staff. Covered areas include working hours, wages, holidays, anti-discrimination, as well as prevention of child and forced labour.

We offer an attractive remuneration package to all employees including wages, fixed working hours, holidays, overtime compensation, allowances and insurance coverage etc. To motivate our employees, we set up a monthly monetary bonus and salary adjustment which are granted to the employees with good performance.

With regard to staff recruitment, promotion and transfer processes, we strictly adhere to the principle of fairness and correlation between individual's capability and a particular position. Individual employee is only dismissed for fair reason such as lack of competence or misconduct. We also support freedom of association and collective bargaining.

To continuously improve the working conditions, we understand it is important to listen to the voice of our employees. We maintain regular communication with our people through posting updates on the bulletin board, collecting opinions from the suggestion box and conducting employee satisfaction survey bi-annually to understand their concerns. A whistle-blower system is also set up to safeguard ourselves against non-compliance issues. In case of non-compliance, for example, discovering child labour in the factory, we will take prompt actions by not only investigating root causes but also implementing corrective action plans.

Health and Safety

We are committed to our policy in building a “safety-first” culture in our workplace and always look for continuous improvement. We follow our systematic occupational health and safety (“**OHS**”) management system, which is certified to the internationally recognized OHSAS 18001 standard, to ensure maximised safety in our Qujiang factory, in addition to complying with relevant laws and regulations. We encourage our workers to share the responsibility in protecting the safety and health of themselves and each others. Thus, they are required to strictly comply with the safety rules and use personal protective equipment appropriately. Safety training programmes such as chemical handling and emergency drills are provided on a regular basis to raise employees’ safety awareness. In addition, we continuously improve our safety performance through regular review of our OHS policy and conduct occupational hazard assessment by third party, so that we can create a safer and healthier working environment.

We support our people to achieve a balance between work and personal life through our caring practices and programmes. To promote family-friendly employment practices, we offer family leaves benefit such as marriage and maternity leaves for our employees to spend time with their families. Our people can enjoy a wide range of recreational facilities such as library and basketball court in the factory. Various activities such as Mid-Autumn Festival Dance Night and Lucky Draw Carnival were also organized over the year. On some traditional special occasions, we distribute festival food such as mooncakes and rice dumplings to our employees, presenting our appreciation for their dedication and hard work.

Staff Training and Development

We put extra effort to continue to explore and nurture employees' talents. To create a learning-oriented corporate culture, "Topsearch Academy" was established at PCBs segment to encourage lifelong education of our staff. This enables us to keep pace with the state-of-the-art technology and maintain our competitiveness in the industry. We also have a comprehensive training and development system to strengthen employees' capacity and skills within the Group — through identifying the development needs of individual employee, training plan and programme are developed. The training programme is categorized into three major sections:

Orientation training

- Company overview
- Codes of practices
- Safety operation

On-job training

- Technical skills
- Qualification authentication

External training

- Professional competency
- Skill enhancement

Satisfying Our Customers

Our Quality Policy commits the Group to providing the most satisfying products and services to our customers. To maintain high quality standards, our responsibility begins with our procurement process until the products are delivered to our customers, and successfully deployed. Our quality management system has been established in conformity to the international quality management system ("**QMS**") ISO/TS16949. This demonstrates that apart from complying with relevant laws and regulations and satisfying customer's needs, we are striving for continual improvement and defect prevention.

Supplier Management

In our PCBs manufacturing process, various raw materials are used such as laminates, solder masks and copper foil. It is very important to manage our supply chain as it directly influences the quality of our products and customer satisfaction. Therefore, our procurement procedure is developed to ensure stable quality and supply. New suppliers are selected through a comprehensive assessment procedure in line with our "Procurement Policy and Procedure" and are subject to on-site audit. Only qualified suppliers are selected and put into our "Qualified Vendor List". For existing suppliers, regular performance assessments are conducted on four major areas:

- Product quality;
- Service performance;
- Process monitoring; and
- Environment performance.

Suppliers who do not meet our requirements are required to carry out corrective actions for improvement.

Similarly, we require our suppliers to attain relevant quality standards in their management systems, such as the ISO9001 for supply of raw materials, and the ISO/TS16949 for production of automotive products. To further mitigate potential risks and to improve quality of our suppliers, we have implemented a supplier QMS development programme, whereas audits are conducted for selected suppliers to ensure appropriate implementation of QMS, and assistance is provided to new suppliers in building their quality system towards ISO/TS16949.

In line with our "Procurement Policy and Procedure", we also evaluate the raw materials in advance to guarantee the product quality. Except for those cases where there are requests specified by the customers, we have put in place a set of standard procedures in approving the use of raw materials for the production of our products. In addition to material quality testing, we take material safety, impacts to the environment, and their places of origins to prevent unethical purchasing into consideration. For all new laminates, Production Part Approval Process ("**PPAP**") Report is needed to ensure its product quality and hence, reducing the risk of unexpected failure due to defects in design and manufacture.

Quality and Continuous Improvement

We strive to produce the best quality products, and to ensure our quality products are safe for use and good for the environment. It is important for a PCB to perform its function, as failures can be devastating especially for automotive and medical products. Our products are certified by the China Quality Certification ("**CQC**") Centre to guarantee that all relevant standards are met. To ensure the reliability of our products, top talents and advanced equipment are employed. More details can be found in our website:

http://www.topsearch.com.hk/en/Reliability.htm

To conform with customers' requirements, we are also committed to comply with relevant laws and regulations, and to avoid the use of harmful materials in our products. To safeguard the above, the UL certification is obtained for raw materials such as laminates and solder masks.

While maintaining high product quality is the key to keep our customers satisfied, we pursue technical excellence and constantly look for ways to improve our technical competencies to meet customer's future needs. To cite an example, we have teamed up with two of the top universities in the region — The Hong Kong Polytechnic University and Tsinghua University, to conduct research projects to deliver the next generation solutions. More details can be found in our website:

http://www.topsearch.com.hk/en/Research_Development.htm

Customer Satisfaction

To maintain good relationships with our customers and to hear their feedbacks, we perform annual customer satisfaction review to continuously improve our products and service quality. Customer satisfaction is measured through various means, including product return rate, customer's complaints, delivery lead-time and customer satisfaction survey, and conduct analysis to identify areas of improvement. Action plans are then formulated for relevant departments in order to improve customer satisfaction.

Although we endeavour to maintain high quality standards to meet customers' requirements, we still anticipate that it may have complaints received from customers. In order to handle complaints properly, build up customers' confidence and keep up with our reputation, we follow our "Customer Service Procedure" whereas steps for dealing with our customers' complaints and for handling product return respectively, are set up.

SAFEGUARDING OUR BUSINESS

Upholding the highest degree of business integrity is the key to maintain our business success and continuity. This is particularly important to protect our reputation and assets as the Group will actively explore more opportunities in asset management and other financial service. We make our every effort to stand against corruption and safeguard confidential information, to cultivate an accountable and honest corporate culture and to comply with all relevant laws and regulations.

Anti-corruption

We enact zero tolerance against corruption and bribery within our operation. In doing so, apart from relevant provisions in our "Employee Handbook", we have further established an "Anti-Corruption and Anti-Bribery Policy" with relevant management procedure in accordance with all applicable laws and regulations to prevent acts of bribery and corruption at our workplace.

We require all employees to perform ethically when conducting business activities and strictly prohibit receiving any benefits such as gifts, money and entertainment from our business partners and customers, or abuse of power for obtaining any advantages. Employees must sign the "Declaration of Integrity" upon their employment to ensure they follow the rules at work and understand their responsibility, obligations and liability on breaches of the policy. Regular monitoring is carried out to ensure compliance. Reporting channels are in place for our employees to report any suspected or actual case(s) of bribery and corruption. Identities of the whistle-blowers together with the reporting information are kept in strict confidentiality. Employees are also encouraged to report any potential misconduct, and any breaches of the policy are handled in strict manner which could result in dismissal.

Confidentiality & Intellectual Properties Protection

To protect the interests and assets of the Group, apart from the provisions in our "Employee Handbook" for safe guarding confidentiality, we have implemented the requirements under the "Information and Data Confidentiality Regulation" to maintain the strictest degree of confidentiality in our operations. This covers the responsibility and obligation for all departments and mangers at all levels to handle the confidential and sensitive information (e.g. employee personal data, corporate information, trade secrets, customer's product designs and technologies and intellectual properties etc.) at the workplace. Further, we have implemented the "Personal Account Trading Rules" in 2017 to govern our activities related to investment trading.

All new employees must sign a confidentiality agreement to ensure they abide by the confidential requirements upon starting employment, and no disclosure of confidential information after they leave the Group. Violation of the regulation will be subject to disciplinary action. Employees are not allowed to disclose confidential information upon the start of employment until they leave the Company. Violation of the regulation will be subject to disciplinary action up to and including dismissal. Suppliers are also required to sign a non-disclosure agreement.

INVESTING IN COMMUNITY

As a socially responsible enterprise, we are committed to contributing to the community where we operate. This year, we continue to show our support and care through donations, such as to Chi Heng Foundation, to improve the lives of people in less privileged communities.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

Owing to the intense competition in the manufacturing segment, the Group allocated its additional resources and efforts in developing the financial services segment which included asset management and investment and other consultancy related services.

For the year ended 31 December 2017, the Group recorded a total revenue of HK$1,347.4 million representing an increase of approximately 67.8% as compared with the same in 2016. Such a significant increase in revenue was mainly contributed from the financial services and treasury investments segment as a result of new sources of revenue being generated from financial services and increase in fair value gains of listed securities being booked by treasury investments segment. The total revenue for the year ended 31 December 2017 recorded by financial services and treasury investments segment amounting to HK$457.5 million (2016: Nil) and HK$328.9 million (2016: HK$277.0 million), respectively. For the manufacturing segment, the total revenue for the year ended 31 December 2017 was HK$561.0 million (2016: HK$526.2 million).

The Group's total gross profit increased from approximately HK$333.9 million in 2016 to approximately HK$849.7 million in 2017 with the total gross profit margin increased from approximately 41.6% in 2016 to approximately 63.1% in 2017. Such a significant increase was mainly attributable to the fair value gains contributed by the treasury investments segment and corporate solution service income contributed by financial services segment.

Profit before tax reported a remarkable improvement and recorded an increase of approximately HK$335.1 million, which was mainly due to the revenue recorded by financial services of approximately HK$457.5 million and the fair value gains of approximately HK$228.8 million. Profit attributable to shareholders for the year ended 31 December 2017 amounted to approximately HK$456.1 million, representing an increase of approximately 1.6 times when compared with the same in 2016. Basic earnings per share was approximately 29.92 Hong Kong cents, representing an increase of approximately 1 time as compared to earnings per share of 15.02 Hong Kong cents in 2016.

BUSINESS REVIEW

Manufacturing business

The Group's manufacturing segment's sales of good increased by approximately 6.6% from approximately HK$526.2 million in 2016 to approximately HK$561.0 million in 2017. The manufacturing segment's gross profit margin increased from 10.8% in 2016 to 11.3% in 2017.

Despite the slight increase in sales of goods during 2017, the Group's manufacturing segment still incurred a net loss due to the acute price increase in major raw materials such as copper foil and laminates during the reporting year and also an unrealized exchange loss due to the appreciation of the RMB versus USD , amounting to more than half of the incurred loss reported.

Treasury investments

During the year under review, the Group's treasury investment team made effective use of its available financial resources by investing into a wide variety of financial assets including investments in listed and unlisted equity and debt securities, investment in funds, and the provision of financial assistance to independent third parties. For the year ended 31 December 2017, the Group's treasury investments segment generated a total return of HK$360.5 million in the form of realised and unrealised fair value gains, returns from investments in funds and interest income.

Financial services

Asset management

The Group has commenced its asset management business since December 2016. During the year under review, the Group acted as general partner of several offshore private funds being launched by the Group which were related to investments in relation to the concept of One Belt One Road ("**OBOR**"). Besides, the Group set up several offshore private funds ("**HKBridge Funds**") for investments in listed equity security investments and unlisted debt investments.

Up to 31 December 2017, the Group made contributions of approximately HK$660 million to some of the funds. Out of total number of 14 investment funds being established by the Group during the year, 7 relating to OBOR and 5 relating to HKBridge Funds which were closed and the aggregate amount of assets under management was approximately HK$6.1 billion.

Investment and other consultancy related services

For investment and other consultancy related services, during the year under review, the Group increased its headcount with investment banking and corporate finance experience and exposures, in rendering investment referral and consultancy services to potential investors and successfully secured several investment referral and consultancy agreements. This enabled the Group to generate an additional source of revenue during the year. For the year ended 31 December 2017, the Group recorded a total amount of HK$372.0 million in referral and consultancy fee income. 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.

Management Discussion and Analysis

FUND RAISING ACTIVITIES

On 28 November 2017, the Company completed the issue of one rights share for every two existing shares at a subscription price of HK$2.20 per share (the "**Rights Issue**") and raised a total net proceeds of HK$1,598.8 million (net of a total of HK$11.6 million issue related expenses). The under-subscribed portion of the Rights Issue was undertaken by Youfu Investment Co., Ltd ("**Youfu**"), an existing substantial shareholder prior to the completion of the Rights Issue, pursuant to an underwriting agreement dated 31 August 2017 entered into between Youfu and the Company. After the completion of the Rights Issue, Youfu has become the single largest shareholder of the Company and also a controlling shareholder of the Company holding approximately 41.09% interests in the Company as of 31 December 2017. Together with Zhisheng Enterprise Investment Co., Ltd ("**Zhisheng**"), the parties acting in concert, which has the meaning ascribed to it under the Takeovers Code, both Youfu and Zhisheng hold an aggregate of 48.84% interests in the Company as at 31 December 2017. Further details in relation to the Rights Issue were set out in the Company's circular and prospectus dated 29 September 2017 and 3 November 2017, respectively (the "**Listing Documents**").

Set out below is the fund raising activity conducted by the Company during the year together with the amount of net proceeds raised and its uses.

Intended use of the net proceeds as stated in the Listing Documents	Change of uses/Ultimately used	Amount used (including those used in 2018 up to 22 March 2018)	Amount remains unused
Approximately 70% to support and develop the Group's existing asset management businesses and the platform in Shenzhen amounting to approximately HK$1,109.4 million. For the Group's existing asset management and financial service business in Hong Kong and in China (approximately two-third of such 70% of the net proceeds intends to use as seed money for launching new funds in Hong Kong within the next 12 Months and the remaining one-third will be used to finance the initial paid-up capital and future development of the platform in Shenzhen)	Changed to subscribe the promissory note issued by Ascend Trade Limited, details of which are set out in the Directors' Report	HK$900 million	Fully used
	Used as seed money for the launch of a new fund by the Group	HK$209.4 million	Fully used

Intended use of the net proceeds as stated in the Listing Documents	Change of uses/Ultimately used	Amount used (including those used in 2018 up to 22 March 2018)	Amount remains unused
Approximately 25% for the repayment of the existing indebtedness to a non-financial institution, which amounts to approximately HK$406.3 million	Used to repay the indebtedness as stated in the Listing Documents	HK$406.3 million	Fully used
Approximately 5% as the Group's general working capital (including operating expenses such as staff costs, professional fees, marketing expenses), for maintaining the minimum liquid capital to carry out regulated activities and/or for future investment opportunities	Used to purchase listed securities	HK$70.0 million	Fully used
	Used to repay the indebtedness as stated in the Listing Documents	HK$9.77 million	Fully used

BUSINESS UPDATES

Licensed business

Apart from the approval granted from SFC to an indirect wholly-owned subsidiary of the Company, Hong Kong Bridge Investments Limited ("**HKBI**") to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under section 127(1) of the SFO with effect from 21 December 2016, the Company planned to further expand its business scope of dealing in securities and advising on corporate finance.

On 28 June 2017 and 26 September 2017, Hong Kong Bridge Capital Partners Limited ("**HKBCP**"), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong, submitted an application to SFC for approval to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under section 127(1) of the SFO, respectively. HKBCP received the processing acknowledgement of application to conduct the Type 1 and Type 6 regulated activities from SFC on 6 November 2017, and was granted the said licenses with effect from 6 February 2018 to carry on new licensing activities.

Management Discussion and Analysis

On 25 December 2017, an indirect wholly-owned subsidiary of the Company incorporated in the PRC on 30 August 2017, HKBridge Equity Investment Fund Management Limited (the "**Shenzhen HKBridge**") obtained the approval from Asset Management Association of China (the "**AMAC**") to perform the role of general manager to manage private equity funds in the PRC. Subsequently, two wholly-owned subsidiaries of Shenzhen HKBridge, Ningxia HKBridge Investment Management Limited and Ningxia Gangning Investment Fund Management Limited, were set up and registered on 8 December 2017 and 22 December 2017 respectively.

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 the year. 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.

Crown International Shares

On 28 December 2017, the Group acquired a total number of 80,000,000 shares in Crown International Corporation Limited ("**CIC**") (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. 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 during the year as mentioned in the paragraph headed "Funding Raising Activities". 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 at the exercise periods.

North Mining Shares

On 29 December 2017, the Group completed the disposal of a total number of 1,324,929,577 shares in North Mining Shares Company Limited (whose shares are listed on the Stock Exchange (HKSE: 433)) through the disposal of a wholly-owned subsidiary of the Group at a consideration of approximately HK$224.4 million (the "**North Mining Disposal**"). Upon the completion of the North Mining Disposal, the Group realised a total gain on the North Mining Disposal of HK$5.4 million for the year ended 31 December 2017.

Subsequent to the North Mining Disposal, 20% of the consideration have been received on 31 January 2018. On 15 February 2018, the purchaser and the Group entered into a supplemental sales and purchase agreement to extend the payment date of the remaining 80% of the consideration from 15 February 2018 to 30 April 2018.

