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 **2016**

Contents

Corporate Information and Financial Calendar

EXECUTIVE DIRECTORS
Mr. Liu Tingan *(Chairman and Chief Executive Officer) (appointed on 22 March 2016)*
Mr. Cheok Ho Fung *(redesignated as Deputy Chairman on 22 March 2016)*
Mr. Zhou Huorong *(appointed on 3 August 2016)*

NON-EXECUTIVE DIRECTORS
Mr. Mao Yumin *(appointed on 10 March 2017)*
Mr. Tang Yok Lam, Andy *(resigned on 31 March 2016)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Leung Shu Kin, Alfred *(resigned on 31 March 2016)*
Mr. Wong Wing Kee *(retired on 3 June 2016)*
Mr. Ng Kee Sin *(retired on 3 June 2016)*
Mr. Ng Man Kung *(appointed on 22 March 2016)*
Dr. Ngai Wai Fung *(appointed on 22 March 2016)*
Mr. Lau Fai Lawrence *(appointed on 22 March 2016)*

COMPANY SECRETARY
Mr. Fong Ching Kong, Tony *(resigned on 17 August 2016)*
Mr. Leung King Yu *(appointed on 17 August 2016)*

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
Appleby Management (Bermuda) Ltd.
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
3406 China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

FINANCIAL CALENDAR
Half year results
Announced on 17 August 2016

Full year results
Announced on 10 March 2017

REGISTER OF MEMBERS
To be closed from 13 June 2017 (Tuesday) to 16 June 2017 (Friday)

ANNUAL GENERAL MEETING
To be held on 16 June 2017 (Friday)

DIVIDENDS
Interim	:	Nil
Final	:	Nil

COMPANY WEBSITE
www.hkbridge.com.hk

Business Profile

China HKBridge Holdings Limited ("**China HKBridge**" or the "**Company**") (formerly known as Topsearch International (Holdings) Limited) and its subsidiaries (together with the Company, the "**Group**") are principally engaged in the manufacture and sale of a broad range of printed circuit boards ("**PCBs**") for application in different industries worldwide such as telecommunications, office components, instrumentation equipment and customer products industries.

During the year, the Group is also involved in the carrying out of treasury investments, including investment in securities and other related activities and the rendering of advice on securities and the carrying out of asset management business for professional investors.

On 21 December 2016, the Group successfully obtained the formal approvals from the Securities and Futures Commission of Hong Kong (the "**SFC**") to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under section 127(1) of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

Chairman's Statement

Dear Shareholders,

I am pleased to present the annual results of the Group for the year ended 31 December 2016.

BUSINESS REVIEW

During 2016, the Group underwent a couple of changes. The most crucial one was the change in controlling shareholders. Such change enabled the Group to attract more new strategic investors namely Youfu Investment Co., Ltd ("**Youfu**"), Zhisheng Enterprise Investment Co., Ltd, ("**Zhisheng**"), China Aim Holdings Limited ("**China Aim**") and China Tian Yuan Manganese Limited ("**China Tian Yuan**") to bring in additional funds to the Group. Starting from the last quarter of 2015, the Group commenced its strategic upgrade by disposing of its low-profit margin generating products and refocusing on other industrial segments that can deliver much higher profit margin for the manufacturing segment. Through the completion of the disposal of certain of its subsidiaries and an associate, the Group has downsized its PCBs business and resulted in a net disposal gain of approximately HK$23.0 million for the year ended 31 December 2016. At the same time, the Group has successfully shifted its industry focus from hard disk drives ("**HDDs**") to other industrial segments. Much more sales orders were secured during the year in this respect and the Group's profitability under the manufacturing segment reported a marked improvement, in particular, the gross profit margin.

During the year under review, the principal activities of the Group remained unchanged and was consisted of the manufacture and sales of a wide range of PCBs. During the year, the Group also actively sought opportunities to maximise its return by setting up the treasury investments division. Prior to obtaining the necessary approval from the SFC (the "**SFC Approval**") to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO on 21 December 2016, the Group has completed a number of transactions, which include subscription of listed securities and debt securities, provision of financial assistance, and investment in property development projects in China.

With two placements completed together with the proceeds received from disposals and other financing arrangements during the year, the Group has strengthened its asset base and cash position for working capital and treasury investments. During the year, the Group's treasury investments contributed additional sources of income or profit to the Group through disposal of listed securities, interest income received/receivable from notes and loans receivable and fair value gains on listed securities amounting to an aggregate amount of approximately HK$287.1 million.

With the efforts of the Group's senior management and execution teams, the Group achieved considerable progress in 2016, not only the marked improvement in profitability and the enlargement in assets size but also the formation of the licensed corporation for Type 4 and Type 9 regulated activities under the SFO. This enable the Group to establish a solid foundation for further development in 2017 and onwards.

Chairman's Statement

OUTLOOKS

Surrounded by intensive competition and the slow-down of the HDDs industry segment and new orders from other industrial segment take time to build up, the manufacturing segment is likely to grow in slow momentum in 2017. Market conditions for the manufacturing segment are expected to be competitive and tough in the foreseeable future. The Group will actively explore opportunities from asset management business and by taking advantage of internationalisation of Renminbi, ("**RMB**") the stable international financial market in Hong Kong and the commitment to build Hong Kong into an international asset management centre. The Group is now considering to apply for licenses on other regulated activities under the SFC so as to fulfill different stakeholders' needs and will recruit additional professional individuals to grow this new division or 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 after 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 conservatively and seriously, to better utilise its capital to expand the scope of business, to explore potential projects and to acquire good quality assets so as to enhance its long-term return of the Shareholders and act as the 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 2016 and to thank all our Shareholders, business partners and customers for their continuous support. We are looking forward to overcoming all those challenges to be facing with our combined efforts and achieving the Group's success in the year to come.

Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 10 March 2017

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are of the opinion that during 2016, 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 2016 to 31 December 2016 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 Company's 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.

COMPLIANCE WITH CG CODE

The Directors confirm that, for the year ended 31 December 2016, the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules save for the deviation mentioned below:

Mr. Cheok Ho Fung ("**Mr. Cheok**") remained as the chairman as well as the chief executive officer of the Company from 1 January 2016 to 21 March 2016. Starting from 22 March 2016, Mr. Liu Tingan ("**Mr. Liu**"), an executive Director, took up the roles as the chairman as well as the chief executive officer of the Company till 31 December 2016 and up to 21 April 2017, 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 since 1 January 2016. The Board has adopted new terms of reference for the audit committee of the Board (the "**Audit Committee**") on 17 August 2015 to comply with the new requirements under the amendments to 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 Code**") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code.

The Company, having made specific enquiries, confirms that members of the Board have complied with the Own Code throughout 2016. Members of the Company's management, who, due to their positions in the Company, are likely to be in possession of inside information, have also complied with the provisions of the Own Code.

The updated Own Code has been uploaded on the Company's website.

THE BOARD OF DIRECTORS

As at 31 December 2016, 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 56 to 65 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 2016 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) (appointed on 22 March 2016)*	12/12	2/3
Mr. Cheok Ho Fung *(Deputy Chairman) (redesignated on 22 March 2016)*	10/14	2/4
Mr. Zhou Huorong *(appointed on 3 August 2016)*	6/7	0/1
Non-executive Director		
Mr. Tang Yok Lam, Andy *(resigned on 31 March 2016)*	0/3	0/1

Names of Directors	Number of attendance at Board meetings	Number of attendance at general meetings
Independent non-executive Directors		
Mr. Leung Shu Kin, Alfred *(resigned on 31 March 2016)*	3/3	1/1
Mr. Wong Wing Kee *(retired on 3 June 2016)*	5/6	1/2
Mr. Ng Kee Sin *(retired on 3 June 2016)*	5/6	1/2
Mr. Ng Man Kung *(appointed on 22 March 2016)*	12/12	3/3
Dr. Ngai Wai Fung *(appointed on 22 March 2016)*	11/12	3/3
Mr. Lau Fai Lawrence *(appointed on 22 March 2016)*	11/12	3/3

The number of Board meetings held during the year ended 31 December 2016 was 14.

The number of general meetings held during the year ended 31 December 2016 was 4.

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.

Each independent non-executive Director during the year ended 31 December 2016, Mr. Leung Shu Kin, Alfred (resigned on 31 March 2016), Mr. Wong Wing Kee (retired on 3 June 2016 after the conclusion of the Company's 2016 annual general meeting) and Mr. Ng Kee Sin (retired on 3 June 2016 after the conclusion of the Company's 2016 annual general meeting), together with Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence (all were appointed on 22 March 2016) 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.

Mr. Leung Shu Kin, Alfred, an independent non-executive Director during the period from 1 January 2016 to 30 March 2016, was an executive director and equity partner of Elegance Printing Group during the aforesaid period. Elegance Printing Group was and is still the printer of the Company and had business relationship with the Company during the year. Mr. Leung was considered to be independent of the Company because his businesses with the Group was considered not significant.

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 (executive Director, Chairman of the Board and Chief Executive Officer), Mr. Cheok (executive Director and Deputy Chairman), Mr. Zhou Huorong (executive Director), Mr. Mao Yumin (non-executive Director), Mr. Ng Man Kung (independent non-executive Director), Dr. Ngai Wai Fung (independent non-executive Director) and Mr. Lau Fai Lawrence (independent non-executive Director).

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 of the Company against the budget, to discuss and decide on major corporate, strategic and operational issues, and to evaluate any available investment opportunities.

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.

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 at least three independent non-executive Directors throughout the year:

(a) From 1 January 2016 to 21 March 2016, the members of the Audit Committee were Mr. Ng Kee Sin (Chairman) (independent non-executive Director), Mr. Leung Shu Kin, Alfred (Member) (independent non-executive Director) and Mr. Wong Wing Kee (Member) (independent non-executive Director).

(b) From 22 March 2016 to 31 December 2016 and up to the Latest Practicable Date, the members of the Audit Committee are Mr. Lau Fai Lawrence (Chairman)(independent non-executive Director), Mr. Ng Kee Sin (independent non-executive Director)(who subsequently retired after the conclusion of the Company's annual general meeting on 3 June 2016), Mr. Ng Man Kung (independent non-executive Director) and Dr. Ngai Wai Fung (independent non-executive Director).

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.

Corporate Governance Report

During the year ended 31 December 2016, 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 2015 and for the six months ended 30 June 2016, the budget for 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 2016, including the 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 2016 is set out below:

Members of Audit Committee	**Attendance**
Mr. Ng Kee Sin *(Chairman, and redesignated as member on 22 March 2016) (resigned on 3 June 2016)*	1/1
Mr. Leung Shu Kin, Alfred *(Member) (resigned on 22 March 2016)*	1/1
Mr. Wong Wing Kee *(Member) (resigned on 22 March 2016)*	1/1
Mr. Lau Fai Lawrence *(Chairman) (appointed on 22 March 2016)*	2/2
Mr. Ng Man Kung *(Member) (appointed on 22 March 2016)*	2/2
Dr. Ngai Wai Fung *(Member) (appointed on 22 March 2016)*	2/2

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, are 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 2016	1,270
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 2016	30
Report on environmental, social and governance	100
Financial due diligence service	210
	1,640

REMUNERATION COMMITTEE

As at 31 December 2016, all members are independent non-executive Directors:

(a) From 1 January 2016 to 21 March 2016, the Remuneration Committee comprised three members, namely Mr. Leung Shu Kin, Alfred (Chairman) (independent non-executive Director), Mr. Tang Yok Lam, Andy (Member) (Non-executive Director) and Mr. Wong Wing Kee (Member) (independent non-executive Director).

(b) From 22 March 2016 to 31 December 2016 and up to the Latest Practicable Date, the members of the Remuneration Committee are Dr. Ngai Wai Fung (Chairman)(independent non-executive Director), Mr. Ng Man Kung (independent non-executive Director) and Mr. Lau Fai Lawrence (independent non-executive Director).