Under the promissory note delivered, the purchaser of the North Mining Disposal will pay an interest accrued at the rate of 18% per annum on the remaining 80% consideration, commencing from 16 February 2018 until the full settlement of the outstanding amount.

The Group's equity investments

As at 31 December 2017, the details of the Group's equity investments at fair value through profit or loss were summarised as follow:

Name of Securities	Number of shares held	Market value at 31 December 2017 per share	Carrying value at 31 December 2017 value	Carrying value at 31 December 2016/Costs of purchases	Change in fair value gain/(loss)
		HK$	*HK$'million*	*HK$'million*	*HK$'million*
SuperRobotics Limited (formerly known as Skynet Group Limited) (HKSE: 8176)	41,666,666	12.88	536.7	391.6	145.1
Huarong Investment Shares (HKSE: 2277)	88,000,000	1.62	142.5	79.2	63.3
CIC Shares (HKSE: 727)	80,000,000	1.43	114.4	70.0	44.4
Qudian Inc. (NYSE)	50,000	97.81	4.9	9.4	(4.5)
Total			798.5	550.2	248.3

SUBSCRIPTION OF INTEREST IN A FUND

Huarong International Fortune Innovation Limited Partnership ("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 money raised by Huarong International Fund was used to acquire no 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 by that time 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 arrangement with an independent third party pursuant to which the Group agreed to grant a call option to that independent third party at a call option premium of HK$32,300,000 (the "**Option Premium**") and that independent third party 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. Subsequent to the balance sheet date as at 31 December 2017, the Group collected the Option Premium from that independent third party.

Partners Special Opportunities Fund I ("PSOF")

On 23 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 ended 31 December 2017, the rate of return generated by the PSOF was approximately 15.8%. The subscription of the PSOF constituted a discloseable transaction by that time under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 23 January 2017.

One Belt One Road Funds ("OBORFs")

On 14 May 2017, the Group contributed HK$220 million each into two OBORFs whereas the Group also acted as the general partner of these OBORFs. Further details of these OBORFs were set out in the Company's announcement dated 14 May 2017.

The Group through two indirect wholly-owned subsidiaries contributed additional HK$375 million each into above two OBORFs as the Second-tier Limited Partner on 12 March 2018. The further subscription constituted a 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.

HKBridge Fund

On 2 August 2017, the Group contributed HK$1 to one HKBridge Fund which is managed by the general partner, a subsidiary of the Group. The majority scope of the fund is generating the returns by investing all or substantially all its assets in the 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 whereas the Group also acted as the general partner of the HKBridge Fund. The purpose of the activities to be conducted by the partnership is primarily to achieve long-term capital appreciation, principally through investing in convertible debts, equity or equity-related securities, debt securities and loans.

For the year ended 31 December 2017, the management fee and performance fee income generated from HKBridge Funds amounted to approximately HK$85.5 million.

PROVISION OF FINANCIAL ASSISTANCE

During the year under review, the Group also engaged in the provision of financial assistance to some independent third parties. As at 31 December 2017, the total outstanding receivables in relation to this activity amounted to HK$630.5 million and those transactions that were summarised below were relatively significant to the Group when entering into agreement between the Group and those independent third parties.

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 is 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. Pursuant to the loan facility agreement, the Group agreed to grant a facility of not more than RMB200 million to the Borrower I. The loan amount carries 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 holds a project located at Zhanjiang, Guangdong Province, the PRC and personal guarantees provided by the only two equity holders of Shenzhen Fangding.

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 carries an expected rate of return of 18% per annum. The permitted use of the Entrusted Loan is 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.

MATERIAL ACQUISITIONS OR DISPOSALS COMPLETED DURING 2017

During the year, the Group did not carry out any material acquisitions or disposals except for the North Mining Disposal as described above.

OUTLOOK

After a year of transformation, the Group's financial services and treasury investments segments began to generate a stable income stream in the form of consultancy fee income, interest income and return from its investments in 2017. This also marks as a milestone of the Group to diversify its core business from PCBs to financial services. During 2017, the Group had further strengthened its management team by recruiting a number of experienced individuals on asset management, corporate finance and investment banking industry in developing its financial services segment. It is expected that this strategic change will continue in 2018.

Through the continued support from Youfu, the controlling shareholder of the Company, the Group will continue to develop its assets management and financial services business during 2018 by taking advantage of the strong stock market in Hong Kong. Through the resources and interactions in/with China and the advantages of Hong Kong as an international financial centre and offshore RMB centre as well as our Group's two newly established presences in Shenzhen and Ningxia, the Company is confident that the Group can further strengthen its business development on this segment and can further consolidate its influence in the market.

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 2017, the Group had total equity of approximately HK$3,321.0 million (31 December 2016: HK$1,167.4 million) and net debts (trade payables, other payables and accruals, borrowings, loans from a director and a related company and obligation under finance leases, less bank balances and deposits) of approximately HK$1,556.9 million (31 December 2016: HK$568.0 million), representing a gearing ratio, defined as net debts over total equity plus net debts, of 31.9% (31 December 2016: 32.7%).

The Group's net current assets of approximately HK$1,756.0 million (31 December 2016: HK$728.1 million) consisted of current assets of approximately HK$3,290.6 million (31 December 2016: HK$2,026.0 million) and current liabilities of approximately HK$1,534.6 million (31 December 2016: HK$1,297.9 million), representing a current ratio of 2.14 (31 December 2016: 1.56). The asset base was strengthened as a result of the completion of Rights Issue and additional borrowings obtained during the year.

As at 31 December 2017, the Group's current assets consisted of approximately HK$381.2 million (31 December 2016: HK$992.8 million) held as bank balances and deposits, of which 48.0% was in Hong Kong dollars ("**HKD**"), 40.1% was in RMB and 11.9% was in other currencies.

The Group's current assets also consisted of approximately HK$118.0 million (31 December 2016: HK$111.5 million) as trade receivables from its customers in the Group's manufacturing segment. Debtors turnover days was 76.7 days (31 December 2016: 75 days).

As at 31 December 2017, the Group's inventories decreased from HK$78.7 million in 2016 to approximately HK$68.5 million in 2017. Inventory turnover days in the Group's manufacturing segment was 50 days (31 December 2016: 61 days). Trade payables increased from approximately HK$134.5 million in 2016 to approximately HK$134.9 million in 2017. Creditors turnover days was approximately 99 days (31 December 2016: 89 days).

INTEREST-BEARING BORROWINGS

Apart from the secured bank borrowings described in Note 30 to the consolidated financial statements, there were loans advanced by Mr. Cheok Ho Fung ("**Mr. Cheok**") at an effective interest rate of 7% (2016: 7%) per annum during 2017. This financial assistance provided by Mr. Cheok is a connected transaction under Chapter 14A of the Listing Rules. However, it is fully exempted from the reporting, announcement and independent shareholders' approval requirements (the "**Exemption**").

As at 31 December 2017, there was a loan due to a related party of HK$200 million (31 December 2016: HK$200 million), which was unsecured, carried interest at a rate of 3% per annum and was repayable by 19 October 2018. That related party is also a connected person as defined under Chapter 14A of the Listing Rules and the Exemption also applied.

As at 31 December 2017, there were other loans due to some independent third parties of approximately HK$1,092.4 million (31 December 2016: HK$923.8 million), out of which approximately HK$202.4 million was secured by equity interests in certain subsidiaries of the manufacturing segment, was repayable by 31 March 2018 and bore interest at 5% per annum. For the remaining balance of approximately HK$890.0 million, they were unsecured, carried interest at a rate of 3% to 7% (2016: 5%) per annum and HK$450.0 million and HK$440.0 million of which are repayable within the next twelve months and within the next 2 to 3 years, respectively.

FOREIGN EXCHANGE EXPOSURE

Sales of the Group's products in manufacturing segment are principally denominated in USD and the purchases of materials and payments of operational expenses are mainly denominated in USD, HKD 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$16.1 million (2016: HK$17.3 million gain) due to the appreciation of RMB in 2017.

As at 31 December 2017, the Group has not entered into any financial instrument 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.

Management Discussion and Analysis

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2017, excluding those employed by the associates, the Group had approximately 1,500 employees (31 December 2016: 1,645). For the year ended 31 December 2017, our total staff costs (including provision for employee termination benefits) amounted to HK$241.8 million (31 December 2016: HK$232.4 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 OPTION SCHEME

The Company previously adopted a share option scheme on 30 May 2002 for the purpose of providing incentives and rewards to eligible participants including any employees of the Group for a lifespan of 10 years. However, that share option scheme was expired on 30 May 2012 and therefore, no share options were outstanding since then. The Board considered that a new share option scheme will only be adopted at such time when the Directors think fit.

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 purpose 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 the interests of those eligible persons directly to shareholders of the Company through their ownership of shares in the Company.

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 and 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, 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 were 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 for 2016.

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

Further details of the Share Award Scheme and the grant of the Awarded Shares to both Mr. Liu and Mr. Zhou were set out in the Company's announcement dated 17 May 2016 and the Company's circulars dated 5 July 2016 and 30 September 2016, respectively.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group's capital commitments under the manufacturing segment contracted but not provided was Nil (31 December 2016: HK$2.2 million). All these outstanding capital commitments were related to construction of factory buildings and acquisition of plant and machinery.

On the other hand, the Group's capital commitments under the treasury investments segment contracted but not provided for amounted to Nil (31 December 2016: HK$340 million). The outstanding commitments under the treasury investments segment were related to the fund subscription activities mentioned above.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 June 2018 (Monday) to 29 June 2018 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming AGM of the Company to be held on 29 June 2018 (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 22 June 2018 (Friday).

The register of members of the Company will be closed from 10 July 2018 (Tuesday) to 11 July 2018 (Wednesday) (both dates inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 July 2018 (Monday).

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 39 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year except for some newly incorporated subsidiaries during the year were involved in the carrying out of treasury investments business including investment in securities and other related activities; and the rendering of financial services including asset management, investment and other consultancy related services.

Details of the analysis of the Group's revenue for the year by geographical location are set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A discussion on the Group's business review, and operating and financial performance during the year and a discussion on the Group's future business development as well as the Group's financial key performance indicators are included in the Chairman's Statement on pages 4 and 5 and the Management Discussion and Analysis on pages 40 to 52 of this annual report.

Particulars on the Group's environment policies and key relationships with employees, customers and suppliers were set out in the ESG Report on pages 27 to 39 of this annual report. All these disclosures form part of the content of the Report of the Directors.

RISKS AND UNCERTAINTIES

The Group is now 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 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. Rising in interest rate is highly likely and this will affect not only the Group's costs of borrowings but also costs of purchases on materials. In addition to risks and uncertainties mentioned above, the Group is also subject to foreign currency risk, credit risk, liquidity risk and capital risk arising from the normal course of the Group's business and further details of which are set out in note 44 to the consolidated financial statements.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group continues to commit to comply with the relevant laws and regulations such as the Companies Act 1981 of Bermuda, Hong Kong Companies Ordinance Cap 622 ("**Companies Ordinance**"), the Listing Rules, and laws and regulations implemented by relevant jurisdictions. The Company believes the existing laws and regulations do not have any significant effect on the Group's activities during the year ended 31 December 2017.

Report of the Directors

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2017 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 77 to 173.

The Board recommends the payment of a final dividend of 10 Hong Kong cents per ordinary share for the year ended 31 December 2017 subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company.

The total amount of final dividend to be paid is subject to the total number of ordinary shares of the Company in issue as at the date of closure of register of members (i.e. 11 July 2018) for determining the entitlement to the proposed final dividend, which may be different from the total number of shares in issue (i.e. 2,208,000,000) as at the Latest Practicable Date.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 174. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movement in the Company's issued share capital for the year ended 31 December 2017 are set out in note 35 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders though there are no restrictions against such rights under the laws of Bermuda.

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 of 2017.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 82.

DISTRIBUTABLE RESERVES

In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution or payment of dividends to the Shareholders provided that immediately following such distribution or payment, the Company is able to pay off its debts as and when they fall due.

As at 31 December 2017, the Company's reserves include share premium of HK$2,532,329,000 which may be available for dividend distribution upon the passing of special resolution by the Shareholders at the general meeting to reduce the share premium amount and transfer it to contributed surplus after offsetting with the accumulated losses of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, the revenue from the largest and the five largest customers amounted to approximately 5% (2016: 10%) and 21% (2016: 39%) of the Group's revenue respectively.

For the year ended 31 December 2017, the purchase of materials from the largest and the five largest suppliers amounted to approximately 13% (2016: 12%) and approximately 47% (2016: 42%) of the Group's total purchases respectively.

None of the Directors, or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued share capital of the Company) has any beneficial interest in any of the five largest customers and suppliers of the Group for the year ended 31 December 2017.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group on a going concern basis, with supporting assumptions or qualifications as necessary, for each financial period which give a true and fair view of the financial affairs of the Group.

SUFFICIENCY OF PUBLIC FLOAT

As at the Latest Practicable Date and based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required by the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The following are two continuing connected transactions that are not exempted under the Listing Rules and are required to be disclosed pursuant to Rule 14A.71 of the Listing Rules in this annual report:

Tenancy Agreement 1

On 28 May 2014, Topsearch Printed Circuits (HK) Limited ("**Topsearch PC (HK)**") as a tenant (an indirect wholly-owned subsidiary of the Company), entered into a tenancy agreement (the "**Tenancy Agreement 1**") with Keentop Investment Limited as a landlord (an investment holding company and a connected person defined under the Listing Rules, which is beneficially owned as to 50% by each of Mr. Cheok, an Executive Director and his spouse, Mrs. Cheok Chu Wai Min) in respect of the lease of the properties known as House 7 and the Garden appurtenant thereto and Car Parking Spaces Nos. 7A and 7B on Basement Floor, Las Pinadas, No. 33 Shouson Hill Road, Hong Kong for a lease term of three years commencing from 1 June 2014 to 31 May 2017 (both days inclusive) as director's quarters provided to Mr. Cheok and his family.

Keentop Investment Limited charged Topsearch PC (HK) a monthly rental of HK$165,000 (exclusive of rates, management fee and other outgoings) and a monthly management fee of HK$11,390 from 1 June 2014 to 31 March 2015, and HK$12,000 from 1 April 2015 to 31 May 2017 (both days inclusive), subject to adjustment based on the valuation report dated 23 May 2014 conducted by an independent professional property valuer. Details of the terms of and the annual caps under the Tenancy Agreement 1 were published by the Company on 28 May 2014 which were uploaded to the Stock Exchange's and the Company's website, respectively. The Tenancy Agreement 1 has a renewed term (the "**Renewed Agreement 1**") commencing from 1 June 2017 to 31 May 2020 (both days inclusive) with the monthly rental of HK$165,000 (exclusive of rates, management fee and other outgoings) and monthly management fee of HK$18,000. The annual cap under renewed Tenancy Agreement 1 is HK$2,196,000. The terms of the Tenancy Agreement 1 have been negotiated on an arm's length basis and are considered as fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole. The Renewed Agreement 1 is exempted from reporting and announcement requirements under the Listing Rules.

Sub-lease Agreement

On 10 May 2017, China HKBridge as a sub-tenant entered into a tenancy agreement (the "**Tenancy Agreement 2**") with China Tian Yuan International Finance (Management) Limited ("**China Tian Yuan**") as a sub-landlord (a connected person as defined under the Listing Rules, which is beneficially wholly owned by Mr. Jia Tianjiang, a substantial shareholder of the Company) in respect of the lease of properties of lettable gross floor area of about 343 square metres at 36th Floor, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong and a car parking space (the "**Subleased Portion**") for a lease term of two years commencing from the commencement date of the original lease term on 16 August 2016 as the Company's office to 15 August 2018 (both days inclusive).

China Tian Yuan charged China HKBridge a monthly rental of HK$476,667 (exclusive of government rent and rates, management fees and other outgoings in relation to the use of the Subleased Portion) and a monthly management fee of HK$21,211. The terms of the Tenancy Agreement 2 have been negotiated on an arm's length basis and are considered as fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Details of the terms of the annual caps under the Tenancy Agreement 2 were published by the Company on 10 May 2017 and were uploaded to the Stock Exchange's and the Company's website, respectively.

In respect of the Tenancy Agreements 1 and 2 which constitute continuing connected transactions of the Company, the Independent Non-executive Directors have reviewed the said transactions and confirmed that the said transactions have been entered into:

(1) after arm's length negotiation;

(2) on normal commercial terms; and

(3) according to the Tenancy Agreements 1 and 2 governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Board confirmed that the Company's external auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter(s) containing their findings and conclusions in respect of the continuing connected transactions and confirmed the matters set out in Rule 14A.56 of the Listing Rules as follows. The auditor has reported their conclusions to the Board stating that:

(a) nothing has come to the auditor's attention that causes them to believe that the said transactions have not been approved by the Board.

(b) nothing has come to the auditor's attention that causes them to believe that the said transactions were not entered into, in all material respects, in accordance with the Tenancy Agreements 1 and 2 governing the said transactions.

(c) with respect to the aggregate amount of each of the said transactions, nothing has come to the auditor's attention that causes them to believe that the said transactions have exceeded their respective annual capped amounts fixed in both Tenancy Agreements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Liu Tingan *(Chairman and Chief Executive Officer)*

Mr. Cheok Ho Fung *(Deputy Chairman)*

Mr. Zhou Huorong *(resigned on 26 July 2017)*

Non-executive Director:

Mr. Mao Yumin *(appointed on 10 March 2017)*

Independent Non-executive Directors:

Mr. Ng Man Kung

Dr. Ngai Wai Fung *(resigned on 18 April 2018)*

Mr. Lau Fai Lawrence

In accordance with the Listing Rules and Bye-law 99 of the Company's Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation such that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Report of the Directors

Pursuant to the Listing Rules and Company's Bye-law 102(B) of the Bye-laws, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Accordingly, Mr. Ng Man Kung (independent non-executive Director) and Mr. Lau Fai Lawrence (independent non-executive Director) shall retire from office by rotation pursuant to Bye-law 99 of the Company's Bye-laws at the forthcoming annual general meeting of the Company.