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 2016, seven 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 2016 is set out below:

Members of Remuneration Committee	Attendance
Mr. Leung Shu Kin, Alfred *(Chairman) (resigned on 22 March 2016)*	2/2
Mr. Tang Yok Lam, Andy *(Member) (resigned on 22 March 2016)*	1/2
Mr. Wong Wing Kee *(Member) (resigned on 22 March 2016)*	2/2
Dr. Ngai Wai Fung *(Chairman) (appointed on 22 March 2016)*	5/5
Mr. Ng Man Kung *(Member) (appointed on 22 March 2016)*	5/5
Mr. Lau Fai Lawrence *(Member) (appointed on 22 March 2016)*	4/5

NOMINATION COMMITTEE

All members were non-executive Directors and the majority of whom were independent non-executive Directors:

(a) From 1 January 2016 to 21 March 2016, the members of the Nomination Committee were Mr. Wong Wing Kee (Chairman) (independent non-executive Director), Mr. Leung Shu Kin, Alfred (Member) (independent non-executive Director) and Mr. Tang Yok Lam, Andy (Member) (non-executive Director).

(b) From 22 March 2016 to 31 December 2016 and up to the Latest Practicable Date, the members of the Nomination Committee are Mr. Ng Man Kung (Chairman)(independent non-executive Director), Mr. Wong Wing Kee (redesignated from Chairman to member on 22 March 2016 and ceased to be member after the conclusion of the Company's 2016 annual general meeting on 3 June 2016)(independent non-executive Director), Dr. Ngai Wai Fung (independent non-executive Director) and Mr. Lau Fai Lawrence (independent non-executive Director).

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 annual report despatched to shareholders in the prior year and there is no further update since the adoption of the Policy.

During the year ended 31 December 2016, four ethnicity regional meetings had been held to discuss and review (i) the retiring Directors to be re-elected at the 2016 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 2016 is set out below:

Members of Nomination Committee	Attendance
Mr. Wong Wing Kee *(Chairman, and redesignated as member on 22 March 2016) (resigned on 3 June 2016)*	2/2
Mr. Leung Shu Kin, Alfred *(Member) (resigned on 22 March 2016)*	2/2
Mr. Tang Yok Lam, Andy *(Member)(resigned on 22 March 2016)*	1/2
Mr. Ng Man Kung *(Chairman) (appointed on 22 March 2016)*	2/2
Dr. Ngai Wai Fung *(Member) (appointed on 22 March 2016)*	2/2
Mr. Lau Fai Lawrence *(Member) (appointed on 22 March 2016)*	2/2

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 Company's 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.

During the period from 1 January 2016 to 21 March 2016, the sole member of the Executive Committee was Mr. Cheok.

For the period from 22 March 2016 to 31 December 2016 and up to the Latest Practicable Date, the members of the Executive Committee are Mr. Liu (Chairman)(executive Director), Mr. Cheok (Deputy Chairman)(executive Director) and Mr. Zhou Huorong (appointed on 3 August 2016) (executive Director).

The attendance record of each member of the Executive Committee at its meeting for the year ended 31 December 2016 is set out below:

Member of the Executive Committee	**Attendance**
Mr. Liu Tingan *(the Chairman and Chief Executive Officer) (appointed on 22 March 2016)*	2/2
Mr. Cheok Ho Fung *(redesignated as Deputy Chairman and resigned as Chief Executive Officer on 22 March 2016)*	2/2
Mr. Zhou Huorong *(appointed on 3 August 2016)*	0/1

During the year ended 31 December 2016, two Executive Committee meetings were held, together with 12 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)(appointed on 22 March 2016)*	A	—	C
Mr. Cheok Ho Fung *(redesignated as Deputy Chairman and resigned as Chief Executive Officer on 22 March 2016)*	A	—	C
Mr. Zhou Huorong *(appointed on 3 August 2016)*	A	—	C
Non-executive Director			
Mr, Tang Yok Lam, Andy	—	—	—
Independent non-executive Directors			
Mr. Leung Shu Kin, Alfred *(resigned on 22 March 2016)*	—	—	—
Mr. Wong Wing Kee *(retired on 3 June 2016)*	—	—	C
Mr. Ng Kee Sin *(retired on 3 June 2016)*	—	—	C
Mr. Ng Man Kung *(appointed on 22 March 2016)*	—	—	C
Dr. Ngai Wai Fung *(appointed on 22 March 2016)*	A	B	—
Mr. Lau Fai Lawrence *(appointed on 22 March 2016)*	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 Corporate Governance 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 2016, 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 2016, 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 Company's 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.

Corporate Governance Report

Interim reports, annual reports and circulars and associated explanatory documents etc are sent to the Company's shareholders and are also posted on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.hkbridge.com.hk, with effect from 13 March 2017 (formerly known as www.topsearch.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.

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 principle place of business in Hong Kong, 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 principal place of business of the Company in Hong Kong.

(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 principal place of business of the Company in Hong Kong, 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

We understand our responsibility is not limited to delivering quality products to satisfy our customers, but also minimising the negative impact on the environment, community and society. Therefore, the Group over the years strives to operate our business sustainably through pursuing excellence in safeguarding the business, respecting our employees, investing in the community and protecting the environment.

The environmental, social and governance report (the "**ESG Report**") provides information on the environmental and social issues that are relevant to the Group, with a focus on the Qujiang factory for the manufacture and sale of PCBs business. The ESG Report for the year ended 31 December 2016 was prepared in accordance with Appendix 27 of the Listing Rules.

PROTECTING THE ENVIRONMENT

Protecting the environment is one of the cornerstones in fulfilling our corporate social responsibilities. Growing concerns for environmental issues, such as resource depletion, climate change and environmental pollutions, have prompted us to spend a great deal of efforts on minimising the environmental impacts arising from our business.

As the process of the manufacturing PCBs usually creates pollutants, our well-established environmental management system (the "**EMS**"), which is certified with international standard ISO14001, is a crucial tool to aid managing our environmental issues — not only to ensure compliance with related laws and regulations, but also to help implementing and maintaining our environmental policy. Through the EMS, we also strive for a continuous improvement in our environmental performance. An environmental committee was set up to constantly evaluate the environmental risks in operation and review the progress of our environmental targets and plans.

To fulfill our environmental stewardship, we categorised our environmental approach into three main directions: resource wastage reduction, direct environmental impact mitigation, and green product and research. This guides us on how we can continue to improve our environmental performance.

Within our operation		**To customers and others**
1. Resource wastage reduction	2. Direct environmental impact mitigation	3. Green product and research
• Energy • Water • Other resources	• Air emission • Hazardous waste and wastewater	• Sustainable raw materials • Sponsorship to green research

1. **Resource wastage reduction**

To reduce wastage of resources, we focus on increasing efficiency and implementing the concept of 3Rs (ie. reduce, reuse and recycle) for the resources involved in our operation.

Efficient energy and water use in production

Energy and water are the resources we tremendously rely on in the operation of our manufacturing facility. To increase the efficiency of their use and look for rooms of improvement, we set key performance indicators (the "**KPIs**") for the energy and water consumption in the production processes, and continuously monitor if the energy and water use can achieve the standards on a monthly basis. To reduce water usage in our manufacturing process, we use recycled water for equipment cleaning and ingredient mixing. In addition, we replaced old equipment with more efficient models to reduce our electricity consumption in 2016.

Reduce, Reuse & Recycle (3Rs)

We emphasise on implementing 3Rs in the waste management of our production as well as in the office. In the waste management of our production, we strive to recycle waste to the greatest extent. To achieve this, we continuously identify the production waste that can be recycled and by now, we recycle various types of wastes, including paper, plastic, wood, metal, personal protective equipment and others (such as valuable chemicals and IT waste). These recyclable wastes are well-recorded for analysis of our environmental performance and are handled by third-party recycling companies.

In our office, we strive to advocate 3Rs for paper, electricity and water. We set up a green office guideline that includes 3Rs rules such as switching off lights and electronic equipment when not in use, turning off water tape when not in use, collecting one-sided printed paper for reprinting and recycling of waste plastic stationery.

2. Direct environmental impact mitigation

We are devoted to mitigating the pollutions that can potentially occur in our operation. Our focus, particularly, is on the potential pollutions resulting from the manufacturing of PCBs.

Air emission

We strictly control the air pollutants emitting from the factory production. Driven by this commitment, we have purification towers installed for the absorption of pollutants such as volatile organic compounds and acidic/alkaline mist before the exhausted air is emitted to the atmosphere. The air quality is also monitored regularly by independent third party to ensure strict compliance with the national regulations.

Hazardous waste and wastewater

To proper handle hazardous waste and wastewater generated from our factory production, we have well-established procedures to prevent the occurrence of the adverse impact to the environment. Under the procedure on hazardous waste management, we ensure the waste is sorted and stored properly, and is handled only by qualified third-party. For wastewater management, we ensure the effluents are properly treated through the industrial and domestic wastewater treatment facilities. Constant monitoring on the quality of effluent is also conducted by qualified third-party to ensure we meet the related regulatory standards.

Emergency plan

In order to effectively cope with environmental emergencies, an environmental emergency plan (the "**EEP**") was developed for our workers to follow in case of emergencies. The EEP includes precautionary measures and emergency responses for the identified workplace environmental hazard sources, which consists of both man-made and natural categorised situations such as fire and leakage of hazardous chemicals and liquids. 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.

3. Green product and research

Apart from minimising the environmental issues within our operation, we are dedicated to creating green products that cause less impact to the environment. We also sponsor green manufacturing research that beneficial not only to the industry, but also to the next generation.

Sustainable raw materials

In order to add green values on our products, we pay close attention to the materials use in our products. Knowing that halogens can contribute to ozone depletion and the greenhouse effect, we opt for raw materials that do not contain halogens, and so at the end of our product lifecycles, they do not contribute to these environmental issues. In addition, we strictly adher to the intenational standand on the Restriction of the use of certain Hazardous Substances ("**RoHS**") to minimise 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, Electroless Nickel Immersion Gold and Immersion Silver to ensure lead-free in our products.

RESPECTING OUR EMPLOYEES

We strive to provide a safe and respectful working environment for our people by fully complying with relevant PRC laws and industry-wide standards such as Electronic Industry Citizenship Coalition Code of Conduct. Guidelines on human rights and labor standards, including working hours, wages, holidays, anti-discrimination, as well as prevention of child and forced labor, are set out to ensure ethical and sustainable business operations. During the recruitment, promotion and transfer processes, we promote the fair competition and the decisions are made based on the individual's capability and performance for the portion. An employee is only dismissed because of their under-perfomance such as lack of competence or misconduct. We also support freedom of association and collective bargaining. To continuously improve the working conditions, 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. Whistleblowing system is also set up to identify and eliminate non-compliance issues. In case of non-compliance, for example, discovering child labor in the factory, we will take prompt actions by not only investigating root causes but also implementing corrective action plans. Instead of simply getting the child out of work, we have a thorough system to provide sufficient medical, financial and educational support until reaching the age of 18 to minimise the risk of the child returning to labor.

Health and safety

Being certified with OHSAS 18001, a systematic occupational health and safety ("**OHS**") management system is implemented in our Qujiang factory. Apart from complying with relevant laws and regulations, we are also committed to building a safety-first culture in the workplace and looking for continuous improvement. We encourage our workers to take shared responsibility in protecting the safety and health of themselves and each other; 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 work 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.

Training and development

We put extra effort to explore and nurture employees' talents. To create a learning-oriented corporate culture, "Topsearch Academy" was established at manufacturing 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 categorised into three major sections:

Entry training	On-job training	External training
• Company overview • Codes of practices • Safety operation	• Technical skills • Qualification authentication	• Professional competency • Skill enhancement

SATISFYING OUR CUSTOMERS

Our quality policy is to provide the most satisfying products and services to our customers. To maintain high quality standards, our responsibility begins from the procurement process to quality assurance. The quality management system was established in accordance with the international quality management system ("**QMS**") ISO/TS16949 — apart from complying with relevant laws and regulations and satisfying customer's needs, we strive for continual improvement and defect prevention.