All the retiring Directors being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

None of the Directors offering themselves for re-election at the forthcoming annual general meeting of the Company has any service contract with the Company in respect of any unexpired period which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Liu Tingan ("Mr. Liu")

Mr. Liu, aged 56, is an executive Director, the chairman of the Board, the chief executive officer of the Company and the chairman of the Executive Committee since 22 March 2016. Since his appointment, Mr. Liu is responsible for the overall strategic and business development of the Group. Mr. Liu graduated from the Jiangxi University of Finance and Economics, China with a bachelor's degree in Economics in 1983. He attained a master's degree in Economics at Renmin University of China in 1987. In 1990, Mr. Liu joined a scholarship programme in Monetary Policy and Financial Markets launched by the University of Oxford, the United Kingdom. Mr. Liu has over 30 years of experience in finance management.

Mr. Liu was the managing director and chief investment officer of Reorient Financial Group Limited. Mr. Liu was also the managing director of Reorient Global Limited (being a subsidiary of Reorient Group Limited (HKSE Stock Code: 0376) from July to December 2015. He was the deputy chairman and president of China Life Insurance (Overseas) Company Limited from June 2008 to March 2015. He was a non-executive director of Sunshine Oilsands Limited (HKSE Stock Code: 2012) from February 2011 to June 2015 during which he was the chairman of the board of directors from November 2014 to June 2015. Mr. Liu worked at China Life Insurance Company Limited ("**China Life**") (HKSE Stock Code: 2628) and was the board secretary general and spokesman of China Life between November 2003 and May 2008. He was the general manager of the investment centre of former China Life Insurance Company Limited between September 2000 and May 2004. Mr. Liu was the president of

Guangzhou Branch and Assistant President of Hainan Development Bank between December 1994 and January 2000. He was the division chief of the State Commission for Economic Reforms, China between July 1987 and December 1994. Mr. Liu has been the deputy chairman of Hong Kong Institute of Directors since 2014 and a member of Insurance Advisory Committee of the Government of HKSAR since 2010. Mr. Liu was a member of Financial Services Development Council of the Government of HKSAR from 2013 to 2017, a member of the Hong Kong — Taiwan Business Co-operation Committee of the Hong Kong Trade Development Council from 2012 to 2016, a member of the Listing Committee of The Stock Exchange of Hong Kong Limited from 2010 to 2015. From 2008 to 2015, he was the executive director of the Hong Kong Chinese Enterprises Association. Mr. Liu was awarded the "2013 Outstanding Leaders Award" by Hong Kong's Capital Magazine in 2014, the "Director of the Year Award" by the Hong Kong Institute of Directors and Winner of China's "Top 10 Economic Talents Special Award 2009" both in 2009.

On 8 March 2016, the Company has entered into a service agreement with Mr. Liu on his appointment as an executive Director, Chairman, Chief Executive Officer for a term of three years commencing on 22 March 2016. The term is renewable automatically for successive term of three years on the same terms and conditions, unless notified by either party in writing of its decision not to renew the agreement. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Company's Bye-laws. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time. Under the employment agreement with Mr. Liu, such agreement may be terminated by either party as agreed which should not exceed one year.

Mr. Liu is entitled to an annual remuneration of HK$6,000,000 and an annual discretionary bonus subject to the approval of the Board. The remuneration and benefits were determined with reference to Mr. Liu's past working experience, duties and responsibilities with the Company and the prevailing market situation.

Save as disclosed above, Mr. Liu has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an executive Director, the chairman of the Board, the chief executive officer of the Company and the chairman of the Executive Committee, Mr. Liu does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company. Details of Mr. Liu's interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO as at 31 December 2017 have been disclosed in this annual report on page 67 under the section headed "Directors' Interests in Shares and Underlying Shares". There are no other matters concerning Mr. Liu that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Cheok Ho Fung ("Mr. Cheok")

Mr. Cheok, aged 66, is an executive Director, deputy chairman of the Board and a member of the Executive Committee. He is also the founder of the Group.

Mr. Cheok has over 30 years of experience in the PCBs industry and is also involved in the business of real estates development in China, and other high tech products.

Mr. Cheok had held the positions of financial controller and various management positions in different multinational companies involved in computer related products, application systems, motor vehicles and agricultural equipment, ship repairing and oil-rig construction, business-form printing and PCBs manufacturing. Mr. Cheok has been a fellow member of the Association of Chartered Certified Accountants since 1980, a fellow member of the Chartered Institute of Management Accountants since 1981 and the Hong Kong Institute of Certified Public Accountants since 1990.

Mr. Cheok has entered into a service agreement with the Company on 30 May 2002 for an initial fixed term of three years and shall continue thereafter for successive terms of one year each commencing from the day immediately following the expiry of the then current terms of the service agreement. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. For the financial year ended 31 December 2017, Mr. Cheok received annual emoluments of HK$5,441,000, including the housing benefits in kind. His emoluments and performance bonus was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time. Under the service agreement with Mr. Cheok, such agreement may be terminated by either party by giving not less than six months' written notice to the other party.

Prior to 15 January 2016, Mr. Cheok was one of the substantial Shareholders (as defined under the Listing Rules), a director and a shareholder of Inni International Inc. which was also one of the substantial Shareholders.

Save as disclosed above, Mr. Cheok has not held any other directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Other than the relationship arising from being an executive Director, deputy chairman of the Board and a member of the Executive Committee, and being the father of Mr. Cheok Lup Yin, Eric, Mr. Cheok does not have any relationships with any other Directors and senior management (as defined in the Listing Rules), and there are no other matters concerning Mr. Cheok that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Non-executive Director

Mr. Mao Yumin ("Mr. Mao")

Mr. Mao, aged 63, joined the Group on 10 March 2017 as a non-executive Director. He has over 30 years of experience in the banking and financial sector. Prior to Mr. Mao's retirement from China Construction Bank in May 2016, he was the executive director and the chief executive officer of China Construction Bank (Asia) from July 2013 to May 2016; he was the chief executive of China Construction Bank, Hong Kong Branch from April 2011 to May 2016; the chief investment officer of China Construction Bank from September 2007 to March 2011; the non-executive director and the chairman of China Construction Bank (London) from January 2009 to June 2011; and the executive director and the vice chairman of China Construction Bank (Asia) from September 2007 to March 2011. From March 2011 to January 2017, he served as a non-executive director of China Construction Bank International (Holdings) Limited.

Since June 2016, Mr. Mao has served as a non-executive director of JiangSu Zeyun Pharmaceutical Co., Ltd （江蘇知原藥業有限公司）. Since July 2016, Mr. Mao has also served as an independent director of each of China Galaxy International Financial Holdings Limited, a licensed corporation to conduct regulated activities under the SFO and China Life Insurance (Overseas) Company Limited, a corporation principally engaged in the provision of life insurance, investment and provident fund services. Mr. Mao has also served as a non-executive director of China Construction Bank (Asia) Corporation Limited since August 2016.

Mr. Mao was the non-executive director of Kong Sun Holdings Limited (HKSE Stock Code: 0295) from April 2017 to May 2017. He was the executive director and chief executive officer of Shanghai Aijian Corporation Limited from June 2006 to July 2007 (a company listed on the Shanghai Stock Exchange, stock code: 600643). He was the senior vice president and the executive director of Cathay International Holdings Limited (a company listed on the London Stock Exchange stock code: CTI), from May 2003 to June 2006. He was the chief executive of China Construction Bank, Hong Kong Branch from March 1997 to March 2003 and was the general manager of International Department of China Construction Bank head office from May 1994 to December 1996.

Mr. Mao received his bachelor's degree in finance from Jiangxi University of Finance and Economics in the People's Republic of China in 1983 and completed the Program for Management Development (the 70th Session) in Graduate School of Business Administration of Harvard University in 1995.

Mr. Mao has been appointed by the Board for an initial term of three years commencing from 10 March 2017, which is terminable by either party by giving to the other three months' prior notice in writing. Mr. Mao is entitled to a director's fee of HK$1,200,000 per annum.

Save as disclosed above, Mr. Mao has not held any other position with the Company or other members of the Group and he has not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being a non-executive Director of the Board, Mr. Mao does not have any relationships with any other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares and underlying shares of the Company within the meaning of Part XV of the SFO, and there are no other matters concerning Mr. Mao that need to brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Independent non-executive Directors

Mr. Ng Man Kung ("Mr. Ng")

Mr. Ng, aged 66, is an Independent non-executive Director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee since 22 March 2016.

Mr. Ng graduated from Hong Kong Polytechnic University with an attendance certificate in banking. Mr. Ng has been senior management in banking industry of Hong Kong for 28 years. He was appointed as the managing director and general manager of Chiyu Banking Corporation Limited in 1992 and the vice-chairman and chief executive of Chiyu Banking Corporation Limited in 2001. He retired from Chiyu Banking Corporation Limited in 2012. Mr. Ng was a member of the council of the Hong Kong Polytechnic University from 1995 to 1999 and was a member of Fujian Provincial Committee of the Chinese People's Political Consultative Conference from 1993 to 2013. Mr. Ng was served as a business consultant of China Orient Asset Management (International) Holdings Limited from January 2014 to April 2015 and a non-executive director of Roma Group Limited (HKSE Stock Code: 8072) from August 2017 to December 2017.

Mr. Ng is currently the independent non-executive director of Fujian Holdings Limited (HKSE stock code: 181) since June 2014, the independent non-executive director of ELL Environmental Holdings Limited (HKSE Stock Code: 1395) since September 2014, the independent non-executive director of Guoan International Limited (HKSE Stock Code: 143) since March 2016 and the independent non-executive director of Shanghai Zendai Property Limited (HKSE stock code: 755) since May 2017.

Mr. Ng had signed a letter of appointment with the Company as an independent non-executive Director for an initial term of three years effective from 22 March 2016. The term is renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by the independent non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Ng was entitled to a director's fee of HK$150,000 per annum until 9 March 2017, it was increased to HK$200,000 per annum from 10 March 2017 to 22 March 2018, and has been increased to HK$220,000 per annum since 23 March 2018. The director's fee payable to Mr. Ng was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Mr. Ng has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an independent non-executive Director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee, Mr. Ng does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO, and there are no other matters concerning Mr. Ng that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Dr. Ngai Wai Fung ("Dr. Ngai")

Dr. Ngai, aged 56, is an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee since 22 March 2016. He resigned as independent non-executive Director, the Chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee respectively on 18 April 2018.

Dr. Ngai is the chief executive officer of SW Corporate Services Group Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai was the president of Hong Kong Institute of Chartered Secretaries (2014-2015), a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants and a member of the General Committee of the Chamber of Hong Kong Listed Companies. Dr. Ngai was a member of the Working Group on Professional Services under the Economic Development Commission of Hong Kong Special Administrative Region (January 2013-March 2018). Dr. Ngai was appointed by Ministry of Finance of the People's Republic of China as Finance Expert Consultant in June 2016. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai obtained a Doctoral Degree in Finance at Shanghai University of Finance and Economics in 2011, received a Master's Degree in Corporate Finance from Hong Kong Polytechnic University in 2002, a Master's Degree in Business Administration from Andrews University of Michigan in 1992 and a Bachelor's Degree in Laws at University of Wolverhampton in 1994.

Dr. Ngai is currently an independent non-executive director of two dual-listing companies whose shares are listed on the Stock Exchange ("**HKSE**") and Shanghai Stock Exchange ("**SSE**"), namely BBMG Corporation (English translation denotes for identification purposes only) (HKSE, Stock Code: 02009, SSE, Stock Code: 601992) and China Communications Construction Company Limited (HKSE, Stock Code: 01800; SSE Stock Code: 601800). In addition, Dr. Ngai is the independent non-executive director of the following companies, namely BaWang International (Group) Holding Limited (HKSE, Stock Code: 01338), Bosideng International Holdings Limited (HKSE, Stock Code: 03998), Health and Happiness (H & H) International Holdings Limited (formerly known as: Biostime International Holdings Limited) (HKSE, Stock Code: 01112), Beijing Capital Grand Limited (formerly known as: Beijing Capital Juda Limited) (HKSE, Stock Code: 01329), Powerlong Real Estate Holdings Limited (HKSE, Stock Code: 01238), SITC International Holdings Company Limited (HKSE, Stock Code: 01308), TravelSky Technology Limited (HKSE, Stock Code: 00696), and Yangtze Optical Fibre and Cable Joint Stock Limited Company (HKSE, Stock Code: 06869). Dr. Ngai is also an independent director of LDK Solar Co., Ltd (whose American depositary shares were listed on the New York Stock Exchange, now are currently listed on OTC Pink Limited Information, stock code: LDKYQ) and SPI Energy Co. Limited (Nasdaq, Stock Code: SPI). He was the independent non-executive director of China Railway Construction Corporation Limited (HKSE, Stock Code: 01186; SSE, Stock Code: 601186) from November 2007 to October 2014, the independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (HKSE, Stock Code: 00631) from November 2009 to December 2015, respectively, the independent non-executive director of China Coal Energy Company Limited (HKSE, Stock Code: 01898, SSE, Stock Code: 601898) from December 2010 to June 2017 and the independent non-executive director of China Railway Group Limited (HKSE, Stock Code: 00390, SSE, Stock Code: 601390) from June 2014 to June 2017.

Dr. Ngai had signed a letter of appointment with the Company as an independent non-executive Director for an initial term of three years effective from 22 March 2016. The term is renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by the independent non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company.

Dr. Ngai was entitled to a director's fee of HK$150,000 per annum until 9 March 2017, it was increased to HK$200,000 per annum from 10 March 2017 to 22 March 2018, and has been increased to HK$220,000 per annum since 23 March 2018. The director's fee payable to Dr. Ngai was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Dr. Ngai has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee, Dr. Ngai does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO, and there are no other matters concerning Dr. Ngai that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Lau Fai Lawrence ("Mr. Lau")

Mr. Lau, aged 46, is an independent non-executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee since 22 March 2016.

Mr. Lau is currently a practising certified public accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants in the UK. Mr. Lau graduated from The University of Hong Kong with a bachelor's degree in business administration in 1994 and obtained a master's degree in corporate finance from Hong Kong Polytechnic University in 2007.

Mr. Lau joined BBMG Corporation on 6 August 2008 as joint company secretary and qualified accountant. Since 26 October 2012, Mr. Lau serves as the company secretary of BBMG Corporation.

Before joining BBMG Corporation, Mr. Lau has served as the group financial controller and qualified accountant of Founder Holdings Limited (HKSE Stock Code: 418) and PKU Resources (Holdings) Company Limited (HKSE Stock Code: 618), both companies listed on the Main Board of the Stock Exchange. Mr. Lau is an executive director of Future World Financial Holdings Limited (listed on the Main Board of the Stock Exchange) (HKSE Stock Code: 572). Mr. Lau is a non-executive director of Alltronics Holdings Limited (HKSE Stock Code: 833) and is also an independent non-executive director of Primeview Holdings Limited (HKSE Stock Code: 789) and an independent non-executive director of Titan Petrochemicals Group Limited (HKSE Stock Code: 1192), all of these companies are listed on the Main Board of the Stock Exchange, respectively.

Mr. Lau had signed a letter of appointment with the Company as an Independent Non-executive Director for an initial term of three years effective from 22 March 2016. The term of Independent Non-executive Director is renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by the Independent Non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company.

Mr. Lau was entitled to a director's fee of HK$150,000 per annum until 9 March 2017, it was increased to HK$200,000 per annum from 10 March 2017 to 22 March 2018, and has been increased to HK$220,000 per annum since 23 March 2018. The director's fee payable to Mr. Lau was approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company with reference to his duties and responsibilities with the Company and the prevailing market situation and shall be reviewed by the Remuneration Committee from time to time.

Save as disclosed above, Mr. Lau has not held any other position with the Company or other members of the Group and he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from being an Independent Non-executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee, Mr. Lau does not have any relationships with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company, nor have they any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO, and there are no other matters concerning Mr. Lau that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Save as disclosed above under the heading "Biographical Details of Directors", none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION AND EQUITY-SETTLED SHARE-BASED COMPENSATION BENEFITS, AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration and equity-settled share-based compensation benefits of the Directors and five highest paid individuals are set out in notes 13 and 14 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 42 to the consolidated financial statements, no Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company's holding company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or for the year ended 31 December 2017.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2017, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group except for Mr. Zhou, who has been serving as a non-executive director of China Tian Yuan Finance Group (Holdings) Limited, which in turn is wholly owned by Mr. Jia Tian Jiang.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-law 178 of the Bye-laws of the Company and subject to the provisions permitted by the Companies Ordinance, every Director, or, other officers of the Company shall be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of the duties of his office. The permitted indemnity provision made by the Company for the benefit of the Directors and other officers of the Company is in force.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

1. Directors' interests in Shares

As at 31 December 2017, the interests and short positions of the Directors, the chief executive of the Company or their respective associates in the share capital, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

The Company

Name of director	Capacity	Nature of interest	Number of ordinary shares held	Percentage of issued capital
Mr. Liu Tingan	Beneficial owner	Long position	24,000,000	1.09%

Save as disclosed above, as at 31 December 2017, none of the Company's Directors and/or close associates held any of the Shares.

2. **Directors' Interests in Share Options of the Company**

As at 31 December 2017, none of the Company's directors held share options of the Company because the Company's share option scheme had been expired on 30 May 2012.

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executives of the Company or their respective associates had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

Long positions in Shares:

As at 31 December 2017, the interests or short positions of every person holding 5% or more in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholders	*Notes*	**Capacity**	**Nature of interest**	**Number of ordinary shares held**	**Percentage of Issued capital**
Youfu Investment Co., Ltd. ("**Youfu**")	*(1)*	Beneficial owner	Long position	902,316,957	41.09%
Mr. Sun Mingwen	*(1)*	Interests of corporation controlled	Long position	902,316,957	41.09%
Zhisheng Enterprise Investment Co., Ltd. ("**Zhisheng**")	*(2)*	Beneficial owner	Long position	170,097,333	7.75%
Ms. He Yeqin	*(2)*	Interests of corporation controlled	Long position	170,097,333	7.75%
China Tian Yuan Manganese Limited ("**China Tian Yuan**")	*(3)*	Beneficial owner	Long position	360,000,000	16.39%
寧夏天元錳業有限公司 ("**Ningxia Tian Yuan**")	*(3)*	Interests of corporation controlled	Long position	360,000,000	16.39%

Name of shareholders	Notes	Capacity	Nature of interest	Number of ordinary shares held	Percentage of Issued capital
Mr. Jia Tianjiang	(3)	Interests of corporation controlled	Long position	360,000,000	16.39%
Ms. Dong Jufeng	(3)	Interests of corporation controlled	Long position	360,000,000	16.39%
China Aim Holding Limited (“**China Aim**”)	(4)	Beneficial owner	Long position	200,000,000	9.11%
Ms. Liu Hui	(4)	Interests of corporation controlled	Long position	200,000,000	9.11%

Notes:

1. Mr. Sun Mingwen is the beneficial owner of the entire issued share capital of Youfu and is deemed to be interested in the 902,316,957 Shares, representing approximately 41.09% of the total issued Shares held by Youfu under the SFO.

2. Ms. He Yeqin is the beneficial owner of the entire issued share capital of Zhisheng and is deemed to be interested in the 170,097,333 Shares representing approximately 7.75% of the total issued Shares held by Zhisheng under the SFO.

3. Ms. Dong Jufeng is the spouse of Mr. Jia Tianjiang. The shares of China Tian Yuan are wholly-owned by Ningxia Tian Yuan whose shares are 77.02% held by Mr. Jia Tianjiang. Thus, Mr. Jia Tianjiang, Ms. Dong Jufeng and Ningxia Tian Yuan are deemed to be interested in the 16.67% of the total issued Shares held by China Tian Yuan under the SFO.

4. Ms. Liu Hui is the beneficial owner of the entire issued share capital of China Aim and is deemed to be interested in the 200,000,000 Shares representing approximately 9.11% of the total issued shares held by China Aim under the SFO.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

The Group subscribed for a promissory note being issued by Ascend Trade Limited (“**ATL**”) in a principal amount of HK$900 million (the “**Promissory Note**”). The subscription of the Promissory Note constituted a provision of financial assistance and the Promissory Note disclosed pursuant to Rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 31 December 2017.

Pursuant to the subscription agreement dated 12 December 2017 entered into ATL and Wealthy Trench Limited, an indirect wholly-owned subsidiary of the Company, for the subscription of the Promissory Note with a principal amount of HK$900 million which carries an interest rate of 9% per annum and will mature on 11 March

2018 (i.e. the date falling upon the expiry of 90 days from the issue date of the Promissory Note). The Promissory Note is secured by (i) a share charge over 98,181,450 shares in Bank of Jinzhou Co., Ltd which is beneficially owned by ATL; (ii) a charge over the entire issued share capital of ATL; and (iii) a personal guarantee from Mr. You Wenpeng, the sole shareholder of ATL.

The Promissory Note was mature on 11 March 2018 and the fund proceeds was mainly used for (1) the subscription of interest to Investment Fund I. On 12 March 2018, the Second-tier Limited Partner of Investment Fund I, a wholly owned subsidiary of the Company, entered into the Side Agreement I with the General Partner of Investment Fund I in respect of, among other matters, the subscription of interest to Investment Fund I. Pursuant to the Side Agreement I, the Second-tier Limited Partner of Investment Fund I will further subscribe for an interest in the sum of HK$375,000,000 in Investment Fund I; (2) the subscription of interest to Investment Fund II. On 12 March 2018, the Second-tier Limited Partner of Investment Fund II , a wholly owned subsidiary of the Company, entered into the Side Agreement II with the General Partner of Investment Fund II in respect of, among other matters, the subscription of interest to Investment Fund II. Pursuant to the Side Agreement II, the Second-tier Limited Partner of Investment Fund II will further subscribe for an interest in the sum of HK$375,000,000 in Investment Fund II; and (3) general working capital purpose.

Reference is made to the announcement of the Company dated 12 March 2018 in relation to the further subscription of interest in investment funds.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 49 to the consolidated financial statements.

AUDITOR

A resolution for the re-appointment of BDO Limited, the Company's retiring external auditor, and being eligible, who will offer themselves for reappointment, would be proposed for the consideration, and if thought fit, to be approved by members at the Company's forthcoming annual general meeting.

The financial statements of the Group for the year ended 31 December 2017 have been audited by BDO Limited.

On behalf of the Board

Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 22 March 2018

Independent Auditor's Report

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TO THE SHAREHOLDERS OF CHINA HKBRIDGE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China HKBridge Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 77 to 173, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of loans to associates and loan receivables

As at 31 December 2017, the Group had loans to associates of approximately HK$405,023,000 and loan receivables of approximately HK$630,476,000. No provision for impairment has been recognised on these balances.

Assessing impairment of these balances is a subjective area as it requires application of judgement and uses of estimates. Judgement is applied in assessing the underlying borrowers that may default and identifying evidence of impairment which include assessment on creditworthiness of the underlying borrowers. Estimates are used in assessing the ultimate realisation of these balances.

We have identified impairment assessment of these balances as a key audit matter due to considerable amount of judgement and estimation being required in conducting impairment assessment as mentioned in the foregoing paragraph.

Refer to summary of significant accounting policies in note 4(g)(ii), critical accounting estimates and judgements in note 5(b)(iv) and disclosure of loans to associates and loan receivables in notes 20 and 24 to the consolidated financial statements, respectively.

Our response:

Our procedures in relation to management's impairment assessment on these balances included:

- Evaluating management's impairment assessment on the recoverability of these balances by challenging management's views of recoverability of amounts outstanding.

- Challenging management's view of credit risk and recoverability of these balances by:

  — performing background search of the underlying borrowers;

  — evaluating other evidences including financial information and credit rating of the underlying borrowers available; and

  — questioning management's knowledge of future conditions that may impact expected receipts from the underlying borrowers.

- Assessing the disclosures of the quantitative and qualitative considerations in relation to credit risks on these balances, by comparing these disclosures to our understanding of the matter.

Impairment assessment of property, plant and equipment

As at 31 December 2017, the Group had property, plant and equipment of approximately HK$271,855,000.

In carrying out the impairment review, management has concluded that there is no impairment in respect of the property, plant and equipment. This conclusion was based on a value in use model that required significant management judgement with respect to the discount rate and underlying cash flows, in particular future revenue growth.

We have identified impairment assessment of property, plant and equipment as a key audit matter due to considerable amount of judgement and estimation being required in conducting impairment assessment as mentioned in the foregoing paragraph.

Refer to summary of significant accounting policies in note 4(d), critical accounting estimates and judgements in note 5(b)(ii) and disclosure of property, plant and equipment in note 18 to the consolidated financial statements.

Our response:

Our audit procedures in relation to management's impairment assessment on property, plant and equipment included:

- Assessing management's identification of cash generating units based on the Group's accounting policies and our understanding of the Group's businesses.
- Assessing the value-in-use calculation methodology adopted by management.
- Comparing the current year actual cash flows with the prior year cash flow projections.
- Challenging the reasonableness of key assumptions (including long term growth rate and discount rate) based on our knowledge of the business and industry.
- Reconciling input data to supporting evidences, such as approved budgets and considering the reasonableness of these budgets.

Independent Auditor's Report

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Pak Tak Lun
Practising Certificate Number P06170

Hong Kong, 22 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	**1,347,408**	803,194
Cost of sales		**(497,703)**	(469,255)
Gross profit		**849,705**	333,939
Other income	8	**44,098**	17,977
Other gains and losses	9	**(38,049)**	15,049
Selling and distribution costs		**(26,584)**	(37,593)
Administrative expenses		**(201,775)**	(165,761)
Finance costs	10	**(87,020)**	(18,088)
Share of results of associates	20	**11,497**	25,196
Gains on bargain purchase arising from acquisitions of associates	20	**—**	28,500
Gain on disposal of subsidiaries, net	16	**5,444**	22,989
Profit before income tax expense	11	**557,316**	222,208
Income tax expense	15	**(101,203)**	(47,036)
Profit for the year		**456,113**	175,172
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**34,194**	(34,071)
Share of other comprehensive income of associates		**12,266**	(3,708)
Release of translation reserve included in profit or loss upon disposal of subsidiaries	16	**—**	(38,905)
Net other comprehensive income to be reclassified subsequently to profit or loss for the year		**46,460**	(76,684)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Item that will not be reclassified to profit or loss:			
Loss on revaluation of property, plant and equipment	18	**(3,126)**	(2,626)
Income tax effect	33	**783**	656
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(2,343)**	(1,970)
Other comprehensive income for the year, net of tax		**44,117**	(78,654)
Total comprehensive income for the year		**500,230**	96,518
Profit for the year attributable to:			
Owners of the Company		**456,113**	177,228
Non-controlling interests		**—**	(2,056)
		456,113	175,172
Total comprehensive income attributable to:			
Owners of the Company		**500,230**	98,534
Non-controlling interests		**—**	(2,016)
		500,230	96,518
Earnings per share	17		
Basic		**HK29.92 cents**	HK15.02 cents
Diluted		**HK28.41 cents**	HK14.92 cents

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**271,855**	262,064
Payments for leasehold land held for own use under operating leases	19	**3,655**	3,551
Interests in associates	20	**489,496**	431,513
Rental and utility deposits		**58**	250
Available-for-sale financial assets	21	**984,046**	2,107
Loan receivables	24	**417,797**	—
Deposits paid		**6,160**	65,996
Total non-current assets		**2,173,067**	765,481
CURRENT ASSETS			
Inventories	22	**68,545**	78,713
Payments for leasehold land held for own use under operating leases	19	**128**	121
Trade receivables	23	**383,058**	111,549
Loan receivables	24	**212,679**	167,598
Note receivables	34	**1,104,438**	—
Prepayments, deposits and other receivables		**341,998**	35,822
Equity investments at fair value through profit or loss	25	**798,508**	639,429
Bank balances and deposits	26	**381,203**	992,784
Total current assets		**3,290,557**	2,026,016

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
CURRENT LIABILITIES			
Trade payables	28	**134,872**	134,534
Other payables and accruals		**269,899**	101,046
Derivative financial liabilities	43	**53,957**	—
Tax payable		**69,124**	8,007
Amount due to an associate	20	**—**	10,440
Loan from a related company	31	**200,000**	200,000
Borrowings	30	**806,743**	843,352
Obligation under finance leases	29	**—**	545
Total current liabilities		**1,534,595**	1,297,924
NET CURRENT ASSETS		**1,755,962**	728,092
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,929,029**	1,493,573
NON-CURRENT LIABILITIES			
Borrowings	30	**440,000**	189,944
Loans from a director	32	**86,619**	91,378
Deferred tax liabilities	33	**81,452**	44,873
Total non-current liabilities		**608,071**	326,195
NET ASSETS		**3,320,958**	1,167,378

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
CAPITAL AND RESERVES			
Share capital	35	**219,600**	144,000
Reserves	36	**3,101,358**	1,023,378
TOTAL EQUITY		**3,320,958**	1,167,378

On behalf of the Board

Liu Tingan	**Cheok Ho Fung**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital	Share premium	Share-based compensation benefits reserve	Contributed surplus	Property revaluation reserve	Translation reserve	Statutory reserve	Accumulated losses	Sub-Total	Non-controlling interests	Total equity
	HK$'000 *(Note 35)*	*HK$'000*	*HK$'000* *(Note 37)*	*HK$'000* *(Note (a))*	*HK$'000*	*HK$'000*	*HK$'000* *(Note (b))*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2017	100,000	337,854	–	19,000	12,199	110,562	7,335	(234,445)	352,505	(12,196)	340,309
Profit/(loss) for the year	–	–	–	–	–	–	–	177,228	177,228	(2,056)	175,172
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(34,111)	–	–	(34,111)	40	(34,071)
Loss on revaluation of property, plant and equipment	–	–	–	–	(1,970)	–	–	–	(1,970)	–	(1,970)
Share of other comprehensive income of associates	–	–	–	–	–	(3,708)	–	–	(3,708)	–	(3,708)
Release upon disposal of an associate	–	–	–	–	–	(38,905)	–	–	(38,905)	–	(38,905)
Total comprehensive income for the year	–	–	–	–	(1,970)	(76,724)	–	177,228	98,534	(2,016)	96,518
Issue of shares on placements, net of expenses	44,000	616,533	–	–	–	–	–	–	660,533	–	660,533
Equity-settled share-based compensation benefits	–	–	55,806	–	–	–	–	–	55,806	–	55,806
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	14,212	14,212
At 31 December 2016 and 1 January 2017	**144,000**	**954,387**	**55,806**	**19,000**	**10,229**	**33,838**	**7,335**	**(57,217)**	**1,167,378**	**–**	**1,167,378**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**456,113**	**456,113**	**–**	**456,113**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**34,194**	**–**	**–**	**34,194**	**–**	**34,194**
Loss on revaluation of property, plant and equipment	**–**	**–**	**–**	**–**	**(2,343)**	**–**	**–**	**–**	**(2,343)**	**–**	**(2,343)**
Share of other comprehensive income of associates	**–**	**–**	**–**	**–**	**–**	**12,266**	**–**	**–**	**12,266**	**–**	**12,266**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(2,343)**	**46,460**	**–**	**456,113**	**500,230**	**–**	**500,230**
Issue of shares on placements, net of expenses *(Note 35)*	**73,200**	**1,525,622**	**–**	**–**	**–**	**–**	**–**	**–**	**1,598,822**	**–**	**1,598,822**
Issue of Award Scheme *(Note 37)*	**2,400**	**52,320**	**(54,720)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Equity-settled share-based compensation benefits *(Note 37)*	**–**	**–**	**54,528**	**–**	**–**	**–**	**–**	**–**	**54,528**	**–**	**54,528**
At 31 December 2017	**219,600**	**2,532,329**	**55,614**	**19,000**	**7,886**	**80,298**	**7,335**	**398,896**	**3,320,958**	**–**	**3,320,958**

Notes:

(a) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the group reorganisation in prior years, over the nominal value of the Company's shares issued in exchange therefore.

(b) Statutory reserve was appropriated each year on the basis of 10% of the profit after taxation of certain subsidiaries established in the People's Republic of China (the "**PRC**") as determined by their boards of directors in accordance with the Articles of Association of the subsidiaries. This reserve should only be used for making up losses, capitalisation into capital and expansion of production and operation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Cash flows from operating activities		
Profit before income tax expense	**557,316**	222,208
Adjustments for:		
Depreciation of property, plant and equipment	**14,535**	16,332
Interest income	**(100,118)**	(11,287)
Finance costs	**87,020**	18,088
Share of results of associates	**(11,497)**	(25,196)
Gains on bargain purchases arising from acquisitions of associates	**—**	(28,500)
Fair value gain on equity investments at fair value through profit or loss	**(248,274)**	(277,029)
Equity-settled share-based compensation benefits	**54,528**	55,806
Net loss on disposal of property, plant and equipment	**—**	57
Investment income from available-for-sale	**(31,657)**	—
Fair value loss on call option	**21,657**	—
Gain on disposal of subsidiaries	**(5,444)**	(22,989)
Amortisation of payments for leasehold land held for own use under operating leases	**124**	321
Write-down of inventories	**673**	3,973
Impairment loss/(Reversal of) impairment loss on trade receivables	**326**	(3)
Operating profit/(loss) before working capital changes	**339,189**	(48,219)
Decrease/(increase) in rental and utility deposits	**192**	(35)
Decrease/(increase) in inventories	**13,583**	(7,314)
Increase in trade receivables	**(270,014)**	(8,032)
Increase in equity instruments at fair value through profit or loss, net	**(129,800)**	(362,400)
Increase in prepayments, deposits and other receivables	**(16,406)**	(21,510)
(Decrease)/increase in trade payables	**(8,294)**	41,984
Increase in other payables and accruals	**93,869**	24,791
Increase in loan receivables	**(442,314)**	(167,598)
Cash used in operations	**(419,995)**	(548,333)
Tax paid	**(2,694)**	—
Interests received	**64,202**	11,287
Net cash used in operating activities	**(358,487)**	(537,046)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	—	120
Purchase of property, plant and equipment	**(9,165)**	(14,020)
Decrease/(increase) in deposits paid	**59,836**	(65,810)
Investment in associates	—	(371,085)
Purchase of available-for-sale financial assets	**(981,939)**	(250)
Investment income from available-for-sales financial assets	**31,657**	—
Increase in note receivables	**(1,100,000)**	—
Release/(additions) of structured deposit	**570,780**	(558,659)
Proceeds from disposal of subsidiaries *(Note 16)*	—	184,343
Net cash used in investing activities	**(1,428,831)**	(825,361)
Cash flows from financing activities		
Proceeds from issue of new shares, net of expenses	**1,598,822**	660,533
New borrowings	**1,106,231**	923,799
Repayment of borrowings	**(929,467)**	(43,013)
Repayment of obligation under finance leases	**(545)**	(3,367)
Repayment of loans from a director	**(4,759)**	(3,320)
Loan from a related company	—	200,000
Interests paid	**(48,398)**	(18,088)
Net cash generated from financing activities	**1,721,884**	1,716,544
Net (decrease)/increase in cash and cash equivalents	**(65,434)**	354,137
Cash and cash equivalents at beginning of year	**434,125**	96,985
Effect of exchange rate changes on cash and cash equivalents	**12,512**	(16,997)
Cash and cash equivalents at end of year represented by bank balances and cash *(Note 26)*	**381,203**	434,125

1. GENERAL

China HKBridge Holdings Limited (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**").