Managing our suppliers

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 and are subject to on-site audit. Only qualified suppliers are selected into the "Qualified Vendor List". For existing suppliers, regular performance assessment is conducted on four major areas: product quality, service performance, process monitoring and environment performance. Suppliers who do not meet our requirements are required to formulate the Eight Disciplines Corrective Action Report for improvement. In addition, we also require our raw material suppliers to obtain the ISO9001 quality system certification, while major material suppliers for production of automotive products have the ISO/TS16949 quality system certification. To further mitigate risks and improve quality of our suppliers, we have a supplier QMS development programme – audits are conducted for selected suppliers to ensure the appropriate implementation of QMS, and we assist new suppliers in working towards the standard of ISO/TS16949.

We also evaluate the raw materials in advance to guarantee the product quality. Unless other requests specified by the customers, we have standard procedures on approving the raw material use. In addition to material quality testing, we include the consideration of material safety and its impacts to the environment. For all new laminates, Production Part Approval Process 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

Our quality products are safe for use and good for the environment, and are certified by the China Quality Certification Centre. It is important for a PCB to perform its function, as failures can be devastating especially for automotive and medical products. To ensure the reliability of our products, top talent and advanced equipment is employed. More details can be found on our website:

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

To conform customer requirements, we also have commitment to comply with relevant laws and regulations and avoid the use of harmful materials in our products, 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 happy, we constantly look for ways to improve our technical competencies to meet customer's future needs. We ally with two of the top universities in the region — The Hong Kong Polytechnic University and Tsinghua University, to conduct research projects and deliver the next generation solutions:

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

Customer satisfaction

Although we maintain high quality standards to meet customer's requirements, we sometimes receive complaints from customers. In order to handle complaints properly, restore customer's confidence and keep up with our reputation, procedures on dealing with customer complaints and product return are set up.

We also perform annual customer satisfaction review to continuously improve our product 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 we conduct analysis to identify areas of improvement. Action plans are then formulated for relevant departments in order to improve customer satisfaction.

SAFEGUARDING OUR BUSINESS

In order to protect our reputation and assets, we have zero tolerance against corruption and strive to safeguard confidential information and are in compliance with relevant laws and regulations.

Anti-corruption

To prevent acts of bribery and corruption within our operation, we have developed an Anti-Corruption and Anti-Bribery Policy that are in full compliance with all applicable laws and regulations. The policy provides guidance for our employees on standard behavior when conducting business so bribery, corruption and fraud can be avoided. Apart from employees, we also expect all our business partners, including customers, suppliers, service providers and contractors, adhere to the policy. Monitoring is carried out from time to time to ensure ongoing compliance. 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.

Privacy and confidentiality

Maintaining confidentiality at our workplace is important as it protects the interests of the Company. We have the Information and Data Confidentiality Regulation in place, covering the responsibility and obligation for all departments and managers at all levels, to protect employee data, business assets and customer information. All new employees must sign the confidentiality agreement. Employees are not allowed to disclose confidential information upon starting 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 the Non-Disclosure Agreement.

INVESTING IN COMMUNITY

As a socially responsible enterprise, we are committed to contributing to the community where we operate. This year, by collaborating with local community organisations such as Shaoguan City Glory Society and Qujiang District Charity Association, we have shown our support and care through donations to improve the lives of people in less privileged communities.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

After several years of efforts, the Group has replaced its customers in the HDDs industry by other industrial segment due mainly to the sharp decrease in demand of the HDDs during the year. However, sales orders gaining from other industrial segments have to take some time to grow and this resulted in the reduction of the Group's revenue for the year ended 31 December 2016.

For the year ended 31 December 2016, the Group reported a total revenue of about HK$526.2 million for the manufacturing segment, representing a decrease of approximately 7.1% as compared to the same of last year. On the other hand, the treasury investments segment in 2016 reported a total revenue of approximately HK$277.0 million (2015: Nil) which mainly included realised fair value gains of approximately HK$25.7 million and unrealised fair value gains of approximately HK$251.3 million.

Profit before tax reported a remarkable improvement and recorded an increase of approximately HK$206.3 million, which was mainly due to the net disposal gain of approximately HK$23.0 million arising from the disposal of certain subsidiaries during 2016 and the fair value gains of approximately HK$277.0 million, which arose from equity investments held through profit or loss held for trading and gains arising from bargain purchases of HK$28.5 million. Profit attributable to shareholders for the year ended 31 December 2016 amounted to approximately HK$177.2 million, representing approximately 10 times increase when compared with the same amount in 2015. Basic earnings per share was approximately 15.02 Hong Kong cents, as compared to earnings per share of 1.79 Hong Kong cents in 2015, representing approximately 8 times increase.

BUSINESS REVIEW

Manufacturing business

The Group is principally engaged in the manufacture and sale of a broad range of PCBs during the year.

The Group's manufacturing segment's sales turnover decreased by approximately 7.1% from approximately HK$566.6 million in 2015 to approximately HK$526.2 million in 2016. The Group's total gross profit had been increased from approximately HK$29.3 million in 2015 to approximately HK$333.9 million in 2016 with the total gross profit margin increased from approximately 5.2% in 2015 to approximately 41.6% in 2016. Such a significant increase was mainly attributable to the fair value gains contributed by the treasury investments segment. Without taking into account the contribution from treasury investments of approximately HK$277.0 million, the manufacturing segment's gross profit margin increased from 5.2% in 2015 to 10.8% in 2016.

The reduction in the Group's revenue under the manufacturing segment was primarily due to the completion of disposals of certain subsidiaries during the year and the Group's restructuring. As mentioned, sales orders from new industrial segments have to take time to build and grow but it still witnessed a 15% increase in sales revenue during the second half of 2016 when compared with the first half of 2016.

Treasury investments

2016 represented a period of transformation to the Group. The Group released its illiquid assets and better used of its available resources by investing into a wide variety of financial assets. During the year under review, the stock market in Hong Kong and elsewhere experienced extreme volatility. The Group's listed securities portfolio recorded a realised fair value gain on listed equity investments at fair value through profit or loss of approximately HK$25.7 million and an unrealised fair value gains on listed equity investments at fair value through profit or loss held for trading of approximately HK$251.3 million. Additionally, the Group earned a total interest income of approximately HK$2.2 million from loans receivable.

Licensed business

On 21 December 2016, the Group obtained the SFC Approval to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO. It is expected that the Group's asset management business will be launched in the second half of 2017 by introducing two separate funds into the market. For the year ended 31 December 2016, the Group only incurred some initial set up costs for this segment amounting to HK$0.4 million.

CHANGE OF CONTROLLING SHAREHOLDERS OF THE COMPANY

On 16 November 2015, Inni International Inc., a company incorporated in the Republic of Liberia with limited liability and was then wholly-owned by Mr. Cheok and his wife (collectively defined as the "**Vendor**"), Youfu and Zhisheng, both of which were incorporated in the British Virgin Islands ("**BVI**") and were beneficially owned by Mr. Sun Mingwen ("**Mr. Sun**") and Ms. He Yeqin ("**Ms. He**") (collectively defined as the "**Joint Offerors**"), respectively entered into an agreement, pursuant to which the Joint Offerors conditionally agreed to acquire and the Vendor conditionally agreed to sell 510,250,000 shares of the Company (the "**Shares**"), representing 51.025% of the entire issued share capital of the Company, for a total consideration of HK$285.7 million (equivalent to HK$0.56 per share), which was agreed between the Joint Offerors and the Vendors after arm's length negotiations.

Pursuant to Rule 26.1 of the Takeover Codes, the Joint Offerors was required to make a mandatory unconditional cash offer (the "**Offer**") to acquire all the issued Shares at an offer price of HK$0.56 per offer Share between 22 January 2016 and 12 February 2016. The Offer was finally closed on 12 February 2016, whereby the Joint Offerors received a total of 40,000 offer Shares, representing 0.004% of the entire issued share capital of the Company at that time. Together with the Shares previously purchased, the Joint Offerors, hold a total of 510,290,000 Shares, representing 51.029% of the then entire issued share capital of the Company, which was held as to 34.019% by Youfu and as to 17.010% by Zhisheng. Since Mr. Sun is the brother-in-law of Ms. He and Ms. He is the sister-in-law of Mr. Sun, they are parties acting in concert under the Takeover Codes. Further details in relation to the Offer were set out in the Company's composite document despatched to its shareholders dated 22 January 2016 (the "**Composite Document**").

CAPITAL STRUCTURE

Placement of 200 million Shares

On 26 February 2016, the Company entered into a placing agreement (the "**First Placing Agreement**") with a placing agent pursuant to which the placing agent shall use its best effort to procure potential investors to subscribe up to 200,000,000 placing Shares at a price of HK$0.925 per placing Share on the terms and subject to the condition of the First Placing Agreement (the "**First Placement**"). On 9 March 2016, the First Placement was completed and the entire 200,000,000 placing Shares were allotted and issued to an independent professional investor named China Aim Holdings Limited ("**China Aim**"). The ultimate beneficial owner of China Aim had profound experiences in securities investment and was a major shareholder of a PRC company which is principally engaged in media investment and cultural development. China Aim then became one of the substantial shareholders of the Company which held 16.67% of the entire enlarged issued share capital of the Company after the completion of the First Placement. Upon the completion of the Second Placement (as defined below), China Aim's interests in the Company was diluted from the initial of 16.67% to 13.89%.

The net proceeds from the First Placement (after deducting the placing commission payable to the placing agent and other expenses incurred in the First Placement) were approximately HK$182.5 million. As at the Latest Practicable Date of this announcement, the net proceeds from the First Placement had been applied as the Group's general working capital.

Further details in relation to the First Placement were set out in the Company's announcements dated 26 February, 1 March and 9 March 2016, respectively.

Placement of 240 million Shares

On 14 November 2016, the Company entered into another placing agreement (the "**Second Placing Agreement**") with another placing agent named Tian Yuan Finance Limited ("**Tian Yuan**") pursuant to which Tian Yuan shall use its best effort to procure potential investors to subscribe up to 240,000,000 placing Shares at a price of HK$2.00 per placing share on the terms and subject to the conditions of the Second Placing Agreement (the "**Second Placement**"). On 6 December 2016, the Second Placement was completed and the entire 240,000,000 placing Shares were allotted and issued to China Tian Yuan, a company incorporated in the Cayman Islands with limited liability. China Tian Yuan is wholly owned by 寧夏天元錳業有限公司 (transliterated as Ningxia Tianyuan Manganese Industry Co., Ltd) ("**Ningxia Tianyuan**"), a company established in the PRC with limited liability, which is owned as to approximately 77.0% and 22.6% by Mr. Jia Tianjiang (賈天將) ("**Mr. Jia**") and HK Jingjin Int'l Share Group Limited, which is in turn wholly owned by Mr. Cui He (崔鶴), respectively. China Tian Yuan then became one of the substantial shareholders of the Company which held 16.67% of the entire enlarged issued share capital of the Company.

The net proceeds from the Second Placement (after deducting the placing commission payable to the placing agent and other expenses incurred in the Second Placement) were approximately HK$477.6 million. As at the Latest Practicable Date, the net proceeds from the Second Placement was applied for as the Group's general working capital, repayment of the Group's indebtedness and the Group's other potential investments in the future.

Further details in relation to the Second Placement were set out in the Company's announcements dated 14 November and 6 December 2016, respectively.

BUSINESS UPDATES

Licensed business

As stated in the Composite Document, the Joint Offerors intended to continue with the Group's existing principal business following the close of the Offer. The Joint Offerors conducted a strategic review on the business activities and assets of the Group and formulated a long-term business and strategic plan of the Group. The Joint Offerors would further consider any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising and/or restructuring of the business is needed so as to enhance the long-term growth of the Company. Thus, on 23 March 2016, the Company further announced that it planned to expand its business to the carrying out of assets and funds management for client as well as conducting financial investments from available investment monies of the Company, including but not limited to securities, bonds and debentures on discretionary basis. On 21 December 2016, Hong Kong Bridge Investments Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong, successfully obtained the SFC approval. As a result of this latest development, advisory on securities and asset management has become one of the business segments of the Group.