As at 31 December 2017, in the opinion of the directors of the Company, the Company has no immediate and ultimate holding company.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

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 and asset management services.

During the year, the Registrar of Companies in Bermuda has approved the registration of the new name of the Company as China HKBridge Holdings Limited on 25 January 2017 and issued the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name on 10 February 2017. On 23 February 2017, the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong. Prior to the change of company name in January 2017, the Company was known as Topsearch International (Holdings) Limited.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs — first effective on 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement, note 47.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("**FVTPL**").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HKFRS 9 — Financial Instruments *(continued)*

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at 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.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors anticipate that the application of the expected credit loss model of HKFRS 9 may result in earlier recognition of credit losses on the Group's financial assets measured at amortised cost taking into account the estimated credit risk of customers and other debtors the Group has business with and the actual impairment of receivables experienced. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review. On the other hand, the management will assess the business model in relation to the Group's investment portfolio at initial application of HKFRS 9.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

HKFRS 15 — Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HKFRS 15 — Revenue from Contracts with customers *(continued)*

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors anticipate that the recognition of sales rebates under HKFRS 15 may affect the amount of the transaction price to which the Group expects to be entitled in sale transactions. In addition, the application of HKFRS 15 in the future may result in more disclosures. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HK(IFRIC)–Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately HK$10,260,000 as disclosed in Note 40. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. Except as described above, the directors so far concluded that the application of these new pronouncements is unlikely to have a significant impact on the Group's financial performance and financial position upon application.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") 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 as explained in the accounting policies set out below.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates *(continued)*

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(d) Property, plant and equipment

The building component of owner-occupied leasehold properties is stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of property revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the property revaluation reserve.

Upon disposal, the relevant portion of the property revaluation reserve realised in respect of previous valuations is released from the property revaluation reserve to accumulated losses.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Property, plant and equipment *(continued)*

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	Over the lease terms ranging from 30 to 50 years
Leasehold improvements	5 years
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Moulds, dies, test fixtures and pins	4 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(f) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leasing *(continued)*

The Group as lessee *(continued)*

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(g) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(i) ***Financial assets*** *(continued)*

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

(ii) ***Impairment loss on financial assets***

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(ii) Impairment loss on financial assets *(continued)*

For loans and receivables (continued)

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(iii) Financial liabilities *(continued)*

Financial liabilities at fair value through profit or loss (continued)

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(h) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Non-current assets held for sale and disposal groups *(continued)*

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials are valued at cost on a weighted average basis. Work in progress and finished goods are valued at standard cost which approximates to the actual cost determined on a weighted average basis and comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of rebate, discounts and related taxes. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from sale of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Revenue recognition *(continued)*

Realised fair value gains or losses on securities trading are recognised on a trade date basis, whilst unrealised fair value gains or losses are recognised on change in fair value at the end of reporting period.

Service income is recognised when the relevant services are provided.

Performance fee income is recognised when the Group, being a fund manager, is entitled to earn the fee as stipulated in the relevant fund agreements.

Tooling income is recognised when the relevant services are provided.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Dividend income is recognised when the right to receive the dividend is established.

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Income taxes *(continued)*

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(l) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at this rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(n) Share-based compensation benefits

The Group operates a share award scheme (the "**Share Award Scheme**"), which is an equity-settled shared-based compensation plan under which share awards are granted to employees as part of their remuneration package.

Where share awards are awarded to employees and others, the fair value of the services received is measured by reference to the fair value of the share awards at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share-based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of share awards that eventually vest.

Where the terms and conditions of share awards are modified before they vest, the increase in the fair value of the share awards, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment; interests in leasehold land held for own use under operating leases; and interests in subsidiaries and associates to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(p) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions apply: *(continued)*

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

Consolidation of funds set up by the Group

The Group acts as a fund manager to a number of investment funds and contributed capital as limited partner in several of these funds. The Group also receives management and performance fees that vary with the returns of some of the investment funds. When determining whether the Group controls these funds, the level of aggregate expected economic returns of the Group in these funds and the level of investors' rights to remove the fund manager are considered.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(b) Key sources of estimation uncertainty

(i) Estimation of useful lives of property, plant and equipment

Items of property, plant and equipment are depreciated on a straight line basis over their estimated useful lives after taking into account the estimated residual values. The estimated useful lives are based on the expected lives of those property, plant and equipment items. The useful lives of property, plant and equipment could change significantly as a result of technical obsolescence. When the actual useful lives of property, plant and equipment, due to the change of commercial and technological environment, are different from their estimated useful lives, such difference will impact the depreciation charges.

(ii) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with the relevant accounting policies. The determining of the recoverable amounts requires the use of judgement and estimates on future operating cash flows and discount rates adopted. Where the actual cash flows are different from the original estimate, a material change in the amount of impairment may arise.

(iii) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the '**fair value hierarchy**'):

Level 1: Quoted prices in active markets for identical items (unadjusted);
Level 2: Observable direct or indirect inputs other than Level 1 inputs;
Level 3: Unobservable inputs (i.e. not derived from market data).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(b) Key sources of estimation uncertainty *(continued)*

(iii) Fair value measurement (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

— Revalued buildings – Property, Plant and Equipment (Note 18)

— Financial instruments (Notes 21, 25 and 43)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(iv) Impairment of loans to associates and loan receivables

The Group assesses at the end of the reporting period whether there is any objective evidence that loans to associates and loan receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the underlying debtors, creditworthiness of the underlying debtors, default or significant delay in payments and value of secured underlying assets. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group will recognise an allowance for estimated impairment of receivables arising from the inability of its debtors to make the required payments, if any. The Group makes its estimates based on the debtors' creditworthiness, past repayment history, historical write-off experience and recoverable amount of the secured underlying assets. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance.

6. 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 circuits 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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Revenue from external customers	**560,982**	526,165	**328,880**	277,029	**457,546**	—	**1,347,408**	803,194
Reportable segment(loss)/ profit	**(33,667)**	(6,549)	**262,906**	319,108	**436,847**	(423)	**666,086**	312,136
Interest income	**69**	1,206	**100,049**	10,081	**—**	—	**100,118**	11,287
Finance costs	**(13,498)**	(14,283)	**(73,522)**	(3,805)	**—**	—	**(87,020)**	(18,088)
Depreciation of property, plant and equipment	**(12,003)**	(16,138)	**(2,532)**	(194)			**(14,535)**	(16,332)
Write-down of inventories	**(673)**	(3,973)	**—**	—	**—**	—	**(673)**	(3,973)
Share of results of associates	**—**	—	**11,497**	25,196	**—**	—	**11,497**	25,196
Gains on bargain purchase arising from acquisition of associates	**—**	—	**—**	28,500	**—**	—	**—**	28,500
Gain on disposal of subsidiaries, net	**—**	22,989	**5,444**	—	**—**	—	**5,444**	22,989
Reportable segment assets	**733,960**	685,427	**3,820,969**	1,157,493	**591,226**	1,000	**5,146,155**	1,843,920
Interests in associates accounted for by equity method	**—**	—	**489,496**	431,513	**—**	—	**489,496**	431,513
Additions to non-current assets	**8,351**	4,101	**814**	9,919	**—**	—	**9,165**	14,020
Reportable segment liabilities	**451,534**	429,655	**1,622,008**	1,186,034	**—**	423	**2,073,542**	1,616,112

6. SEGMENT REPORTING *(continued)*

(a) Reportable segments *(continued)*

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

	2017	2016
	HK$'000	*HK$'000*
Profit or loss		
Reportable segment profit	**666,086**	312,136
Equity-settled share-based compensation benefits	**(54,528)**	(55,806)
Other unallocated staff cost	**(54,242)**	(34,122)
Consolidated profit before income tax expense	**557,316**	222,208

	2017	2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**5,146,155**	1,843,920
Unallocated bank balances and deposits	**317,469**	947,577
Consolidated total assets	**5,463,624**	2,791,497

	2017	2016
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**2,073,542**	1,616,112
Tax payable	**69,124**	8,007
Consolidated total liabilities	**2,142,666**	1,624,119

6. SEGMENT REPORTING *(continued)*

(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	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**641,425**	343,483	**32,744**	46,215
The PRC	**351,854**	116,858	**333,467**	337,356
Singapore	**40,107**	27,221	**—**	—
Thailand	**311**	4,734	**—**	—
Malaysia	**1,022**	19,962	**—**	—
Germany	**75,014**	62,980	**—**	—
Poland	**12,443**	54,650	**—**	
Other Europe Countries	**103,645**	63,226	**—**	—
United States of America	**37,234**	43,455	**—**	—
Korea	**15,382**	16,361	**—**	—
Japan	**55,939**	—	**—**	—
Others	**13,032**	50,264	**—**	—
Total	**705,983**	459,711	**333,467**	337,356
	1,347,408	803,194	**366,211**	383,571

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 2017 and 2016, no individual customers accounted for 10% or more of the Group's revenue.

7. REVENUE

Revenue represents the net amounts received and receivable for goods sold to external customers, less returns, rebate, discounts and related taxes, if any; corporate solution service income, interest income from loan receivables, revenue from asset management and fair value gain/(loss) on equity investments at fair value through profit or loss, net.

The amounts of each significant category of revenue recognised during the year are as follows:

	2017	2016
	HK$'000	*HK$'000*
Sales of goods	**560,982**	526,165
Corporate solution service income *(Note)*	**372,047**	—
Interest income		
— Loan receivables	**74,793**	—
— Loan to an associate	**25,256**	—
Management fee and performance fee income	**85,499**	—
Fair value gain on equity investments at fair value through profit or loss, net		
— Realised gain	**(19,443)**	25,740
— Unrealised gain	**248,274**	251,289
	228,831	277,029
	1,347,408	803,194

Note:

Corporate solution services income mainly represents investment referral, financial services and other consultancy related services income.

8. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income		
— Loan receivables	—	2,185
— Loans to associates	—	7,444
— Bank interests	69	1,658
Total interest income	69	11,287
Service income	1,529	1,387
Investment income from available-for-sale financial assets	31,657	—
Government grants *(Note)*	6,023	1,973
Tooling income	3,607	2,356
Others	1,213	974
	44,098	17,977

Note:

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

9. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Net exchange (losses)/gains	(16,066)	17,316
(Impairment loss)/reversal of impairment loss on trade receivables *(Note 23)*	(326)	3
Net loss on disposal of property, plant and equipment	—	(57)
Fair value loss on call option	(21,657)	—
Others	—	(2,213)
	(38,049)	15,049

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on:		
— Borrowings	**74,359**	10,274
— Loan from a related company	**6,329**	1,200
— Loans from a director	**6,317**	6,453
— Obligation under finance leases	**15**	161
	87,020	18,088

11. PROFIT BEFORE INCOME TAX EXPENSE

This is arrived at after charging:

	2017 HK$'000	2016 HK$'000
Auditor's remuneration		
— Current year (including an amount of HK$917,000 to a consultancy firm for internal audit function)	**3,576**	1,330
— Under-provision in prior years	**—**	140
— Others	**9**	469
	3,585	1,939
Cost of inventories recognised as expenses	**303,024**	217,876
Write-down of inventories (included in cost of sales)	**673**	3,973
Employee costs *(Note 12)*	**241,845**	232,432
Depreciation of property, plant and equipment	**14,535**	16,332
Release of payments for leasehold land held for own use under operating leases	**124**	321
Minimum lease payments under operating leases on land and buildings	**9,250**	8,890

12. EMPLOYEE COSTS

	2017	2016
	HK$'000	*HK$'000*
Employee costs (including directors' remuneration *(Note 13)*) comprise:		
— Wages and salaries	**175,334**	150,562
— Contributions to retirement benefits scheme	**16,260**	17,371
— Provision for employee termination benefits	**(10,532)**	2,468
— Equity-settled share-based compensation benefits *(Note 37)*	**54,528**	55,806
— Other staff benefits	**6,255**	6,225
	241,845	232,432

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

	Fees	Salaries and other benefits	Contributions to retirement benefit scheme	Equity-settled share-based compensation benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2017					
Executive directors:					
Liu Tingan	—	8,300	18	51,165	59,483
Cheok Ho Fung	—	5,428^	13	—	5,441
Zhou Huorong (Resigned on 26 July 2017)	—	8,734	17	3,363	12,114
	—	22,462	48	54,528	77,038
Non-executive director:					
Mao Yumin	1,200	—	—	—	1,200
Independent non-executive directors:					
Ng Man Kung	190	—	—	—	190
Ngai Wai Fung	190	—	—	—	190
Lau Fai Lawrence	190	—	—	—	190
	570	—	—	—	570
Total	1,770	22,462	48	54,528	78,808

13. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid or payable to each of the directors were as follows:

	Fees	Salaries and other benefits	Contributions to retirement benefit scheme	Equity-settled share-based compensation benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016					
Executive directors:					
Liu Tingan	—	13,000	18	36,943	49,961
Cheok Ho Fung	—	5,220^	154	—	5,374
Zhou Huorong (Resigned on 26 July 2017)	—	2,500	2	18,863	21,365
	—	20,720	174	55,806	76,700
Non-executive director:					
Tang Yok Lam, Andy	30	—	—	—	30
Independent non-executive directors:					
Ng Man Kung	117	—	—	—	117
Ngai Wai Fung	117	—	—	—	117
Lau Fai Lawrence	117	—	—	—	117
Leung Shu Kin, Alfred	30	—	—	—	30
Wong Wing Kee	51	—	—	—	51
Ng Kee Sin	51	—	—	—	51
	483	—	—	—	483
Total	513	20,720	174	55,806	77,213

^ Included in the amount is rental and management fee paid for director's quarter to a company beneficially owned by Mr. Cheok.

No emolument was paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during both years. No directors waived any of their emoluments for both years.

14. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, three (2016: three) are directors of the Company whose emoluments are included in the disclosures in note 13 before. The emoluments of the remaining two (2016: two) individuals are as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries and other benefits	**7,566**	3,305
Contributions to retirement benefit scheme	**36**	50
	7,602	3,355

Their emoluments were within the following bands:

	2017	2016
	Number of individuals	*Number of individuals*
HK$Nil to HK$1,000,000	**—**	2
HK$1,500,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$4,000,000	**2**	—

15. INCOME TAX EXPENSE

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

	2017	2016
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax		
— tax for the year	**9,159**	5,552
— under-provision in prior years	**—**	22
	9,159	5,574
Current tax — Hong Kong Profits Tax		
— tax for the year	**54,652**	—
Deferred tax *(Note 33)*	**37,392**	41,462
Income tax expense	**101,203**	47,036

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%.

15. INCOME TAX EXPENSE *(continued)*

The income tax expense for the year can be reconciled to profit before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax expense	**557,316**	222,208
Tax on profit at the rates applicable to the jurisdictions concerned	**98,119**	65,257
Tax effect of exemption granted to Macau subsidiary	**(76)**	308
Tax effect of income not taxable for tax purpose or subject to capital gain tax	**(4,824)**	(54,221)
Tax effect of expenses not deductible for tax purpose	**3,710**	33,677
Tax effect of tax losses not recognised	**3,956**	2,213
Under-provision in prior years	**—**	19
Tax effect of other temporary differences not recognised	**318**	(217)
Income tax expense	**101,203**	47,036

16. DISPOSAL OF SUBSIDIARIES

On 29 December 2017, the Group entered into an agreement with an independent third party in connection with the disposal of the entire issued shares in and the Sale Debt (as defined below) of Pleasant Journey Global Limited at an aggregate consideration of HK$224,439,000. The disposal was completed on 29 December 2017.

Details of the net assets of a subsidiary disposed of and its financial impacts are summarised as follow:

	Pleasant Journey Global Limited *HK$'000*
Equity investments at fair value through profit or loss	218,995
Amount due to immediate holding company (the "**Sale Debt**")	(218,995)
	—
Add: Sales Debt assumed by the vendor	218,995
	218,995
Gain on disposal	5,444
Total consideration	224,439
Satisfied by:	
Cash	224,439
Net cash inflow arising on disposal:	
Cash consideration	224,439
Consideration receivable included in other receivables	(224,439)
	—

16. DISPOSAL OF SUBSIDIARIES *(continued)*

Details of the net assets for the year ended 31 December 2016 the subsidiaries disposed of and their financial impacts are summarised as follows:

	The Tongliao Group (as defined below)	The Citilite Group (as defined below)	The Excelio Group (as defined below)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Note a)*	*(Note b)*	
Property, plant and equipment	126,591	—	1,876	128,467
Payments for leasehold land held for own use	16,837	—	—	16,837
Interests in associates	—	73,224	—	73,224
Inventories	—	—	1,632	1,632
Trade receivables	—	—	1,300	1,300
Prepayments, deposits and other receivables	678	—	4,294	4,972
Bank balances and cash	150	176	467	793
Trade payables	(341)	—	(539)	(880)
Other payables and accruals	(36,676)	(12)	(2,817)	(39,505)
Non-controlling interests	—	—	14,212	14,212
Release of translation reserve	(41,643)	3,468	(730)	(38,905)
	65,596	76,856	19,695	162,147
Professional fees and expenses	2,751	2,749	56	5,556
Gain/(loss) on disposal	41,780	(1,497)	(17,294)	22,989
Total consideration	110,127	78,108	2,457	190,692
Satisfied by:				
Cash	110,127	78,108	2,457	190,692
Net cash inflow arising on disposal:				
Cash consideration	110,127	78,108	2,457	190,692
Professional fees and expenses	(2,751)	(2,749)	(56)	(5,556)
Bank balances and cash disposed of	(150)	(176)	(467)	(793)
	107,226	75,183	1,934	184,343

16. DISPOSAL OF SUBSIDIARIES *(continued)*

Notes:

(a) On 16 November 2015, the Group entered into two conditional disposal agreements with Toprich Bravo Limited and Top Harvest International Investment Limited respectively, both of which are wholly-owned by Mr. Cheok Ho Fung, in connection with the disposals of Topsearch Tongliao Investment (BVI) Limited and its subsidiaries (collectively the "**Tongliao Group**") and Citilite Pride Limited and its subsidiaries (collectively the "**Citilite Group**"), at an aggregate consideration of HK$188,235,000 in cash. The disposals constitute connected transactions under the Listing Rules.

The disposals of assets and liabilities of the Tongliao Group and Citilite Group were completed on 15 January 2016.

(b) On 28 September 2016, the Group entered into a conditional disposal agreement with Lam Yik Tung, an independent third party, to dispose of the Group's entire equity interest in Topsearch Excelio Investment (HK) Limited, together with its subsidiaries (collectively as the "**Excelio Group**"), which is product research and development and trading of wafers, at a consideration of approximately HK$2,457,000 in cash. The disposal of the Excelio Group was completed on 28 September 2016.

17. EARNINGS PER SHARE

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

Earnings

	2017 ***HK$'000***	2016 *HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**456,113**	177,228

Number of shares

	2017	2016
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,524,328,767**	1,179,890,710
Effect of dilutive potential ordinary shares: — share award scheme	**80,942,466**	7,573,770
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,605,271,233**	1,187,464,480

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixture and equipment HK$'000	Motor vehicles HK$'000	Moulds, dies, test fixtures and pins HK$'000	Total HK$'000
At 31 December 2017							
At 1 January 2017							
Cost or valuation	246,995	13,007	666,760	10,508	12,636	4,315	954,221
Accumulated depreciation and impairment loss	(23,928)	(6,376)	(645,626)	(6,766)	(5,861)	(3,600)	(692,157)
Carrying amount	223,067	6,631	21,134	3,742	6,775	715	262,064
At 1 January 2017, carrying amount	223,067	6,631	21,134	3,742	6,775	715	262,064
Additions	—	575	7,035	697	556	302	9,165
Disposals	—	—	—	—	—	—	—
Depreciation provided during the year	(4,969)	(922)	(6,005)	(1,116)	(1,400)	(123)	(14,535)
Revaluation loss	(3,126)	—	—	—	—	—	(3,126)
Disposal of a subsidiary	—	—	—	(124)	—	—	(124)
Exchange realignment	13,802	696	3,741	70	46	56	18,411
At 31 December 2017, carrying amount	228,774	6,980	25,905	3,269	5,977	950	271,855
At 31 December 2017							
Cost or valuation	261,521	14,141	717,730	11,512	13,323	4,911	1,023,138
Accumulated depreciation and impairment losses	(32,747)	(7,161)	(691,825)	(8,243)	(7,346)	(3,961)	(751,283)
Carrying amount	228,774	6,980	25,905	3,269	5,977	950	271,855

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixture and equipment	Motor vehicles	Moulds, dies, test fixtures and pins	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016							
At 1 January 2016							
Cost or valuation	261,459	9,342	700,812	8,677	7,435	7,605	995,330
Accumulated depreciation and impairment loss	(19,191)	(6,119)	(667,030)	(6,574)	(5,681)	(4,611)	(709,206)
Carrying amount	242,268	3,223	33,782	2,103	1,754	2,994	286,124
At 1 January 2016, carrying amount	242,268	3,223	33,782	2,103	1,754	2,994	286,124
Additions	—	4,099	1,247	2,700	5,864	110	14,020
Disposals	—	—	—	(120)	(57)	—	(177)
Depreciation provided during the year	(5,083)	(259)	(8,899)	(768)	(766)	(557)	(16,332)
Revaluation loss	(2,626)	—	—	—	—	—	(2,626)
Disposal of subsidiaries *(Note 16)*	—	—	—	(95)	—	(1,781)	(1,876)
Exchange realignment	(11,492)	(432)	(4,996)	(78)	(20)	(51)	(17,069)
At 31 December 2016, carrying amount	223,067	6,631	21,134	3,742	6,775	715	262,064
At 31 December 2016							
Cost or valuation	246,995	13,007	666,760	10,508	12,636	4,315	954,221
Accumulated depreciation and impairment losses	(23,928)	(6,376)	(645,626)	(6,766)	(5,861)	(3,600)	(692,157)
Carrying amount	223,067	6,631	21,134	3,742	6,775	715	262,064

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group's buildings are situated in the PRC. At 31 December 2017, the Group's buildings with a carrying amount of approximately HK$227,892,000 (2016: HK$221,765,000) were pledged to secure the bank loans granted to the Group.

As at 31 December 2016, the carrying amount of the Group's plant and machinery included an amount of approximately HK$9,845,580 in respect of assets acquired under finance leases. No asset was acquired under finance lease as at 31 December 2017.

The Group's buildings were revalued at the end of reporting period based on market approach and with reference to the valuation reports issued by Flagship Consulting (Hong Kong) Limited, an independent firm of professionally qualified valuers. The valuation reports used depreciated replacement cost approach which is arrived at using the aggregate amount of the new replacement cost of the buildings, from which appropriate deductions may then be made to allow for the age, condition, functional obsolescence and environmental factor.

During the year ended 31 December 2017, a revaluation loss of approximately HK$3,126,000 (2016: HK$2,626,000) on the Group's buildings has been recognised in other comprehensive income and debited (2016: debited) to property revaluation reserve.

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The following table presents the fair values of the Group's buildings measured at the end of reporting period on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified and is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

	2017	2016
	HK$'000	*HK$'000*
Level 3	**228,774**	223,067

A reconciliation of the opening and closing fair value balance of Level 3 recurring fair value measurement is provided below:

	2017	2016
	HK$'000	*HK$'000*
Opening balance (Level 3 recurring fair value)	**223,067**	242,268
Depreciation provided for the year	**(4,969)**	(5,083)
Revaluation loss	**(3,126)**	(2,626)
Exchange realignment	**13,802**	(11,492)
Closing balance (Level 3 recurring fair value)	**228,774**	223,067

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The following table gives information about how the fair value of the Group's buildings are determined, as well as the fair value hierarchy into which the fair value measurement is categorised, based on the degree to which the inputs to the fair value measurement is observable.

As at 31 December 2017

Fair value hierarchy	Valuation technique	Significant unobservable input	Relationship of unobservable inputs for fair value	Range
Level 3	Depreciated replacement cost approach	New replacement costs per square metre are determined using estimated current cost of replacement of the improvement less allowance for physical deterioration and all relevant forms of obsolescence and optimisation.	The increase in the new depreciated replacement costs per square metre would result in an increase in fair value	RMB2,700 per square metre

As at 31 December 2016

Fair value hierarchy	Valuation technique	Significant unobservable input	Relationship of unobservable inputs for fair value	Range
Level 3	Depreciated replacement cost approach	New replacement costs per square metre are determined using estimated current cost of replacement of the improvement less allowance for physical deterioration and all relevant forms of obsolescence and optimisation.	The increase in the new depreciated replacement costs per square metre would result in an increase in fair value	RMB2,700 per square metre

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Had the Group's buildings been stated at historical cost less accumulated depreciation and impairment losses (if any), their carrying amount as at 31 December 2017 would have been approximately HK$224,263,000 (2016: HK$209,427,000).

19. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group's payments for leasehold land held for own use under operating leases comprise of land use rights in the PRC:

	2017	2016
	HK$'000	*HK$'000*
Analysed for reporting purpose as		
— Current assets	128	121
— Non-current assets	3,655	3,551
	3,783	3,672

As at 31 December 2017, the Group's land use rights with a carrying amount of approximately HK$3,783,000 (2016: HK$3,672,000) were pledged to secure certain bank loans granted to the Group.

20. INTERESTS IN ASSOCIATES

	2017	2016
	HK$'000	*HK$'000*
Share of net assets other than goodwill	82,907	59,144
Goodwill on the acquisition	1,566	1,566
Loans to associates#	405,023	370,803
	489,496	431,513
Amount due to an associate*	—	(10,440)

Included in the loans to associates as at 31 December 2017 is a balance due from an associate amounting to HK$170,900,000 (2016: HK$140,940,000), which is secured by the remaining 55% equity interest in that associate being held by the equity holder of that associate, bears interest at a rate of 18% per annum, and is repayable by 8 March 2018. The remaining balances of HK$234,123,000 (2016: HK$229,863,000), are unsecured, interest free with no fixed repayment terms.

* Amount due to an associate was unsecured, interest free and repayable on demand.

20. INTERESTS IN ASSOCIATES *(continued)*

Particulars of the Group's associates during the year ended 31 December 2017 are set out below:

Name	Place of incorporation or establishment and operation	Percentage of ownership interest indirectly held by the Group		Principal activities
		2017	2016	
深圳市盛達前海供應鏈有限公司 ("**Shenzhen Shengda**") *(Note a)*	The PRC	**45%**	45%	Equity investment
Hero Link Enterprises Limited ("**Hero Link**") *(Note b)*	British Virgin Islands (the "BVI")/Hong Kong	**18%**	18%	Equity investment
Jade Summit Holdings Limited ("**Jade Summit**") *(Note c)*	BVI/The PRC	**27.5%**	27.5%	Investment holding
Vastline Limited ("**Vastline**") *(Note c)*	BVI/The PRC	**27.5%**	27.5%	Investment holding
Asia Cosmos Limited ("**Asia Cosmos**") *(Note c)*	Hong Kong/The PRC	**27.5%**	27.5%	Investment holding
無錫燕莎房地產開發有限公司 ("**Wuxi Yansha**") *(Note c)*	The PRC	**27.5%**	27.5%	Property development

20. INTERESTS IN ASSOCIATES *(continued)*

Notes:

(a) The summarised financial information of Shenzhen Shengda, a material associate of the Group, is set out below:

	2017	2016
	HK$'000	*HK$'000*
As at 31 December		
Current assets	**613,481**	477,088
Non-current assets	**—**	—
Current liabilities	**(555,495)**	(446,667)
Non-current liabilities	**—**	—
Net assets	**57,986**	30,421
Group's effective interest	**45%**	45%
Group's share of net assets of the associate, excluding goodwill	**26,094**	13,689
Goodwill on the acquisition	**1,566**	1,566
Carrying amount of the investment	**27,660**	15,255

	Year ended 31 December 2017	Period from 5 August 2016 (date of acquisition) to 31 December 2016
	HK$'000	*HK$'000*
Other income	**74,199**	31,627
Profit for the year/period	**24,597**	10,704
Other comprehensive income	**2,968**	—
Total comprehensive income	**27,565**	10,704
Loan to an associate	**170,900**	140,940
Amount due to an associate	**—**	(10,440)

20. INTERESTS IN ASSOCIATES *(continued)*

Notes: (continued)

(b) The summarised financial information of Hero Link, a material associate of the Group, is set out below:

	2017	2016
	HK$'000	*HK$'000*
As at 31 December		
Current assets	**337,619**	—
Non-current assets	**—**	366,000
Current liabilities	**(215,709)**	(190,971)
Non-current liabilities	**—**	—
Net assets	**121,910**	175,029
Group's effective interest	**18%**	18%
Group's share of net assets of the associate, and carrying amount of the investment	**21,944**	31,505

	Year ended 31 December 2017	Period from 26 September 2016 (date of acquisition) to 31 December 2016
	HK$'000	*HK$'000*
Revenue	**—**	175,301
(Loss)/profit for the year/period	**(53,119)**	115,539
Other comprehensive income	**—**	—
Total comprehensive income	**(53,119)**	115,539
Gain on bargain purchase on acquisition of an associate	**—**	10,708
Loan to an associate	**32,393**	28,133

20. INTERESTS IN ASSOCIATES *(continued)*

Notes: (continued)

(c) The summarised financial information of the Jade Summit and its subsidiaries, a material associate of the Group, is set out below:

	2017	2016
	HK$'000	*HK$'000*
As at 31 December		
Current assets	**988,026**	830,529
Non-current assets	**30,468**	19,423
Current liabilities	**(98,032)**	(43,568)
Non-current liabilities	**(793,665)**	(755,656)
Net assets	**126,797**	50,728
Group's effective interest	**27.5%**	27.5%
Group's share of net assets of the associate and carrying amount of the investment	**34,869**	13,950

	Year ended 31 December 2017	Period from 5 August 2016 (date of acquisition) to 31 December 2016
	HK$'000	*HK$'000*
Revenue	**—**	—
Profit for the year/period	**36,321**	(1,520)
Other comprehensive income	**39,747**	(13,482)
Total comprehensive income	**76,068**	(15,002)
Gain on bargain purchase on acquisition of an associate	**—**	17,792
Loan to an associate	**201,730**	201,730

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	HK$'000	HK$'000
Unlisted fund investments, at fair value *(Note)*	**980,000**	—
Club debentures, at fair value	**4,046**	2,107
	984,046	2,107

Note:

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 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.

As at 31 December 2017, Group's investments in Investment Fund I and Investment Fund II amounted to HK$440 million (2016: Nil) 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 of 6% per annum of their 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 their aggregate capital contributions.

22. INVENTORIES

	2017 HK$'000	2016 HK$'000
Raw materials and consumables	**47,504**	54,558
Work in progress	**21,733**	17,249
Finished goods	**20,935**	27,587
	90,172	99,394
Less: Allowance for obsolete inventories	**(21,627)**	(20,681)
	68,545	78,713

23. TRADE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**384,699**	112,835
Less: Allowance for doubtful debts	**(1,641)**	(1,286)
	383,058	111,549

The Group's trade receivables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2017 HK$'000	2016 HK$'000
Denominated in United States dollars ("**US$**")	**11,236**	85,696

23. TRADE RECEIVABLES *(continued)*

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 investments and financial services 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:

	2017	2016
	HK$'000	*HK$'000*
0 — 30 days	**349,571**	54,645
31 — 60 days	**11,986**	35,703
61 — 90 days	**2,483**	21,191
Over 90 days	**19,018**	10
	383,058	111,549

As at 31 December 2017, trade receivables of approximately HK$145,240,000 (2016: HK$81,461,000) were neither past due nor impaired. Trade receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

The ageing of trade receivables (net of allowance for doubtful debts) which are past due but not impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 — 30 days past due	**214,470**	28,231
31 — 90 days past due	**7,209**	1,857
91 — 365 days past due	**16,139**	—
	237,818	30,088

23. TRADE RECEIVABLES *(continued)*

Trade receivables that were past due but not impaired related to customers that have good creditworthiness or good track record with the Group. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable. The Group does not hold any collateral over these balances.

The movement in impairment loss on trade receivables during the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
At beginning of the year	**1,286**	2,503
Impairment loss/(reversal) of impairment loss recognised	**326**	(3)
Disposal of a subsidiary	**—**	(1,185)
Exchange realignment	**29**	(29)
At end of the year	**1,641**	1,286

The Group recognised impairment loss on individual assessment based on the accounting policy stated in note 4(g)(ii).

24. LOAN RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Secured loan *(Note a)*	**451,905**	123,799
Entrusted loan *(Note b)*	**178,571**	43,799
	630,476	167,598
Classified under:		
Non-current assets	**417,797**	—
Current assets	**212,679**	167,598
	630,476	167,598

24. LOAN RECEIVABLES *(continued)*

Notes:

(a) The balance represents secured loans to independent third party corporate borrowers which bear fixed interest rates ranging from 9% to 18% per annum with loan period ranging from 12 months to 24 months. These loans were secured by issued share capital of the borrowers, fund investment of a borrower, equity investment owned by the shareholder of a borrower and personnel guarantees executed by the shareholders or key management personnel of the borrowers.

(b) On 18 November 2016 and 30 November 2016, the Group entered into an entrusted fund agreement and supplemental entrusted fund agreement (collectively the "**Entrusted Fund Agreements**"), respectively with a corporate trustee established in the PRC and authorised by the China Banking Regulatory Commission to conduct trust businesses (the "**Trustee**"). Pursuant to which the Group entrust an amount of RMB39,200,000 (equivalent to approximately HK$43,799,000) to the Trustee for a term of three months, which carries an expected rate of net return of 26.5% per annum. The permitted use of the entrusted fund is for the provision of a loan to an independent third party borrower (the "**Borrower I**"). The Trustee has entered into a separate loan agreement with the Borrower I for the provision of the loan (the "**Loan 1**") with a principal amount of RMB39,200,000 (equivalent to HK$43,799,000) for a term of three months. The Loan 1 is interest-bearing at 26.5% per annum, and secured by (a) charges to be created on certain properties located in Nanjing, the PRC; (b) pledges of the equity interests in the Borrower I by its equity holders; and (c) personal guarantees to be provided by the equity holders of the Borrower I and a PRC citizen related to the Borrower I.

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, Weihai Guosheng Runhe Property Development Co. Ltd.（威海國盛潤禾置業有限公司）(the "**Borrower II**") in the amount of RMB150,000,000 (equivalent to HK$178,571,0000) for a term of two years (the "**Loan 2**"), which carries an expected rate of return of 18% per annum. The Loan 2 was secured by (a) a pledge over the entire equity interest in the Borrower II 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 II.