SUBSCRIPTION OF LISTED SECURITIES

1. SkyNet Shares

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

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

2. North Mining Shares

On 8 December 2016, HKB BVI entered into a subscription agreement with North Mining Shares Company Limited ("**North Mining**"), a company incorporated in Bermuda of which its shares are listed on the Main Board of the Stock Exchange (stock code: 433), for the subscription of a total number of 1,654,929,577 shares in North Mining at a subscription price of HK$0.142 per share (the "**North Mining Shares Subscription**").

On 21 December 2016, the North Mining Shares Subscription was completed and a total consideration of approximately HK$235 million (exclusive of stamp duty and other transaction costs) was paid out by the Group.

On 30 December 2016, HKB BVI disposed of 330,000,000 North Mining's shares to an independent third party at a total consideration of HK$72.6 million and realised a gain on disposal of HK$25.7 million.

As at 31 December 2016, HKB BVI held a total number of 1,324,929,577 shares in North Mining, representing a total of 6.14% of the total issued share capital of North Mining.

As at 31 December 2016, the details of the Group's equity investments at fair value through profit or loss were summarised as follows:

Name of listed securities	Number of shares held	Market value per share	Carrying value	Costs of purchases	Change in fair value
		HK$	*HK$'M*	*HK$'M*	*HK$'M*
SkyNet Shares (8176)	41,666,666	9.40	391.6	199.9	191.7
North Mining (433)	1,324,929,577	0.187	247.8	188.2	59.6
Total			639.4	388.1	251.3

Both SkyNet Shares Subscription and North Mining Shares Subscription constituted discloseable transactions under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcements dated 23 November 2016 and 8 December 2016, respectively. For the year ended 31 December 2016, unrealised fair value gains on these outstanding listed securities at fair value through profit or loss of HK$251.3 million were reflected in the consolidated statement of profit or loss and other comprehensive income.

SUBSCRIPTION OF INTEREST IN A FUND

On 23 December 2016, HKB BVI and Huarong International Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, entered into a subscription agreement pursuant to which HKB BVI has applied to subscribe for the interest in Huarong International Fortune Innovation Limited Partnership, an exempted limited partnership in the Cayman Islands established in accordance with the Exempted Limited Partnership Law (as amended) of Cayman Islands (the "**Fund**") with a committed capital contribution of HK$340 million in accordance with the limited partnership agreement (the "**Fund Subscription**"). The Fund Subscription constituted a discloseable transaction under Chapter 14 of the Listing Rules. As at 31 December 2016, HKB BVI has not yet made any payment for the Fund Subscription and such committed capital contribution was disclosed as an outstanding commitment of the Group.

Further details in relation to the Fund Subscription were set out in the Company's announcement dated 23 December 2016.

PROVISION OF FINANCIAL ASSISTANCE

On 17 and 28 November 2016, the Group entered into an initial loan and a supplemental loan agreements, respectively, with 黃山市黃山區名人國際藝術家莊園置業有限公司 ("**Borrower I**"), a company established in the PRC with limited liability, which owned as to 75% by Zhou Kaishou, as to 15% by Zhu Na and as to 10% by Hua Ping (collectively defined as the "**Guarantors**") pursuant to which the Group agreed to lend a total principal amount of RMB110.8 million (equivalent to HK$124.1 million) to Borrower I for a term of 3 months from the drawndown date, which carries an interest rate of 11% per annum and is secured by 70% equity interests in Borrower I and personal guarantees provided by the Guarantors. The provision of financial assistance constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcements dated 17 and 28 November 2016, respectively.

On 18 and 30 November 2016, the Group entered into an initial and a supplemental entrusted fund agreements with 國民信託有限公司 (transliterated as National Trust Company Limited) ("**NTC**"), a corporate trustee established in the PRC and authorised by the China Banking Regulatory Commission to entrust an amount of RMB39.2 million (equivalent to HK$43.9 million) to NTC for a term of 92 days from the drawndown date, 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 of a principal amount of RMB39.2 million (the "**Loan**") to an independent third party called 南京文景建築設計有限公司 ("**Borrower II**"), a company established in the PRC with limited liability, which was then owned as to 52% by Liu Lan and 48% by Liu Wei, both of whom are PRC citizens. The Loan is secured by charges created on certain properties located in Nanjing, the PRC, the pledge of equity interests in the Borrower II by its equity holders and their personal guarantees. The entrusted fund arrangement constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcements dated 18 and 30 November 2016, respectively.

For the year ended 31 December 2016, the total interest income generated from the above two transactions amount to approximately HK$2.2 million.

MATERIAL ACQUISITIONS OR DISPOSALS COMPLETED DURING 2016

After the formulation of a new long-term business and strategic plan of the Group, the Group has undergone a number of transactions to rationalise and restructure the Group's business by better utilising the available financial resources of the Group.

1. **Disposal of subsidiaries and an associate**

   On 15 January 2016, the Group completed the disposal of certain subsidiaries and an associate to two companies wholly owned by Mr. Cheok namely Toprich Bravo Limited and Top Harvest International Investment Limited, pursuant to two conditional disposal agreements both dated 16 November 2015. The disposals constituted connected transactions under Chapter 14A of the Listing Rules. The Group recorded a gain on disposals of approximately HK$40.3 million and received a total of net cash proceeds of approximately HK$182.4 million. Further details of the disposals were set out in the Company's circular dated 29 December 2015 despatched to shareholders and the Company's announcement dated 15 January 2016.

During the year, the Group also completed another disposal of certain subsidiaries to an independent third party at a consideration of HK$2.5 million, which resulted in a loss on disposal of HK$17.3 million.

2. **Acquisition of associates**

(a) Shenzhen Shengda

On 5 August 2016, the Group entered into a conditional sale and purchase agreement with an independent third party ("**Vendor I**") for the acquisition of 45% equity interests in 深圳市盛達前海供應鏈有限公司 ("**Shenzhen Shengda**"), a company established in the PRC. Shenzhen Shengda is engaged in equity investment, the provision of investment and research analysis advisory services (excluding restricted projects) and investment management (excluding trust, financial asset management, securities asset management, insurance asset management).

On the same date, the Group, Vendor I and Shenzhen Shengda, entered into a debt capital agreement pursuant to which the Group agreed to provide debt capital of RMB121.5 million (equivalent to approximately HK$140.94 million) (the "**Debt Capital**") to Shenzhen Shengda for a term of 18 months commencing from the date of provision of the Debt Capital, which bears interest at an annual rate of 18% per annum and is secured by the remaining 55% equity interests in Shenzhen Shengda beneficially owned by the Vendor I. The Debt Capital shall only be applied and used by the Shenzhen Shengda as its general working capital.

During 2016, the acquisition of 45% equity interests in Shenzhen Shengda and the provision of the Debt Capital were completed. The financial results of the Shenzhen Shengda have been accounted for in the Group's consolidated financial statements using the equity method of accounting.

(b) Jade Summit

Pursuant to a non-binding cooperation and investment framework agreement dated 26 September 2016 (the "**JV Framework Agreement**") entered into between the Company and Jiangsu Provincial Construction Group Co., Ltd (the "**JV Partner**"), in relation to, among others, the establishment of Jade Summit Holdings Limited ("**Jade Summit**") (a joint venture company incorporated in the BVI), which was initially held as to 25% interest held by the Group and as to 75% interest held by the JV Partner, for the purpose of the proposed Acquisition of Vastline (as defined below). Pursuant to the JV Framework Agreement, the Group is entitled (but not obliged) to acquire additional equity interests of 12.5% in Jade Summit before 30 April 2017 from the JV Partner.

On 18 October 2016, Jade Summit entered into a sale and purchase agreement (the "**SP Agreement**") pursuant to which the Group (through Jade Summit) agreed to acquire from Nam Fung Investment China Holdings Limited ("**Nam Fung**"), an independent third party, the entire issued share capital in Vastline and the outstanding shareholder's loan in the amount of approximately HK$1,348.5 million payable to Nan Fung by Vastline as at 30 September 2016 ("**Acquisition of Vastline**") at a total acquisition consideration of RMB620 million (equivalent to HK$713 million), which included the purchase price of RMB590 million and certain liabilities/ disbursements incurred and payable by the project company in the sum of RMB30 million.

Vastline, through Asia Cosmos Limited, its wholly owned subsidiary incorporated in Hong Kong, is interested in the entire paid-up capital in Wuxi Yansha Real Estate Development Co., Ltd ("**Yansha**", a company established in the PRC) which in turn is the holder of the land use rights in respect of the site located at Nanlin Yonghe Road, east to the foundation of Kempinski, Taihu Square, Wuxi City, Jiangsu Province, the PRC (the "**Wuxi Site**"). The Wuxi Site has a site area of about 25,970.6 square metres where the development for commercial (including hotel), office and hotel-style service apartment purpose) (the "**Development Project**") is planned to be carried out. Certain demolition and removal steps are still being conducted at the Wuxi Site and its neighbourhood.

Upon completion of the Acquisition of Vastline on 4 November 2016, the Group, through its 25% interests in Jade Summit, indirectly owns 25% interests in Vastline and 25% interests in Yansha and so the Wuxi Site.

As at the Latest Practicable Date, construction works in connection with the Development Project on the Wuxi Site have not yet commenced as Yansha is now in the process of applying for adjustment of the development plan on the Wuxi Site in order to further increase the economic benefits for the Development Project.

On 22 December 2016, the Group exercised its entitlement under the JV Framework Agreement to acquire an additional 2.5% interest in Jade Summit from the JV Partner at a consideration of approximately RMB16.3 million (equivalent to HK$18.3 million) (the "**Acquisition of Additional Interests**"). Such consideration represented the initial investment cost paid by the JV Partner in such shareholding interests plus interest. As at 31 December 2016, the Acquisition of Additional Interests had completed and the Group through its 27.5% interests in Jade Summit, indirectly owns 27.5% interests in Vastline, Yansha and so the Wuxi Site.

The acquisitions of equity interests in Shenzhen Shengda and Jade Summit constituted discloseable transactions under Chapter 14 of the Listing Rules. Further details in relation to the above-mentioned acquisitions were set out in the Company's announcements dated 5 August, 18 October, 28 October, 4 November and 22 December 2016, respectively.

For the year ended 31 December 2016, the acquisition of Jade Summit resulted in a gain on bargain purchase of approximately HK$17.8 million.

OUTLOOK

After a series of strategic restructuring, it is expected that the Group's revenue in the manufacturing segment will become more stable in the short- and medium-terms. The Group has recorded more than 10% increase in its second half year's revenue comparing to its first half year's revenue. Gross profit margin has also improved mostly due to the continuous devaluation of RMB during the year.

However, whether this trend will continue or not will largely depend on how long the recent acute price increase of copper foil and copper laminates, will continue which are the major raw materials for our PCB products. Due to a shortage of copper foil supply in the industry during the past 6 months, copper foil and laminate suppliers are forced to curtail their production output, resulting in deliveries allocation and sharp price increase. The Group is currently negotiating with its customers to allow for price adjustments but as some of its customers may already have a fixed price commitment with their end-customers, and this may result in a change of orders loading allocation short-term, and the impact of which is difficult to assess with accuracy at the moment.

With the change in its shareholding structure in early 2016 and the grant of the SFC approval, the Group will continue to develop its existing business and will also be proactively exploring new business opportunities with bright prospect and good returns. By utilising its resources in China and the advantages of Hong Kong as an international financial centre and offshore RMB centre, the Group may explore opportunities to expand its business in asset management and financial investments in the near future so as to improve the Group's market strength and its positioning as a financial platform between China and Hong Kong and enhance the shareholder's return.

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 2016, the Group had total equity of approximately HK$1,167.4 million (31 December 2015: HK$340.3 million) and net debts (trade payables, other payables and accruals, borrowings, and obligation under finance leases, less bank balances and deposits) of approximately HK$568.0 million (31 December 2015: HK$325.9 million), representing a gearing ratio, defined as net debts over total equity plus net debts, of 32.7% (31 December 2015: 48.9%).

The Group's net current assets of approximately HK$728.1 million (31 December 2015: net current assets of HK$52.7 million) consisted of current assets of approximately HK$2,026.0 million (31 December 2015: HK$514.9 million) and current liabilities of approximately HK$1,297.9 million (31 December 2015: HK$462.2 million), representing a current ratio of 1.56 (31 December 2015: 1.11). The asset base was strengthened as a result of the completion of two placements during the year.

As at 31 December 2016, the Group's current assets consisted of approximately HK$992.8 million (31 December 2015: HK$97.0 million) held as bank balances and deposits, of which 19% was in Hong Kong dollars ("**HKD**"), 78% was in RMB and 3% was in other currencies.

The Group's current assets also consisted of approximately HK$111.5 million (31 December 2015: HK$104.8 million) as trade receivables from its customers. Debtors turnover days was 75 days (31 December 2015: 67 days).

As at 31 December 2016, the Group's inventories increased from HK$77.0 million in 2015 to approximately HK$78.7 million in 2016. Inventory turnover days was 61 days (31 December 2015: 59 days). Trade payables increased from approximately HK$93.1 million in 2015 to approximately HK$134.5 million in 2016. Creditors turnover days was approximately 89 days (31 December 2015: 93 days).

INTEREST-BEARING BORROWINGS

As at 31 December 2016, the Group had interest-bearing borrowings as follows:

	31 December 2016 *HK$'000*	31 December 2015 *HK$'000*
Amounts payable:		
Within one year	**1,043,897**	250,546
In the second year	**281,322**	574
	1,325,219	251,120
Less: Portion classified as current liabilities	**1,043,897**	250,546
Portion classified as non-current liabilities	**281,322**	574

Of the total interest-bearing borrowings as at 31 December 2016, HKD denominated loans accounted for 21.7% (31 December 2015: 36%), USD denominated loans accounted for 0.1% (31 December 2015: 15%) and the RMB denominated loans accounted for 78.2% (31 December 2015: 49%).

Out of the total borrowings, bank loans of approximately HK$109.5 million (31 December 2015: HK$115.3 million) carried floating interest rates ranged from 4.13% to 6.15% (31 December 2015: 5.35% to 6.15%) per annum. In the prior year, bank loans of approximately HK$37.2 million also carried fixed interest rates ranged from 1.2% to 1.93% per annum.

The bank loans and other banking facilities of the Group are secured by:

(i) certain buildings and payments for leasehold land held for own use under operating leases held by the Group;

(ii) the assignment of trade receivables of a subsidiary of the Group; and

(iii) corporate guarantee of the Company.

There are loans advanced by Mr. Cheok at an effective interest rate of 7% per annum (2015: 7%). 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 2016, there was a new loan due to a related party of HK$200 million obtained during the year, which was unsecured, bore interest at a rate of 3% per annum and was repayable by 19 October 2017. That related party is also a connected party as defined under Chapter 14A of the Listing Rules and the Exemption also applied.

As at 31 December 2016, there were other loans due to some independent third parties of approximately HK$923.8 million obtained during the year, out of which approximately HK$189.9 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$733.9 million, they were unsecured, bore interest at a rate of 5% per annum and was repayable within the next twelve months.

FOREIGN EXCHANGE EXPOSURE

Sales of the Group's products 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 can benefit from the recent devaluation in RMB and resulted in a net exchange gains of HK$17.3 million (2015: HK$17.2 million).

As at 31 December 2016, 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.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2016, excluding those in the associates, the Group had approximately 1,645 employees (31 December 2015: 1,885). For the year ended 31 December 2016, our total staff costs (including provision for employee termination benefits) amounted to HK$232.4 million (31 December 2015: HK$200.6 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 were 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 the time when the Directors think fit to the Company.

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 meeting 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 Huorong ("**Mr. Zhou**"), respectively, pursuant to the Share Award Scheme and the fulfillment of vesting conditions specified therein.

Since both Mr. Liu and Mr. Zhou are the executive Directors, they are connected persons under Chapter 14A of the Listing Rules. As such, the grant of the Awarded Shares to each of Mr. Liu and Mr. Zhou constituted connected transactions to the Company.

Subsequent to 31 December 2016, 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.

Further details of the Company's 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 2016, the Group's capital commitments under the manufacturing segment contracted but not provided for amounted to HK$2.2 million (31 December 2015: HK$0.4 million) and there was no capital commitment authorised but not contracted for outstanding for both years. 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 HK$340 million (31 December 2015: Nil) and there was no capital commitment authorised but not contracted for outstanding for both years. The outstanding commitments under the treasury investments segment were related to the Fund Subscription mentioned above.

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 13 June 2017 (Tuesday) to 16 June 2017 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 16 June 2017 (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 12 June 2017 (Monday).

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2016.

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 treasury investments and licensed businesses.

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 36 to 50 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 28 to 35 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 and fragile combined with rising labour and production costs, and depreciation of RMB in Mainland China. 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 2016.

Report of the Directors

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2016 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 77 to 159.

The Board does not recommend the payment of any dividend for the year ended 31 December 2016.

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 financial statements, is set out on page 160. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movement in the Company's issued share capital for the year ended 31 December 2016 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.

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

As at 31 December 2016, the Company did not have any available distributable reserve. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders of the Company if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the sale of products to the largest and the five largest customers amounted to approximately 10% (2015: 16%) and 39% (2015: 43%) of the Company's revenue respectively.

For the year ended 31 December 2016, the purchase of materials from the largest and the five largest suppliers amounted to approximately 12% (2015: 13%) and approximately 42% (2015: 41%) of the Company'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 2016.

DIRECTORS' RESPONSIBILITY IN RESPECT OF 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 TRANSACTION

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

Tenancy Agreement

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**") 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. The terms of the Tenancy Agreement 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 and the annual caps under the Tenancy Agreement were published by the Company on 28 May 2014 were uploaded to the Stock Exchange's and the Company's website, respectively.

In respect of the Tenancy Agreement which constitutes a continuing connected transaction of the Company, the Independent Non-executive Directors have reviewed the said transaction and confirmed that the said transaction has been entered into:

(1) after arm's length negotiation;

(2) on normal commercial terms; and

(3) according to the Tenancy Agreement 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 only continuing connected transaction 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 containing their findings and conclusions in respect of the continuing connected transaction 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 transaction has not been approved by the Board.

(b) nothing has come to the auditor's attention that causes them to believe that the said transaction was not entered into, in all material respects, in accordance with the Tenancy Agreement governing the said transaction.

(c) with respect to the aggregate amount of the said transaction, nothing has come to the auditor's attention that causes them to believe that the said transaction has exceeded the annual cap disclosed in the announcement dated 28 May 2014 made by the Company in respect of the said transaction.

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) (appointed on 22 March 2016)*
Mr. Cheok Ho Fung *(Deputy Chairman) (redesignated on 22 March 2016)*
Mr. Zhou Huorong *(appointed on 3 August 2016)*

Non-executive Directors:
Mr. Tang Yok Lam, Andy *(resigned on 31 March 2016)*
Mr. Mao Yumin *(appointed on 10 March 2017)*

Independent Non-executive Directors:
Mr. Ng Man Kung *(appointed on 22 March 2016)*
Dr. Ngai Wai Fung *(appointed on 22 March 2016)*
Mr. Lau Fai Lawrence *(appointed on 22 March 2016)*
Mr. Leung Shu Kin, Alfred *(resigned on 31 March 2016)*
Mr. Wong Wing Kee *(retired on 3 June 2016)*
Mr. Ng Kee Sin *(retired on 3 June 2016)*

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.

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. Liu (executive Director), Mr. Cheok (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, and Mr. Mao Yumin (Non-executive Director) shall retire from office by rotation pursuant to the Company's Bye-law 102(B) 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, aged 55, 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, a member of Financial Services Development Council of the Government of HKSAR since 2013 and a member of Insurance Advisory Committee of the Government of HKSAR since 2010. Mr. Liu was 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 a lump sum remuneration of HK$13,000,000 for 2016 and 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, 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. 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, aged 65, 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 actively in search for business development, capital investment and joint venture opportunities for manufacturing segment and also involved actively in other joint ventures such as real estates development in China, and 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 2016, Mr. Cheok received annual emoluments of HK$5,374,000, 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. Details of his interest in the shares and underlying Shares have been disclosed in this annual report on pages 66 to 68 under the sub-sections headed "Directors' Interests in Shares and Underlying Shares" and "Substantial Shareholders and Other Persons' Interests in Shares and Underlying Shares".

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.

Mr. Zhou Huorong ("Mr. Zhou")

Mr. Zhou, aged 60, joined the Group on 3 August 2016 as an executive Director. He has strong knowledge and extensive experience in banking, investment and asset management sector. In July 2009, he joined China Huarong Asset Management Corporation as deputy general manager of the Guangzhou office (which was subsequently restructured as China Huarong Assets Management Co., Ltd. ("**China Huarong**") on 28 September 2012 and was listed on 30 October 2015 on the Main Board of The Stock Exchange of Hong Kong Limited (HKSE Stock Code: 2799)) and was subsequently promoted to general manager of the Guangzhou office. In December 2010, he was appointed as the chief investment and operation officer of China Huarong. During his time with China Huarong, he also served as the chairman of Huarong International Trust Company Limited and China Huarong International Holdings Limited. Prior to joining China Huarong, Mr. Zhou had served various senior management positions in Ping An Bank Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000001) from September 2004 to April 2009; and in China Guangfa Bank Co., Ltd. from May 1998 to September 2004. Mr. Zhou obtained a master's degree (Executive Master of Business Administration) from Wuhan University in the People's Republic of China with effect from 12 October 2016, Mr. Zhou is also a non-executive director of China Tian Yuan Finance Group (Holdings) Limited ("**CTYFG**").

The Company has entered into a service agreement with Mr. Zhou on his appointment as an executive director of the Company for a term of three years commencing on 3 August 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 the decision not to renew the agreement. With effect from 3 August 2016, Mr. Zhou is entitled to an annual remuneration of HK$6,000,000 and an annual discretionary bonus, of which the discretionary bonus is subject to the Board's annual approval. The remuneration and benefits were determined with reference to Mr. Zhou's past working experience, duties and responsibilities with the Company and the prevailing market situation.

Save as disclosed above, Mr. Zhou 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 an Executive Director of the Board and a member of the Executive Committee, Mr. Zhou 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. Zhou 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.

Non-executive Director

Mr. Mao Yumin ("Mr. Mao")

Mr. Mao, aged 61, 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 Securities (Hong Kong) Co., 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 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.

The Company will enter into a service contract with Mr. Mao in relation to his appointment as non-executive Director and emolument package. 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. His remuneration is subject to finalisation and agreement by the Board (or, as the case may be, the remuneration committee of the Board), having regard to (among other factors) his qualifications, experience, level of responsibilities undertaken, duties and responsibilities with the Group as well as prevailing market conditions. Pursuant to the bye-laws of the Company, Mr. Mao will hold office until the next following general meeting of the Company and shall then be eligible for re-election at such general meeting.

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 65, 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 the Hong Kong Polytechnic University with an attendance certificate in banking. Mr. Ng has over 28 years of management experience in the banking industry. He had worked as a business consultant at China Orient Asset Management (International) Holding Limited, a company principally engaged in investment, from January 2014 to April 2015. He worked at Chiyu Banking Corporation Ltd. ("**Chiyu**") from July 1969 to December 2012, and was the chief executive of Chiyu from April 1992 to July 2012. Mr. Ng was an honorary president of the 37th Chinese Bankers Club, Hong Kong, a member of the Council of Hong Kong Polytechnic University from April 1999 to March 2003 and a member of the 10th Fujian Province Committee of the Chinese People's Political Consultative Conference（中國人民政治協商會議第十屆福建省委員會委員）. Mr. Ng has been an independent non-executive director of Fujian Holdings Limited (HKSE Stock Code: 181) since June 2014, an independent non-executive director of ELL Environmental Holdings Limited (HKSE Stock Code: 1395) since September 2014 and an independent non-executive director of Global Tech (Holdings) Limited (HKSE Stock Code: 143) since March 2016.