(c) Included in the loan receivables is a short-term interest-free loan amounted to HK$20,000,000 which was lent to the bond issuer as mentioned in Note 34(b). The securities of this loan and the bond in Note 34(b) are the same.

(d) As at 31 December 2017 and 2016, the loan receivables were neither past due nor impaired, and related to borrowers for whom there was no recent history of default.

25. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	HK$'000
Listed equity investments, at market value	798,508	639,429

The above equity investments at 31 December 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

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 financial statements was approximately HK$682,570,000.

26. BANK BALANCES AND DEPOSITS

	2017	2016
	HK$'000	HK$'000
Structured deposit *(Note 27)*	—	558,659
Bank balances and cash	381,203	434,125
	381,203	992,784

At 31 December 2017 and 2016, bank balances carry interest at prevailing deposit rates.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2017	2016
	HK$'000	HK$'000
Denominated in Renminbi ("**RMB**")	153,008	12,268
Denominated in US$	45,052	27,671
Denominated in Euro dollars	—	122
Denominated in Great British Pound	479	477
Denominated in Macau Pataca ("**MOP**")	86	83
Denominated in Singapore ("**SGD**")	4	—

27. STRUCTURED DEPOSIT

The structured deposit as at 31 December 2016 consisted of deposit amounting to HK$558,659,000 denominated in Renminbi and issued by a bank in the PRC. The structured deposit carried interest at expected interest rate ranging from 1.80% to 3.51% per annum, depending on the market price of the underlying financial instruments being invested by the bank. The structured deposit can be redeemed at any time at the Group's discretion. The directors of the Company considered the fair value of the structured deposit approximate to its carrying value.

The structured deposit was fully redeemed in January 2017. The change in fair value up to the date of redemption was not significant.

28. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
0 — 30 days	**37,686**	44,027
31 — 60 days	**29,727**	29,923
61 — 90 days	**28,693**	23,372
Over 90 days	**38,766**	37,212
	134,872	134,534

The Group's trade payables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2017	2016
	HK$'000	*HK$'000*
Denominated in US$	**24,995**	29,766

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.

29. OBLIGATION UNDER FINANCE LEASES

The Group has no obligation under finance lease as at 31 December 2017. As at 31 December 2016, the Group leased certain plant and machinery items. Such arrangements were generally classified as finance leases as the ownership of the assets will be transferred to the Group by the end of the lease terms.

	Minimum lease payments 2016 *HK$'000*	Interest 2016 *HK$'000*	Present value 2016 *HK$'000*
Not later than one year	559	14	545

The present value of future lease payments are analysed as:

	2016 *HK$'000*
Current liabilities	545
Non-current liabilities	—
	545

The Group's obligation under finance leases is secured by the lessor's charge over the leased assets.

30. BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Secured bank loans repayable within one year *(Note a)*	**154,362**	109,498
Other loans, unsecured *(Note b)*	**890,000**	733,854
Other loans, secured *(Note b)*	**202,381**	189,944
	1,246,743	1,033,296
Current portion	**806,743**	843,352
Non-current portion	**440,000**	189,944
	1,246,743	1,033,296

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 2017, bank loans of approximately HK$154,362,000 (2016: HK$109,498,000) carried fixed interest rate ranged from 2.48% to 4.57% (2016: 4.13% to 6.15%) per annum.

(b) As at 31 December 2017, other loans with independent third parties amounting to approximately HK$890,000,000 (2016: HK$733,854,000) are unsecured, bear interest at a rate of 3% to 7% per annum (2016: 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 to 3 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% (2016: 5% per annum) per annum and repayable by 31 March 2018.

The borrowings that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2017	2016
	HK$'000	*HK$'000*
Denominated in US$	**49,600**	—

31. LOAN FROM A RELATED COMPANY

The loan is unsecured, bears interest at a rate of 3% per annum and repayable by 19 October 2018 (2016: 19 October 2017). The related company is beneficially owned by one of the substantial shareholders of the Company.

32. LOANS FROM A DIRECTOR

	2017	2016
	HK$'000	*HK$'000*
Unsecured loans from a director:		
— interest bearing at 7% and repayable on 2 January 2019 (2016: 2 January 2018)	**86,619**	91,378

The loans were advanced by Mr. Cheok, an executive director of the Company.

The loans from Mr. Cheok that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2017	2016
	HK$'000	*HK$'000*
Denominated in RMB	**2,048**	3,709
Denominated in US$	**—**	643

33. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Tax losses	Impairment of property, plant and equipment	Revaluation of property	Unrealised fair value gain on financial instruments at fair value through profit of loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	3,185	(1,588)	(1,597)	4,067	—	4,067
Charged to reserve during the year	—	—	—	—	41,462	41,462
Credited to reserve during the year	—	—	—	(656)	—	(656)
At 31 December 2016 and 1 January 2017	3,185	(1,588)	(1,597)	3,411	41,462	44,873
Charged to profit or loss during the year *(Note 15)*	—	—	—	—	37,392	37,392
Credited to reserve during the year	—	—	—	(783)	—	(783)
Exchange realignment	—	—	—	(30)	—	(30)
At 31 December 2017	3,185	(1,588)	(1,597)	2,598	78,854	81,452

At the end of reporting period, the Group had unused tax losses arising from Hong Kong of approximately HK$53,480,000 (2016: HK$53,480,000) arising from the PRC of approximately HK$18,836,000 (2016: Nil) for offsetting against future taxable profit indefinitely or within five years, respectively. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for several years and it is not considered probable that taxable profit will be available against which the tax losses can be utilised.

At the end of reporting period, the Group has deductible temporary differences of HK$96,643,000 (2016: HK$90,649,000) in respect of impairment of trade receivables, the allowance for obsolete inventories and impairment of property, plant and equipment. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. DEFERRED TAX LIABILITIES *(continued)*

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. There is no profit of the PRC subsidiaries available for distribution subject to the withholding tax.

As at 31 December 2017 and 2016, the Group did not have other material unrecognised deferred tax.

34. NOTES RECEIVABLES

(a) On 12 December 2017, pursuant to a subscription agreement, the Group subscribed from a third party issuer namely Ascend Trade Limited, a promissory note with principal amount of HK$900 million which carries an interest rate at 9% per annum and matures on 11 March 2018. The note is 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 subsequently 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 6 March 2018.

(b) On 27 December 2017, the Group subscribed from a third party issuer a 5% fixed redeemable coupon bond with principal amount of HK$200 million. Both the principle and the interest on the bond are repayable on 27 December 2018. The bond is secured by the issuer's interests in certain convertible bonds issued by a company listed on the Stock Exchange.

35. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each (’000)	HK$’000
Authorised:		
At 1 January 2016 and 31 December 2016	2,000,000	200,000
Increased in authorized share capital *(Note a)*	3,000,000	300,000
At 31 December 2017	5,000,000	500,000
Issued and fully paid:		
At 1 January 2016	1,000,000	100,000
Issue of shares on placement *(Note b)*	440,000	44,000
At 31 December 2016	1,440,000	144,000
Issue of Award Shares *(Note c)*	24,000	2,400
Rights issue *(Note d)*	732,000	73,200
At 31 December 2017	2,196,000	219,600

Notes:

(a) On 23 October 2017, the shareholders of the Company 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) On 9 March 2016, 200,000,000 new ordinary shares of par value HK$0.1 each were issued at subscription price of HK$0.925 each to an independent third party of the Group at an aggregate amount of HK$182,970,000, net of issuing expenses, out of the aggregate consideration HK$20,000,000 was credited to share capital account and the remaining balance of approximately HK$162,970,000 was credited to the share premium account. Further details were set out in the Company’s announcement dated 9 March 2016.

On 6 December 2016, 240,000,000 new ordinary shares of par value HK$0.1 each were issued at subscription price of HK$2 each to an independent third party of the Group at an aggregate amount of approximately HK$477,563,000, net of issuing expenses, out of the aggregate amount HK$24,000,000 was credited to share capital and the remaining balance of approximately HK$453,563,000 was credited to the share premium account. Further details were set out in the Company’s announcement dated 6 December 2016.

35. SHARE CAPITAL *(continued)*

Notes: (continued)

(c) During the year, an aggregate of 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 after the vesting conditions of the Award Shares granted under the Share Award Scheme of the Company have been fulfilled. Further details were set out in the Company's announcement dated 31 March 2017.

d) 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 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. Further details were set out in the Company's announcement dated 3 November 2017 and 27 November 2017.

36. RESERVES

The Group

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

The Company

	Share premium *HK$'000*	Accumulated losses *HK$'000*	Share-based compensation benefits reserve *HK$'000*	Total *HK$'000*
At 1 January 2016	337,854	(528,905)	—	(191,051)
Issue of shares on placement, net of expenses	616,533	—	—	616,533
Equity-settled share-based compensation benefits	—	—	55,806	55,806
Profit for the year	—	10,007	—	10,007
At 31 December 2016 and 1 January 2017	954,387	(518,898)	55,806	491,295
Issue of shares on right issues, net of expenses *(Note 35)*	1,525,622	—	—	1,525,622
Issue of Award Shares *(Note 37)*	52,320	—	(54,720)	(2,400)
Equity-settled share-based compensation benefits *(Note 37)*	—	—	54,528	54,528
Loss for the year	—	(147,599)	—	(147,599)
At 31 December 2017	2,532,329	(666,497)	55,614	1,921,446

37. SHARE AWARD SCHEME

On 17 May 2016, the Company adopted the Share Award Scheme, pursuant to which the Board may propose or determine the grant of the Company's shares to any directors, employees or third party service providers of the Group as their incentives and rewards so as (i) to provide them with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such individuals to work with the Company; and (iii) to provide additional incentive for them to achieve performance goals, subject to such conditions as the Board may deem appropriate at its discretion. Further details of the Share Award Scheme were set out in the Company's announcements dated 17 May 2016.

On the same date, the Board resolved to award an aggregate of 60,000,000 shares of the Company (the "**Award Shares A**") to Mr. Liu Tingan, chairman and chief executive officer of the Company, under the Share Award Scheme, which will be vested in five equal batches on 31 March 2017, 2018, 2019, 2020 and 2021. The vesting of the Award Shares A is subject to satisfaction of vesting criteria and conditions, including the Group's achievement of expected return percentage in each year in respect of the Group's assets management and investment business as approved by the Board. Further details of the grant of the Award Shares A were set out in the Company's announcement dated 17 May 2016 and circular dated 5 July 2016.

On 24 August 2016, the Board further resolved to award an aggregate of 60,000,000 shares of the Company (the "**Award Shares B**") to Mr. Zhou Huorong, a director of the Company, under the Share Award Scheme, which will be vested in five equal batches on 31 March 2017, 2018, 2019, 2020 and 2021. The vesting of the Award Shares B is subject to satisfaction of vesting criteria and conditions, including the Group's achievement of expected return percentage in each year in respect of the Group's assets management and investment business as approved by the Board. Further details of the grant of the Award Shares B were set out in the Company's announcement dated 17 May 2016 and circular dated 30 September 2016.

The grant of the Award Shares A and Award Shares B were approved by independent shareholders of the Company at the special general meetings held on 20 July 2016 and 27 October 2016.

The fair values of Awarded Shares A and Award Shares B were calculated based on the market price of the Company's shares at the respective grant date.

37. SHARE AWARD SCHEME *(continued)*

During the year, first batch of Award Shares A and Award Shares B totalling 24,000,000 shares (2016: Nil) were issued to the two directors following the vesting conditions of these award shares being met in last year. There is no exercise price required under the Share Award Scheme.

On 26 July 2017, Mr. Zhou Huorong resigned from office as an executive director of the Company and accordingly, the remaining 48,000,000 share awards in Award Shares B were forfeited during the year. Except the foregoing, no share awards were lapsed, forfeited, exercised or transferred during the year ended 31 December 2017 (2016: Nil).

Out of the 48,000,000 (2016: 120,000,000) share awards outstanding as at 31 December 2017, 12,000,000 (2016: 24,000,000) the share awards were vested and were exercisable subsequent to 31 December 2017. The Group recognised an equity-settled shared based compensation benefits expense of approximately HK$54,528,000 (2016: HK$55,806,000) during the year ended 31 December 2017.

37. SHARE AWARD SCHEME *(continued)*

Details of the award shares granted under the Share Award Scheme are as follows:

2017

	Date of grant	Exercisable date	Fair value at grant date	Number of award shares: Outstanding at 1/1/2017	Exercised	Forfeited	Outstanding at 31/12/2017
			HK$				
Mr. Liu Tingan	20/7/2016	31/3/2017	2.37	12,000,000	(12,000,000)	—	—
	20/7/2016	31/3/2018	2.37	12,000,000	—	—	12,000,000
	20/7/2016	31/3/2019	2.37	12,000,000	—	—	12,000,000
	20/7/2016	31/3/2020	2.37	12,000,000	—	—	12,000,000
	20/7/2016	31/3/2021	2.37	12,000,000	—	—	12,000,000
Mr. Zhou Huorong	27/10/2016	31/3/2017	2.19	12,000,000	(12,000,000)	—	—
	27/10/2016	31/3/2018	2.19	12,000,000	—	(12,000,000)	—
	27/10/2016	31/3/2019	2.19	12,000,000	—	(12,000,000)	—
	27/10/2016	31/3/2020	2.19	12,000,000	—	(12,000,000)	—
	27/10/2016	31/3/2021	2.19	12,000,000	—	(12,000,000)	—
				120,000,000	(24,000,000)	(48,000,000)	48,000,000
Weighted average fair value per award share (HK$)				2.28	2.28	2.19	2.37
Weighted average contractual lives (years)							1.74

37. SHARE AWARD SCHEME *(continued)*

2016

	Date of grant	Exercisable date	Fair value at grant date HK$	Number of award shares: Outstanding at 1/1/2016	Granted	Exercised	Outstanding at 31/12/2016
Mr. Liu Tingan	20/7/2016	31/3/2017	2.37	—	12,000,000	—	12,000,000
	20/7/2016	31/3/2018	2.37	—	12,000,000	—	12,000,000
	20/7/2016	31/3/2019	2.37	—	12,000,000	—	12,000,000
	20/7/2016	31/3/2020	2.37	—	12,000,000	—	12,000,000
	20/7/2016	31/3/2021	2.37	—	12,000,000	—	12,000,000
Mr. Zhou Huorong	27/10/2016	31/3/2017	2.19	—	12,000,000	—	12,000,000
	27/10/2016	31/3/2018	2.19	—	12,000,000	—	12,000,000
	27/10/2016	31/3/2019	2.19	—	12,000,000	—	12,000,000
	27/10/2016	31/3/2020	2.19	—	12,000,000	—	12,000,000
	27/10/2016	31/3/2021	2.19	—	12,000,000	—	12,000,000
				—	120,000,000	—	120,000,000
Weighted average fair value per award share (HK$)				—	2.28	—	2.28
Weighted average contractual lives (years)							2.25

38. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,441**	9,605
Investments in subsidiaries		**1,001**	1,000
Rental and utility deposits		**—**	23
Deferred tax assets		**740**	—
Available-for-sale financial assets		**2,188**	250
Total non-current assets		**12,370**	10,878
CURRENT ASSETS			
Other current assets		**37,107**	1,834
Amounts due from subsidiaries		**3,285,715**	651,526
Equity investments at fair value through profit or loss		**4,882**	—
Bank balances and cash		**170,362**	187,208
Total current assets		**3,498,066**	840,568
CURRENT LIABILITIES			
Other payables and accruals		**168,515**	16,151
Amounts due to subsidiaries		**560,875**	—
Loan from a related company		**200,000**	200,000
Total current liabilities		**929,390**	216,151
NET CURRENT ASSETS		**2,568,676**	624,417
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,581,046**	635,295
NON-CURRENT LIABILITIES			
Loans payable		**440,000**	—
NET ASSETS		**2,141,046**	635,295
CAPITAL AND RESERVES			
Share capital	*35*	**219,600**	144,000
Reserves	*36*	**1,921,446**	491,295
TOTAL EQUITY		**2,141,046**	635,295

On behalf of the Board

Liu Tingan
Director

Cheok Ho Fung
Director

39. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2017 are set out below:

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital/capital contribution	Attributable equity interest held by the Company Directly	Attributable equity interest held by the Company Indirectly	Principal activities
Topsearch Industries (BVI) Limited	BVI/Hong Kong	Ordinary shares US$50,000	100%	—	Investment holding
Topsearch Industries (Holdings) Limited	Hong Kong	Ordinary shares HK$1,000 Deferred non-voting* HK$20,000,000	—	100%	Investment holding
Topsearch Printed Circuits (HK) Limited	Hong Kong	Ordinary shares HK$10,000,000	—	100%	Investment holding
Topsearch Printed Circuits Macao Commercial Offshore Company Limited	Macau	Ordinary shares Macau Pataca100,000	—	100%	Sale of printed circuit boards
至卓飛高線路板（曲江）有限公司@	The PRC	Registered capital US$99,000,000	—	100%	Manufacture of printed circuit boards
Topsearch Technologies Investment (Holdings) Limited	Hong Kong	Ordinary shares HK$2	—	100%	Investment holding
Topsearch iService Investment Limited	Hong Kong	Ordinary share HK$1	—	100%	Investment holding
至卓飛高企業管理咨詢服務（韶關）有限公司@	The PRC	Registered capital HK$1,000,000	—	100%	Provision of information system management services and investment advisory services
Brilliant Plus Investments Limited	BVI/Hong Kong	Ordinary share US$1	100%	—	Investment holding
Hero Zone Investments Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Investment holding
Hong Kong Bridge Investments Limited (BVI)	BVI/Hong Kong	Ordinary share US$1	—	100%	Equity and debt investments
Hong Kong Bridge Investments Limited (HK)	Hong Kong	Ordinary shares HK$10,000,000	—	100%	Equity and debt investments

39. SUBSIDIARIES (continued)

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital/capital contribution	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Perfect Stage Investments Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Investment holding
Just Right Ventures Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Consultancy and corporate solution services
Brave Unit Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Consultancy and corporate solution services
Sonic Dragon International Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Consultancy and corporate solution services
Classic Blaze Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Consultancy and corporate solution services
Blissland Ventures Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Consultancy and corporate solution services
Thriving Season Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Equity investment
Hong Kong Bridge Capital Partners Limited	Hong Kong	Ordinary share HK$5,800,000	—	100%	Advising on securities and asset management services
HKBridge Equity Investment Fund Management Limited[@]	The PRC	Ordinary share RMB20,000,000	—	100%	Assets and funds management and investment and financial advisory
Ningxia HKBridge Investment Management Limited	The PRC	Ordinary share RMB20,000,000	—	100%	Assets and funds management and investment and financial advisory
Ningxia Gangning Investment Fund Management Limited	The PRC	Ordinary share RMB20,000,000	—	100%	Assets and funds management and investment and financial advisory
Digital King Investments Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Fund investment

39. SUBSIDIARIES *(continued)*

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital/capital contribution	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Ideal Excel Investments Ltd	BVI/Hong Kong	Ordinary share US$1	—	100%	Fund investment
Great Merchant Investments Ltd	BVI/Hong Kong	Ordinary share US$1	—	100%	Fund investment
Bliss Ease Investments Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Fund investment
Power Tiger Investments Ltd	BVI/Hong Kong	Ordinary share US$1	—	100%	Fund investment
Hong Kong Bridge Landmark Investment Fund, L.P.#	The Cayman Islands/Hong Kong	HK$220,000,000	—	100%	Equity and debt investments

* The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital upon winding-up unless a sum of HK$500,000,000,000,000 has been distributed to each of the holders of the ordinary shares.