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 is entitled to a director's fee of HK$150,000 per annum, which comprises an annual remuneration of HK$120,000 and an annual committee remuneration of HK$30,000. 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 55, 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.

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 is the past president of Hong Kong Institute of Chartered Secretaries, a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants, the Adjunct Professor of Law of Hong Kong Shue Yan University and a member of the General Committee of the Chamber of Hong Kong Listed Companies. Dr. Ngai was appointed by the Chief Executive of the Hong Kong Special Administrative Region as a member of the Working Group on Professional Services under the Economic Development Commission since 2013. 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 and 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 China Railway Group Limited (HKSE, Stock Code: 00390, SSE, Stock Code: 601390), China Coal Energy Company Limited (HKSE, Stock Code: 01898; SSE, Stock Code: 601898) and BBMG Corporation (English translation denotes for identification purposes only) (HKSE, Stock Code: 02009, SSE, Stock Code: 601992) ("**BBMG Corporation**"). 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), Biostime International Holdings Limited (HKSE, Stock Code: 01112), 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: SP1). 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 and the independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (HKSE, Stock Code: 00631) from November 2009 to December 2015, respectively.

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 is entitled to a director's fee of HK$150,000 per annum, which comprises an annual remuneration of HK$120,000 and an annual committee remuneration of HK$30,000. 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 45, 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 (previously known as EC-Founder (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 (previously known as Central Wealth Financial Group Limited) (listed on the Main Board of the Stock Exchange) (HKSE Stock Code: 572). Mr. Lau is an non-executive director of Alltronics Holdings Limited (HKSE Stock Code:

833) and is also an independent non-executive director of Artini China Co. Ltd., (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 is entitled to a director's fee of HK$150,000 per annum, which comprises an annual remuneration of HK$120,000 and an annual committee remuneration of HK$30,000. 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, its holding company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or for the year ended 31 December 2016.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2016, 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

For the period from 1 January 2016 to 14 January 2016, 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. Cheok Ho Fung		Beneficial owner	Long position	78,250,000	7.83%
	Note	Interests of corporation controlled	Long position	432,000,000	43.20%
Total				510,250,000	51.03%

Note: These shares are owned by Inni International Inc., a company incorporated in the Republic of Liberia. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok and his spouse Mrs. Cheok Chu Wai Min.

Save as disclosed above, as at 31 December 2016, 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 2016, 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 2016, 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 2016, 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	340,192,667	23.62
Mr. Sun Mingwen	*(1)*	Interests of corporation controlled	Long position	340,192,667	23.62
Zhisheng Enterprise Investment Co., Ltd. ("**Zhisheng**")	*(2)*	Beneficial owner	Long position	170,097,333	11.81
Ms. He Yeqin	*(2)*	Interests of corporation controlled	Long position	170,097,333	11.81
China Aim Holdings Limited ("**China Aim**")	*(3)*	Beneficial owner	Long position	200,000,000	13.89
Ms. Liu Hui	*(3)*	Interests of corporation controlled	Long position	200,000,000	13.89
China Tian Yuan Manganese Limited ("**China Tian Yuan**")	*(4)*	Beneficial owner	Long position	240,000,000	16.67

Name of shareholders	Notes	Capacity	Nature of interest	Number of ordinary shares held	Percentage of Issued capital
寧夏天元錳業有限公司 ("**Ningxia Tian Yuan**")	*(4)*	Interests of corporation controlled	Long position	240,000,000	16.67
Mr. Jia Tianjiang	*(4)*	Interests of corporation controlled	Long position	240,000,000	16.67
Ms. Dong Jufeng	*(4)*	Interests of corporation controlled	Long position	240,000,000	16.67

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 340,192,667 Shares, representing approximately 23.62% of the total issued Shares as at the Latest Practicable Date, 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 11.81% of the total issued Shares as at the Latest Practicable Date, held by Zhisheng under the SFO.

3. 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 13.89% of the total issued Shares as at the Latest Practicable Date, held by China Aim under the SFO.

4. 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.

Report of the Directors

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 47 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 to be held on 16 June 2017.

The financial statements of the Group for the year ended 31 December 2016 have been audited by BDO Limited.

On behalf of the Board

Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 10 March 2017

Independent Auditor's Report

BDO

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TO THE SHAREHOLDERS OF CHINA HKBRIDGE HOLDINGS LIMITED
(FORMERLY KNOWN AS TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED)
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China HKBridge Holdings Limited (formerly known as Topsearch International (Holdings) Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 77 to 159, which comprise the consolidated statement of financial position as at 31 December 2016, 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 2016 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 2016, the Group had loans to associates of approximately HK$370,803,000 and loan receivables of approximately HK$167,598,000. 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(e) 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:

- Evaluate 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 2016, the Group had property, plant and equipment of approximately HK$262,064,000.

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) 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.

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, 10 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	7	**803,194**	566,630
Cost of sales		**(469,255)**	(537,380)
Gross profit		**333,939**	29,250
Other income	8	**17,977**	10,240
Other gains and losses	9	**15,049**	(9,304)
Selling and distribution costs		**(37,593)**	(45,473)
Administrative expenses		**(165,761)**	(107,894)
Finance costs	10	**(18,088)**	(17,380)
Share of results of associates	20	**25,196**	(76)
Gains on bargain purchase arising from acquisitions of associates	20	**28,500**	—
Gain on disposal of subsidiaries, net	16	**22,989**	—
Gain on disposal of interest in an associate	20(d)	**—**	156,505
Profit before income tax expense	11	**222,208**	15,868
Income tax expense	15	**(47,036)**	(2,413)
Profit for the year		**175,172**	13,455
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(34,071)**	(44,013)
Share of other comprehensive income of associates		**(3,708)**	(4,626)
Release of translation reserve included in profit or loss upon disposal of subsidiaries	16	**(38,905)**	—
Release of translation reserve included in profit or loss upon disposal of an associate		**—**	(2,788)
Net other comprehensive income to be reclassified subsequently to profit or loss for the year		**(76,684)**	(51,427)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Item that will not be reclassified to profit or loss:			
(Loss)/gain on revaluation of property, plant and equipment	18	**(2,626)**	10,435
Income tax effect	33	**656**	(4,067)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(1,970)**	6,368
Other comprehensive income for the year, net of tax		**(78,654)**	(45,059)
Total comprehensive income for the year		**96,518**	(31,604)
Profit for the year attributable to:			
Owners of the Company		**177,228**	17,904
Non-controlling interests		**(2,056)**	(4,449)
		175,172	13,455
Total comprehensive income attributable to:			
Owners of the Company		**98,534**	(27,220)
Non-controlling interests		**(2,016)**	(4,384)
		96,518	(31,604)
Earnings per share	17		
Basic		**HK15.02 cents**	HK1.79 cents
Diluted		**HK14.92 cents**	HK1.79 cents

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**262,064**	286,124
Payments for leasehold land held for own use under operating leases	19	**3,551**	3,866
Interests in associates	20	**431,513**	—
Rental and utility deposits		**250**	215
Available-for-sale financial assets	21	**2,107**	1,857
Deposits paid		**65,996**	186
Total non-current assets		**765,481**	292,248
CURRENT ASSETS			
Inventories	22	**78,713**	77,004
Payments for leasehold land held for own use under operating leases	19	**121**	127
Trade receivables	23	**111,549**	104,814
Loan receivables	24	**167,598**	—
Prepayments, deposits and other receivables		**35,822**	18,259
Equity investments at fair value through profit or loss	25	**639,429**	—
Bank balances and deposits	26	**992,784**	96,985
		2,026,016	297,189
Assets of disposal groups classified as held for sale	34	**—**	217,680
Total current assets		**2,026,016**	514,869

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
CURRENT LIABILITIES			
Trade payables	28	**134,534**	93,089
Other payables and accruals		**101,046**	78,667
Tax payable		**8,007**	2,430
Amount due to an associate	20	**10,440**	—
Loan from a related company	31	**200,000**	—
Loans from a shareholder	32	**—**	94,698
Borrowings	30	**843,352**	152,510
Obligation under finance leases	29	**545**	3,338
		1,297,924	424,732
Liabilities of disposal groups classified as held for sale	34	**—**	37,435
Total current liabilities		**1,297,924**	462,167
NET CURRENT ASSETS		**728,092**	52,702
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,493,573**	344,950
NON-CURRENT LIABILITIES			
Borrowings	30	**189,944**	—
Obligation under finance leases	29	**—**	574
Loans from a director	32	**91,378**	—
Deferred tax liabilities	33	**44,873**	4,067
Total non-current liabilities		**326,195**	4,641
NET ASSETS		**1,167,378**	340,309

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
CAPITAL AND RESERVES			
Share capital	35	**144,000**	100,000
Reserves	36	**1,023,378**	252,505
Equity attributable to owners of the Company		**1,167,378**	352,505
Non-controlling interests		**—**	(12,196)
TOTAL EQUITY		**1,167,378**	340,309

On behalf of the Board

Liu Tingan
Director

Cheok Ho Fung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	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 2015	100,000	337,854	–	19,000	5,831	162,054	7,335	(252,349)	379,725	(7,812)	371,913
Profit/(loss) for the year	–	–	–	–	–	–	–	17,904	17,904	(4,449)	13,455
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(44,078)	–	–	(44,078)	65	(44,013)
Gain on revaluation of property, plant and equipment	–	–	–	–	6,368	–	–	–	6,368	–	6,368
Share of other comprehensive income of associates	–	–	–	–	–	(4,626)	–	–	(4,626)	–	(4,626)
Release upon disposal of an associate	–	–	–	–	–	(2,788)	–	–	(2,788)	–	(2,788)
Total comprehensive income for the year	–	–	–	–	6,368	(51,492)	–	17,904	(27,220)	(4,384)	(31,604)
At 31 December 2015 and 1 January 2016	**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)**
Disposal of subsidiaries *(Note 16)*	**–**	**–**	**–**	**–**	**–**	**(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 *(Note 35)*	**44,000**	**616,533**	**–**	**–**	**–**	**–**	**–**	**–**	**660,533**	**–**	**660,533**
Equity-settled share-based compensation benefits *(Note 37)*	**–**	**–**	**55,806**	**–**	**–**	**–**	**–**	**–**	**55,806**	**–**	**55,806**
Disposal of subsidiaries *(Note 16)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**14,212**	**14,212**
At 31 December 2016	**144,000**	**954,387**	**55,806**	**19,000**	**10,229**	**33,838**	**7,335**	**(57,217)**	**1,167,378**	**–**	**1,167,378**

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 2016

	2016	2015
	HK$'000	*HK$'000*
Cash flows from operating activities		
Profit before income tax expense	**222,208**	15,868
Adjustments for:		
Depreciation of property, plant and equipment	**16,332**	30,883
Interest income	**(11,287)**	(329)
Finance costs	**18,088**	17,380
Share of results of associates	**(25,196)**	76
Gains on bargain purchases arising from acquisitions of associates	**(28,500)**	—
Fair value gain on equity investments at fair value through profit or loss	**(277,029)**	—
Equity-settled share-based compensation benefits	**55,806**	—
Net loss/(gain) on disposal of property, plant and equipment	**57**	(13)
Impairment loss on property, plant and equipment	**—**	31,890
Gain on revaluation of property, plant and equipment	**—**	(7,816)
Gain on disposal of subsidiaries	**(22,989)**	—
Gain on disposal of interest in an associate	**—**	(156,505)
Amortisation of payments for leasehold land held for own use under operating leases	**321**	575
Write-down of inventories	**3,973**	3,095
(Reversal of)/impairment loss on trade receivables	**(3)**	841
Operating loss before working capital changes	**(48,219)**	(64,055)
(Increase)/decrease in rental and utility deposits	**(35)**	625
(Increase)/decrease in inventories	**(7,314)**	11,888
Increase in trade receivables	**(8,032)**	(3,819)
Increase in equity instruments at fair value through profit or loss, net	**(362,400)**	—
(Increase)/decrease in prepayments, deposits and other receivables	**(21,510)**	2,316
Increase/(decrease) in trade payables	**41,984**	(81,020)
Increase in other payables and accruals	**24,791**	13,115
Cash used in operations and net cash used in operating activities	**(380,735)**	(120,950)

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
Cash flows from investing activities		
Interests received	**11,287**	329
Proceeds from disposal of property, plant and equipment	**120**	163
Purchase of property, plant and equipment	**(14,020)**	(6,360)
Increase in deposits paid	**(65,810)**	(196)
Interests in associates	**(371,085)**	—
Purchase of available-for-sale financial assets	**(250)**	—
Increase in loan receivables	**(167,598)**	—
Additions of structured deposit	**(558,659)**	—
Proceeds from disposal of subsidiaries *(Note 16)*	**184,343**	—
Proceeds from disposal of an associate	**—**	185,194
Net cash (used in)/generated from investing activities	**(981,672)**	179,130
Cash flows from financing activities		
Proceeds from issue of new shares, net of expenses	**660,533**	—
New borrowings	**923,799**	369,357
Repayment of borrowings	**(43,013)**	(404,808)
Repayment of obligation under finance leases	**(3,367)**	(2,808)
Repayment of loans from a director/a shareholder	**(3,320)**	(718)
Loan from a related company	**200,000**	—
Interests paid	**(18,088)**	(17,380)
Net cash generated from/(used in) financing activities	**1,716,544**	(56,357)
Net increase in cash and cash equivalents	**354,137**	1,823
Cash and cash equivalents at beginning of year	**96,985**	94,722
Effect of exchange rate changes on cash and cash equivalents	**(16,997)**	440
Cash and cash equivalents at end of year		
represented by bank balances and cash *(Note 26)*	**434,125**	96,985

1. GENERAL

China HKBridge Holdings Limited (formerly known as Topsearch International (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**").

On 15 January 2016, Inni International Inc. (incorporated in Liberia) and Mr. Cheok Ho Fung ("**Mr. Cheok**"), the Company's holding company and ultimate controlling party as at 31 December 2015, respectively, sold 51.025% of the entire issued share capital of the Company to Youfu Investment Co., Ltd. and Zhisheng Enterprise Investment Co., Ltd.. Mr. Cheok was no longer the ultimate controlling party of the Company thereafter. Mr. Cheok remains as an executive director of the Company.

As at 31 December 2016, 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.

On 21 December 2016, the Group successfully obtained approval from the Securities and Futures Commission of Hong Kong to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under section 127(1) of the Securities and Futures Ordinance. In the opinion of the directors of the Company, the Group has commenced the provision of asset management services after the license was approved.

Subsequent to the special resolution of the Company's shareholders passed on 23 January 2017, the Registrar of Companies in Bermuda has approved the registration of the new name of the Company 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.

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

(a) Adoption of amendments to HKFRSs — first effective on 1 January 2016

During the year, the Group has adopted the following amendments to HKFRSs which are first effective for the current year:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these financial statements.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

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

(a) Adoption of amendments to HKFRSs — first effective on 1 January 2016 *(continued)*

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 — Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor an investment entity.

Amendments to HKFRS 11 — Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply the relevant principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties. The amendment are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not acquired or formed a joint operation.

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/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.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 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 continue to be permitted.

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.

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.

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

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

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 bank 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.

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.

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

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.

HKFRS 15 requires the application of a 5-step 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.

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.

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 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.

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 not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

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, if any.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(i) Financial assets (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

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

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.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(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.

(vi) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Related parties *(continued)*

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

(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.

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

Key sources of estimation uncertainty

(a) 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.

(b) 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.

(c) 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).

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.

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

Key sources of estimation uncertainty *(continued)*

(c) *Fair value measurement* *(continued)*

The Group measures a number of items at fair value:

- Revalued buildings — Property, Plant and Equipment (Note 18)
- Financial instruments (Notes 21 and 25)

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

(d) Impairment loss on trade receivables

The policy for impairment loss on trade receivables of the Group is based on the evaluation of collectability and the ageing analysis of the trade receivables, and on management's judgement. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required, further details of which are set out in note 23 to the consolidated financial statements.

(e) 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
Licensed businesses segment	—	Advisory on securities and asset management services

During the year, the board of directors of the Company has decided to expand the Group's securities investment and other related activities as well as extend into asset management business following the asset management license was granted by the SFC in December 2016. The purpose of the expansion is to capture business and investment opportunities on a timely basis. Accordingly, the securities investment and related activities and asset management business are designated by the board of directors as principal activities of the Group and they are separately reviewed and evaluated for management reporting purpose.

6. SEGMENT REPORTING *(continued)*

(a) Reportable segments *(continued)*

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

	Manufacturing		Treasury investments		Licensed businesses		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**526,165**	566,630	**277,029**	—	**—**	—	**803,194**	566,630
Reportable segment (loss)/profit	**(10,974)**	13,455	**186,569**	—	**(423)**	—	**175,172**	13,455
Interest income	**1,206**	329	**10,081**	—	**—**	—	**11,287**	329
Finance costs	**(14,283)**	(17,380)	**(3,805)**	—	**—**	—	**(18,088)**	(17,380)
Depreciation of property, plant and equipment	**(16,138)**	(30,883)	**(194)**	—	**—**	—	**(16,332)**	(30,883)
Impairment loss on property, plant and equipment	**—**	(31,890)	**—**	—	**—**	—	**—**	(31,890)
Write-down of inventories	**(3,973)**	(3,095)	**—**	—	**—**	—	**(3,973)**	(3,095)
Share of results of associates	**—**	(76)	**25,196**	—	**—**	—	**25,196**	(76)
Gains on bargain purchase arising from acquisitions of associates	**—**	—	**28,500**	—	**—**	—	**28,500**	—
Gain on disposal of subsidiaries, net	**22,989**	—	—	—	—	—	**22,989**	—
Gain on disposal of interest in an associate	—	156,505	—	—	—	—	—	156,505
Reportable segment assets	**685,427**	807,117	**2,105,070**	—	**1,000**	—	**2,791,497**	807,117
Interests in associates accounted for by equity method	**—**	—	**431,513**	—	**—**	—	**431,513**	—
Additions to non-current assets	**4,101**	6,450	**9,919**	—	**—**	—	**14,020**	6,450
Reportable segment liabilities	**437,662**	466,808	**1,186,034**	—	**423**	—	**1,624,119**	466,808

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	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**343,483**	55,557	**46,215**	2,519
The People's Republic of China (the "**PRC**")	**116,858**	78,136	**337,356**	287,872
Singapore	**27,221**	26,304	**—**	—
Thailand	**4,734**	62,803	**—**	—
Malaysia	**19,962**	68,885	**—**	—
Germany	**62,980**	73,537	**—**	—
Poland	**54,650**	54,169	**—**	
Other Europe Countries	**63,226**	46,320	**—**	—
United States of America	**43,455**	36,488	**—**	—
Taiwan	**225**	1,345	**—**	—
Korea	**16,361**	19,413	**—**	—
Others	**50,039**	43,673	**—**	—
Total	**459,711**	511,073	**337,356**	287,872
	803,194	566,630	**383,571**	290,391

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

6. SEGMENT REPORTING *(continued)*

(c) Information about major customer

Revenue from customer individually contributing over 10% of the total sales of the Group is as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**N/A***	92,360

* Revenue from Customer A during the year ended 31 December 2016 contributed less than 10% of the total revenue of the Group.

During the year ended 31 December 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; 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:

	2016	2015
	HK$'000	*HK$'000*
Sales of goods	**526,165**	566,630
Fair value gain on equity investments at fair value through profit or loss, net		
— Realised gain	**25,740**	—
— Unrealised gain	**251,289**	—
	277,029	—
	803,194	566,630

8. OTHER INCOME

	2016 HK$'000	2015 HK$'000
Interest income:		
— Loan receivables	**2,185**	—
— Loans to associates	**7,444**	—
— Bank interests	**1,658**	329
Total interest income	**11,287**	329
Service income	**1,387**	—
Government grants *(Note)*	**1,973**	132
Tooling income	**2,356**	6,540
Compensation received from insurance claims	**—**	1,767
Others	**974**	1,472
	17,977	10,240

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

	2016 HK$'000	2015 HK$'000
Net exchange gains	**17,316**	17,176
Reversal of/(impairment loss) on trade receivables *(Note 23)*	**3**	(841)
Net (loss)/gain on disposal of property, plant and equipment	**(57)**	13
Gain on revaluation of property, plant and equipment	**—**	7,816
Impairment loss on property, plant and equipment *(Note 18)*	**—**	(31,890)
Others	**(2,213)**	(1,578)
	15,049	(9,304)

10. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
— Borrowings	**10,274**	10,254
— Loan from a related company	**1,200**	—
— Loans from a director/a shareholder	**6,453**	6,660
— Obligation under finance leases	**161**	466
	18,088	17,380

11. PROFIT BEFORE INCOME TAX EXPENSE

This is arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Auditor's remuneration:		
— Current year	**1,330**	950
— Under-provision in prior years	**140**	125
— Others	**469**	301
	1,939	1,376
Cost of inventories recognised as expenses	**217,876**	299,199
Write-down of inventories (included in cost of sales)	**3,973**	3,095
Employee costs *(Note 12)*	**232,432**	200,679
Depreciation of property, plant and equipment	**16,332**	30,883
Release of payments for leasehold land held for own use under operating leases	**321**	575
Minimum lease payments under operating leases on land and buildings	**8,890**	5,253

12. EMPLOYEE COSTS

	2016	2015
	HK$'000	HK$'000
Employee costs (including directors' remuneration *(Note 13)*) comprise:		
— Wages and salaries	**150,562**	143,179
— Contributions to retirement benefits scheme	**17,371**	19,384
— Provision for employee termination benefits	**2,468**	31,478
— Equity-settled share-based compensation benefits *(Note 37)*	**55,806**	—
— Other staff benefits	**6,225**	6,638
	232,432	200,679

13. DIRECTORS' EMOLUMENTS

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

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefit scheme *HK$'000*	Equity-settled share-based compensation benefits *HK$'000*	Total *HK$'000*
2016					
Executive directors:					
Liu Tingan (appointed on 22 March 2016)	—	13,000	18	36,943 *(Note)*	49,961
Cheok Ho Fung	—	5,220^	154	—	5,374
Zhou Huorong (appointed on 3 August 2016)	—	2,500	2	18,863 *(Note)*	21,365
	—	20,720	174	55,806	76,700
Non-executive director:					
Tang Yok Lam, Andy (resigned on 31 March 2016)	30	—	—	—	30
Independent non-executive directors:					
Ng Man Kung (appointed on 22 March 2016)	117	—	—	—	117
Ngai Wai Fung (appointed on 22 March 2016)	117	—	—	—	117
Lau Fai Lawrence (appointed on 22 March 2016)	117	—	—	—	117
Leung Shu Kin, Alfred (resigned on 31 March 2016)	30	—	—	—	30
Wong Wing Kee (retired on 3 June 2016)	51	—	—	—	51
Ng Kee Sin (retired on 3 June 2016)	51	—	—	—	51
	483	—	—	—	483
Total	513	20,720	174	55,806	77,213

Note:

As further detailed in note 37 to the consolidated financial statements, the Group granted 60,000,000 share awards to each of Mr. Liu and Mr. Zhou for their services to the Group for the 5 consecutive financial years starting from the year ended 31 December 2016. The fair values of the services rendered by Mr. Liu and Mr. Zhou were measured by reference to the fair value of the share awards at the respective date of grant.