@ Registered as wholly-foreign-owned enterprises under the PRC law.

The fund was established by the Group as a Cayman Islands exempted partnership.

None of the subsidiaries had issued any debt securities as at 31 December 2017 or at any time during the year.

The above tables list the subsidiaries of the Company which, in the opinion of the directors of the Company, principally comprised the Group's assets or results. To give details of the other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

40. OPERATING LEASE COMMITMENTS

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due during the period as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**7,344**	2,622
In the second to fifth years inclusive	**2,916**	356
	10,260	2,978

Operating lease payments represent rentals payable by the Group for its office properties and director's and staff quarters. Leases were negotiated for terms ranging from one to three years with fixed rentals over the terms of the leases.

41. CAPITAL AND OTHER COMMITMENTS

	2017 HK$'000	2016 HK$'000
Capital expenditure, contracted for but not provided in the consolidated financial statements, in respect of:		
— Acquisition of plant and machinery	—	2,194
— Committed investment	—	340,000
	—	342,194

42. RELATED PARTY TRANSACTIONS

(a) In addition to the related party balances and transactions set out in other notes to the consolidated financial statements, during the year, the Group entered into the following transactions with related parties:

Related party	**Nature of transaction**	**2017** ***HK$'000***	2016 *HK$'000*
Keentop Investment Limited ("**Keentop**") *(Note i)*	Rental expense and management fee expense	**2,124**	2,124
Toprich Bravo Limited and Top Harvest International Investment Limited *(Note ii)*	Disposal consideration of subsidiaries	—	188,235
Instant Fortune Limited *(Note 31)*	Interest expenses to a related company	**6,329**	1,200
Shenzhen Shengda *(Note 20a)*	Interest income from a loan to an associate	**25,256**	7,511
China Tian Yuan International Finance (Management) Limited *(Note iii)*	Rental expense and management fee expense	**6,213**	—

42. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Note:

(i) The amounts paid to Keentop, which is beneficially owned by Mr. Cheok, a director of the Company, and his spouse, related to a property leased as their residence. Pursuant to a tenancy agreement entered into on 28 May 2014, the monthly rental and management fees were revised to HK$165,000 and HK$12,000 for three years from 1 June 2014 to 31 May 2017. The tenancy agreement was renewed on 26 May 2017 for three years from 1 June 2017 to 31 May 2020 under the same terms and conditions, except that the monthly management fee was increased to HK$18,000 (subject to adjustment).

At the end of reporting period, the Group had commitments for future minimum lease payments payable to Keentop under non-cancellable leases which fall due as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**1,980**	825
In the second to fifth years inclusive	**2,805**	—
	4,785	825

This related party transaction constitutes a continuing connected transaction under the Listing Rules.

(ii) Toprich Bravo Limited and Top Harvest International Investment Limited are beneficially owned by Mr. Cheok. Further details of the disposals of subsidiaries are set out in note 16 to the consolidated financial statements. The disposals constituted connected transactions under the Listing Rules.

(iii) China Tian Yuan International Finance (Management) Limited ("Tian Yuan") is beneficially owned by Mr. Jia Tianjiang who is a substantial shareholder of the Company. Pursuant to a sublease agreement entered into on 10 May 2017 between the Company as the sub-tenant and Tian Yuan as sublessor, Tain Yuan agreed to sublet a portion of its office to the Company at a monthly rental and management fee of HK$476,667 and HK$21,211 respectively for two years commencing from 16 August 2016. The Company did not occupy the area until October 2016. The transaction constitutes a connected transaction under the Listing Rules.

(b) Members of key management personnel during the year comprised only those executive directors whose remuneration is set out in note 13 to the consolidated financial statements.

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(a) Categories of financial assets and financial liabilities

	2017	2016
	HK$'000	*HK$'000*
Financial assets		
Fair value through profit or loss — Equity investments, at fair value	**798,508**	639,429
Loan receivables (including cash and cash equivalents), at amortised cost	**2,821,935**	1,297,524
Available-for-sale financial assets, at fair value	**984,046**	2,107
Financial liabilities		
Financial liabilities at fair value through profit or loss	**53,957**	—
Financial liabilities at amortised cost	**1,813,967**	1,516,628

(b) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets which are traded on active markets are determined with reference to quoted market bid prices; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(continued)*

(b) Fair values *(continued)*

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	***HK$***	***HK$***	***HK$***
Available-for-sale financial assets				
— Unlisted equity fund investments	—	—	340,000	340,000
— Unlisted debt fund investments	—	—	640,000	640,000
— Club debentures	—	4,046	—	4,046
	—	4,046	980,000	984,046
Financial assets at fair value through profit or loss				
— Listed equity investments	798,508	—	—	798,508
Financial liabilities at fair value through profit or loss				
— Derivatives — call option	—	—	53,957	53,957

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(continued)*

(b) Fair values *(continued)*

	2016			
	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Available-for-sale financial assets				
— Club debentures	—	2,107	—	2,107
Financial assets at fair value through profit or loss				
— Listed equity investments	639,429	—	—	639,429

The fair values of equity investments at fair value through profit are determined with reference to quoted market prices in an active market.

Information about level 2 fair value measurements

The fair value club debentures are measured based on recent transaction prices.

Information about level 3 fair value measurements

Type of investment	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Unlisted equity fund investment	Equity allocation approach using option pricing model	Volatility: 43.85%	Increase/decrease in volatility by 5% will increase/decrease the carrying value of the investment by HK$6,202,000
Unlisted debt fund investments	Lattice tree model	Discount rate: 3.84% — 3.85% Recovery rate: 33.3% — 38.3%	Increase/decrease in discount rate by 0.5% will de-crease/increase the carrying value of the debt investments by HK$2,545,000

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(continued)*

(b) Fair values *(continued)*

Information about level 3 fair value measurements *(continued)*

Type of investment	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Call option	Monte Carlo Simulation model	Volatility: 43.89%	Increase/decrease in volatility by 5% will increase/decrease the carrying value of the call option by HK$10,022,000

There were no changes in valuation techniques during the year.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (level 3) are as follows:

	Available-for-sale financial assets	
	2017	2016
	HK$'000	*HK$'000*
Unlisted equity fund investments		
At 1 January	—	—
Purchases	**340,000**	—
	340,000	—

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(continued)*

(b) Fair values *(continued)*

Information about level 3 fair value measurements *(continued)*

	Available-for-sale financial assets	
	2017	2016
	HK$'000	*HK$'000*
Unlisted debt fund investments		
At 1 January	**—**	—
Purchases	**640,000**	—
	640,000	—

	Derivative financial liabilities	
	2017	2016
	HK$'000	*HK$'000*
Call option		
At 1 January	**—**	—
Premium received	**32,300**	—
Fair value loss included in other gains and losses	**21,657**	—
	53,957	—

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from prior year.

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade receivables, loan receivables, intra-group companies balances, trade payables, bank balances and deposits and borrowings at the end of the reporting period, are as follows:

	2017	2016
	HK$'000	*HK$'000*
Assets		
US$	**132,130**	113,378
RMB	**14,225**	12,268
Euro dollars	**—**	122
Great British Pound	**—**	477
Macau Pataca ("**MOP**")	**—**	83
Singapore dollars	**43**	—
Liabilities		
RMB	**2,048**	3,705
US$	**74,595**	29,153
HK$	**7**	—

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(i) Currency risk *(continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in the functional currencies of the group entities, against relevant foreign currencies, mainly US$ and RMB. The directors of the Company are of the opinion that the Group's sensitivity to the change in US$ against HK$ is low as HK$ are pegged to US$. In addition, the monetary assets denominated in MOP, Singapore dollars and HK$ are not significant and the directors of the Company consider that the Company's exposure to the currency of MOP, Singapore dollars and HK$ are minimal. As a result, the following sensitivity table does not include the impact of such changes. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 5% change in foreign currency rates.

A negative number below indicates a decrease in profit for the year when the functional currencies have strengthened against the relevant foreign currencies. For a 5% weakening of the functional currencies against the relevant foreign currencies, there would be an equal but opposite impact on the result for the year.

	2017	2016
	HK$'000	*HK$'000*
US$		
Decrease in profit for the year	**(3,487)**	(955)
RMB		
Increase in profit for the year	**507**	357

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans to associates, loan receivables, borrowings, loan from a related company and loans from a director.

The Group is also exposed to cash flow interest rate risk in relation to bank balances and deposits with floating interest rates. The directors of the Company monitor the related cash flow interest rate risk exposure closely and will consider hedging significant cash flow interest rate risk exposure should the need arise. No derivative contracts have been entered into during both years. In the opinion of directors of the Company, no sensitivity analysis for bank balances and deposits is prepared as the effect of fluctuation of interest rate is not significant.

(iii) 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 PCB segment are substantially covered by credit insurance. In this regard, management 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 and loan receivables, the Group assesses the background and financial condition of the debtors, and requests securities from the debtors and/or guarantee 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 failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(iii) Credit risk *(continued)*

The Group has concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

The Group also has concentration of credit risk as 10% (2016:14%) of the total trade receivables were due from the Group's two largest customers; the entire loans to associates were due from the Group's three associates as detailed in note 20 to the consolidated financial statements; and the loan receivables were due from several debtors as detailed in note 24 to the consolidated financial statements.

(iv) Liquidity risk

The Group adopts a prudent liquidity risk management policy to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group also relies on the continuous financial support from the banks and the management closely monitors its liquidity risk. Accordingly, the directors of the Company considered that the Group's liquidity risk is properly addressed and therefore prepared the consolidated financial statements on a going concern basis.

The following table details the remaining contractual maturity at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of reporting period.

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(iv) Liquidity risk *(continued)*

	Weighted average interest rate	Within 1 year or on demand	1 to 5 years	Total contractual undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2017					
Non-derivatives:					
Trade payables	—	134,872	—	134,872	134,872
Other payables	—	145,733	—	145,733	145,733
Loans from a director	7	6,097	86,653	92,749	86,619
Loan from a related company	3	204,800	—	204,800	200,000
Borrowings	2.48 – 7	964,748	459,493	1,424,241	1,246,743
Financial guarantees	—	12,377	221,306	233,683	—
		1,468,627	767,452	2,236,078	1,813,967
Derivatives:					
Derivatives financial liabilities	—	53,957	—	53,957	53,957

	Weighted average interest rate	Within 1 year or on demand	1 to 5 years	Total contractual undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016					
Non-derivatives:					
Trade payables	—	134,534	—	134,534	134,534
Other payables	—	46,435	—	46,435	46,435
Amount due to an associate	—	10,440	—	10,440	10,440
Loans from a director	7	6,396	91,414	97,810	91,378
Loan from a related company	3	204,800	—	204,800	200,000
Borrowings	4.93	890,892	192,318	1,083,210	1,033,296
Obligation under finance leases	2.52	559	—	559	545
		1,294,056	283,732	1,577,788	1,516,628

45. CAPITAL RISK MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2017.

The Group monitors its capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Group's policy is to maintain the gearing ratio of not more than 80%. Net debt includes trade payables, other payables and accruals, borrowings, obligation under finance leases, loans from a director and loan from a related company, less bank balances and deposits. Capital represents total equity. The gearing ratios as at the end of reporting period were as follows:

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**134,872**	134,534
Other payables and accruals	**269,899**	101,046
Borrowings	**1,246,743**	1,033,296
Loans from a director	**86,619**	91,378
Loan from a related company	**200,000**	200,000
Obligation under finance leases	**—**	545
Less: Bank balances and deposits	**(381,203)**	(992,784)
Net debt	**1,556,930**	568,015
Total capital	**3,320,958**	1,167,378
Total capital and net debt	**4,877,888**	1,735,393
Gearing ratio	**32%**	33%

46. RETIREMENT BENEFIT SCHEMES

Hong Kong

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "**ORSO Scheme**") and a Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group based on a specified percentage of the employee's basic salary, depending on the length of service with the Group. Where there are employees who leave the ORSO Scheme prior to vesting, the contributions payable by the Group are reduced by the amount of forfeited contributions. No forfeited contributions were utilised in this manner for both years.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by the employees subject to a limit of HK$1,500 since 1 June 2014.

The PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the local governments in the PRC. The Group is required to contribute a specified percentage of the payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACITIVITES

	Obligation under finance leases	Borrowings	Loan from a related company	Loans from a director
	(note 29)	*(note 30)*	*(note 31)*	*(note 32)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2017	545	1,033,296	200,000	91,378
Changes from cash flows:				
New borrowings	—	1,106,231	—	—
Repayment of borrowings	—	(929,467)	—	(4,759)
Capital element of finance lease rentals paid	(545)	—	—	—
Total changes from financing cash flows:	(545)	176,764	—	(4,759)
Exchange adjustments:	—	36,683	—	—
At 31 December 2017	—	1,246,743	200,000	86,619

48. DIVIDEND

The directors recommended a final dividend of 10 Hong Kong cents per share totaling HK$219,600,000 (2016: Nil) based on the total number of ordinary shares in issue of 2,196,000,000 as at 31 December 2017 subject to the Company's shareholders' approval at the forthcoming annual general meeting. The final dividends proposed after the end of the reporting period are not reflected as dividend payable in these financial statements.

49. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 13 February 2018, the Group, through a wholly-owned subsidiary of the Group which is registered with the Asset Management Association of China to engage in the activities of fund management in the PRC, entered into a memorandum of understanding (the "**MOU**") with Zhonghong, an independent third party which is a substantial shareholder of a company listed on the Shenzhen Stock Exchange, to express its intention to set up and manage a private equity fund with a period of 3 years, extendable for 2 years and to take steps to raise funds of about RMB13.0 billion from qualified investors for the participation in the debt, asset and shareholding restructuring of Zhonghong. The MOU will lapse if both parties do not enter into formal agreement on or before 31 March 2018.

On 19 March 2018, a subsidiary of the Group, Zhonghong and the independent third party entered into the strategic restructuring agreement (the "**Agreement**"), pursuant to which the subsidiary coordinated with other independent lending general partners ("General Partners"), will set up a restructuring fund (the "Restructuring Fund") with the other General Partners. The total initial fund size of the Restructuring Fund is not more than RMB20 billion of which qualified domestic institutional investor(s) would be responsible for a contribution of not more than RMB7 billion, and qualified foreign institutional investor(s) would be responsible for a contribution of USD2 billion (Approximately RMB13 billion). The qualified foreign institutional investors should contribute the subscribed amount into the Restructuring Fund in the PRC in accordance with relevant regulations and clause as described in the Agreement. The subsidiary will be appointed as the manager of the Restructuring Fund and participating in the debt, asset and shareholding restructuring of Zhonghong. The duration of the Restructuring Fund is 3 years, the details of the Restructuring Fund should be governed by the final executed agreement of the Restructuring Fund.

On 12 March 2018, two wholly-owned subsidiaries of the Group have applied to subscribe for an interest with a committed capital contribution of HK$375,000,000 to each of the two Cayman Islands exempted limited partnership established by the Group.

50. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 22 March 2018.

Five-Year Financial Summary

31 December 2017

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,347,408**	803,194	566,630	610,340	720,372
Profit/(loss) before income tax expense	**557,316**	222,208	15,868	(163,299)	(90,682)
Income tax expense	**(101,203)**	(47,036)	(2,413)	(3,295)	(3,585)
Profit/(loss) for the year	**456,113**	175,172	13,455	(166,594)	(94,267)
Profit/(loss) attributable to:					
Owners of the company	**456,113**	177,228	17,904	(161,895)	(90,381)
Non-controlling interests	**—**	(2,056)	(4,449)	(4,699)	(3,886)
Assets and liabilities					
Total assets	**5,463,624**	2,791,497	807,117	932,068	1,028,802
Total liabilities	**(2,142,666)**	(1,624,119)	(466,808)	(560,155)	(475,305)
Total net assets	**3,320,958**	1,167,378	340,309	371,913	553,497