Pursuant to the terms of the Share Award Scheme, the fair value of the services to be recognised in the financial year ending 31 December 2017 shall be higher than that recognised for the year ended 31 December 2016 because of the full year effect to be recognised in 2017. However, the trend of each installment over the vesting period of 5 years to be recognised in the profit or loss in connection with the fair value of the services rendered by Mr. Liu and Mr. Zhou shall be reducing.

13. DIRECTORS' EMOLUMENTS *(continued)*

	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*
2015					
Executive director:					
Cheok Ho Fung	—	5,446^	155	—	5,601
Non-executive director:					
Tang Yok Lam, Andy (resigned on 31 March 2016)	120	—	—	—	120
Independent non-executive directors:					
Leung Shu Kin, Alfred (resigned on 31 March 2016)	120	—	—	—	120
Wong Wing Kee (retired on 3 June 2016)	120	—	—	—	120
Ng Kee Sin (retired on 3 June 2016)	120	—	—	—	120
	360	—	—	—	360
Total	480	5,446	155	—	6,081

^ 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 (2015: one) are directors of the Company whose emoluments are included in the disclosures in note 13 before. The emoluments of the remaining two (2015: four) individuals are as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries and other benefits	**3,305**	3,723
Contributions to retirement benefit scheme	**50**	113
	3,355	3,836

Their emoluments were within the following bands:

	2016	2015
	Number of individuals	*Number of individuals*
HK$Nil to HK$1,000,000	**—**	3
HK$1,500,001 to HK$2,000,000	**2**	1

15. INCOME TAX EXPENSE

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

	2016	2015
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax		
— tax for the year	**5,552**	2,549
— under/(over)-provision in prior years	**22**	(136)
	5,574	2,413
Deferred tax *(Note 33)*	**41,462**	—
Income tax expense	**47,036**	2,413

15. INCOME TAX EXPENSE *(continued)*

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

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%.

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:

	2016	2015
	HK$'000	*HK$'000*
Profit before income tax expense	**222,208**	15,868
Tax at the statutory tax rate of 25%	**55,552**	3,967
Tax effect of exemption granted to Macau subsidiary	**308**	(1,259)
Tax effect of income not taxable for tax purpose or subject to capital gain tax	**(54,221)**	(53,931)
Tax effect of expenses not deductible for tax purpose	**33,677**	39,503
Tax effect of tax losses not recognised	**2,213**	4,931
Under/(over)-provision in prior years	**19**	(136)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**9,705**	1,415
Tax effect of other temporary differences not recognised	**(217)**	7,923
Income tax expense	**47,036**	2,413

16. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2016

Details of the net assets of the subsidiaries disposed of and their financial impacts are summarised as follows:

	The Tongliao Group (as defined below) HK$'000 (Note a)	The Citilite Group (as defined below) HK$'000 (Note a)	The Excelio Group (as defined below) HK$'000 (Note b)	Total HK$'000
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.

Both the Tongliao Group and the Citilite Group are inactive. The major asset of the Citilite Group is its interest in an associate which is holding an industrial property in Shenzhen; while the major asset of the Tongliao Group is its industry property located in Tongliao Economic Technology Development Zone, Tongliao City, Inner Mongolia, the PRC.

The assets and liabilities of the Tongliao Group and Citilite Group were classified as held for sale as at 31 December 2015 as further detailed in note 34 to the consolidated financial statements. The disposals 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

	2016 ***HK$'000***	2015 *HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**177,228**	17,904

Number of shares

	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,179,890,710**	1,000,000,000
Effect of dilutive potential ordinary shares *(Note)*:		
— Share Award Scheme	**7,573,770**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,187,464,480**	1,000,000,000

Note: There was no potential dilutive ordinary share in issue as at 31 December 2015 and for the year then ended.

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 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)*

	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 2015							
At 1 January 2015							
Cost or valuation	431,879	6,898	1,139,508	39,373	8,505	6,955	1,633,118
Accumulated depreciation	(50,211)	(4,101)	(1,049,619)	(36,676)	(6,177)	(4,266)	(1,151,050)
Carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068
At 1 January 2015, carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068
Additions	—	3,889	971	365	182	1,043	6,450
Disposals	—	—	(148)	(2)	—	—	(150)
Depreciation provided during the year	(8,128)	(128)	(20,641)	(755)	(610)	(621)	(30,883)
Impairment loss	—	(2,000)	(29,675)	(92)	(116)	(7)	(31,890)
Revaluation gain	18,251	—	—	—	—	—	18,251
Classified as held for sale *(Note 30)*	(125,882)	(709)	—	—	—	—	(126,591)
Exchange realignment	(23,641)	(626)	(6,614)	(110)	(30)	(110)	(31,131)
At 31 December 2015, carrying amount	242,268	3,223	33,782	2,103	1,754	2,994	286,124
At 31 December 2015							
Cost or valuation	261,459	9,342	700,812	8,677	7,435	7,605	995,330
Accumulated depreciation and impairment losses	(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

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

The Group's buildings are situated in the PRC. At 31 December 2016, the Group's buildings with a carrying amount of approximately HK$221,765,000 (2015: HK$241,359,000) 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 includes an amount of approximately HK$9,845,580 (2015: HK$11,628,000) in respect of assets acquired under finance leases.

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 2016, a revaluation loss of approximately HK$2,626,000 (2015: gain of HK$10,435,000) on the Group's buildings has been recognised in other comprehensive income and debited (2015: credited) to property revaluation reserve.

For the year ended 31 December 2015, a revaluation gain of approximately HK$7,816,000 on a property located in Tongliao, the PRC, was recognised in profit or loss included in other gains and losses because a revaluation loss of HK$35,000,000 on the property was previously charged to profit or loss during the year ended 31 December 2013. As at 31 December 2015, the property located in Tongliao was classified as assets of disposal groups classified as held for sale as further detailed in note 34 to the consolidated financial statements. The disposal was completed on 15 January 2016.

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:

	2016	2015
	HK$'000	*HK$'000*
Level 3	**223,067**	242,268

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

	2016	2015
	HK$'000	*HK$'000*
Opening balance (Level 3 recurring fair value)	**242,268**	251,751
Depreciation provided for the year	**(5,083)**	(5,363)
Revaluation (loss)/gain	**(2,626)**	10,435
Exchange realignment	**(11,492)**	(14,555)
Closing balance (Level 3 recurring fair value)	**223,067**	242,268

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 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

As at 31 December 2015

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 2016 would have been approximately HK$209,427,000 (2015: HK$226,002,000).

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:

	2016	2015
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
— Current assets	**121**	127
— Non-current assets	**3,551**	3,866
	3,672	3,993

As at 31 December 2016, the Group's land use rights with a carrying amount of approximately HK$3,672,000 (2015: HK$3,993,000) were pledged to secure certain bank loans granted to the Group.

20. INTERESTS IN ASSOCIATES

	2016	2015
	HK$'000	*HK$'000*
Share of net assets other than goodwill	**59,144**	—
Goodwill on the acquisition	**1,566**	—
Loans to associates#	**370,803**	—
	431,513	—
Amount due to an associate*	**(10,440)**	—

Included in the loans to associates as at 31 December 2016 is a balance due from an associate amounting to 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$229,863,000 are unsecured, interest free with no fixed repayment terms.

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

20. INTERESTS IN ASSOCIATES *(continued)*

Particulars of the Group's associates during the year ended 31 December 2016 are set out below:

Name	Place of incorporation or establishment and operation	Percentage of ownership interest indirectly held by the Group 2016	2015	Principal activities
深圳市盛達前海供應鏈有限公司 ("**Shenzhen Shengda**") *(Note a)*	The PRC	**45%**	—	Equity investment
Hero Link Enterprises Limited ("**Hero Link**") *(Note b)*	British Virgin Islands (the "**BVI**")/Hong Kong	**18%**	—	Equity investment
Jade Summit Holdings Limited ("**Jade Summit**") *(Note c)*	BVI/The PRC	**27.5%**	—	Investment holding
Vastline Limited ("**Vastline**") *(Note c)*	BVI/The PRC	**27.5%**	—	Investment holding
Asia Cosmos Limited ("**Asia Cosmos**") *(Note c)*	Hong Kong/The PRC	**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%**	—	Property development

20. INTERESTS IN ASSOCIATES *(continued)*

Notes:

(a) On 5 August 2016, the Group acquired a 45% equity interest in Shenzhen Shengda in a consideration of RMB9,000,000 (equivalent to approximately HK$10,440,000) in cash.

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

	HK$'000
As at 31 December 2016	
Current assets	477,088
Non-current assets	—
Current liabilities	(446,667)
Non-current liabilities	—
Net assets	30,421
Group's effective interest	45%
Group's share of net assets of the associate, excluding goodwill	13,689
Goodwill on the acquisition	1,566
Carrying amount of the investment	15,255
Period from 5 August 2016 (date of acquisition) to 31 December 2016	
Other income	31,627
Profit for the period	10,704
Other comprehensive income	—
Total comprehensive income	10,704
Loan to an associate	140,940
Amount due to an associate	(10,440)

20. INTERESTS IN ASSOCIATES *(continued)*

Notes: (continued)

(b) On 26 September 2016, the Group acquired 18% equity interest in Hero Link from China Tian Yuan International Finance Limited ("**CTYIFL**") in a consideration of HK$140 in cash. The principal activity of Hero Link is equity investment.

CTYIFL is a subsidiary of China Tian Yuan Manganese Limited, who has become a substantial shareholder of the Company since 6 December 2016 by subscribing 240,000,000 shares of the Company in a placing (Note 35). Prior to the completion of the placing, CTYIFL and China Tian Yuan Manganese Limited are independent third parties of the Company.

Although the Group's ownership interest in Hero Link is less than 20%, the directors of the Company considered they had the power to exercise significant influence over Hero Link through the Group's representation on the board of directors of Hero Link.

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

	HK$'000
As at 31 December 2016	
Current assets	—
Non-current assets	366,000
Current liabilities	(190,971)
Non-current liabilities	—
Net assets	175,029
Group's effective interest	18%
Group's share of net assets of the associate, and carrying amount of the investment	31,505
Period from 26 September 2016 (date of acquisition) to 31 December 2016	
Revenue	175,301
Profit for the period	115,539
Other comprehensive income	—
Total comprehensive income	115,539
Gain on bargain purchase on acquisition of an associate	10,708
Loan to an associate	28,133

20. INTERESTS IN ASSOCIATES *(continued)*

Notes: (continued)

(c) Pursuant to a framework agreement entered into by the Group with an independent third party (the "**Partner**") on 26 September 2016, the Group was the holder of 25% equity interest in Jade Summit by making an initial capital contribution amounting to RMB160 million (equivalent to approximately HK$184,125,000). Jade Summit is principally engaged in investment holding.

On 4 November 2016, Jade Summit acquired the entire equity interest in the Vastline Group, comprising Vastline and its subsidiaries including Asia Cosmos and Wuxi Yansha. The consideration of the acquisition was RMB590,000,000 (equivalent to approximately HK$678,500,000), comprising consideration for the acquisition of entire equity interest in Vastline in the sum of HK$7,800, and consideration for the assignment of shareholder's loans due to the former shareholders of Vastline in the sum of HK$678,492,200. The Vastline Group is principal engaged in property development in the PRC. Upon the completion of the acquisition, the Vastline Group has become wholly-owned subsidiaries of Jade Summit and associates of the Group.

Pursuant to supplemental agreement to the framework agreement dated 22 December 2016 entered into by the Company and the Partner, the Group acquired an additional equity interest of 2.5% in Jade Summit from the Partner at a consideration of approximately RMB16,300,000 (equivalent to approximately HK$18,300,000). Upon the completion of the acquisition, the Group hold a total of 27.5% equity interest in Jade Summit and its subsidiaries (collectively the "**Jade Summit Group**").

The summarised financial information of the Jade Summit Group, a material associate of the Group, is set out below:

	HK$'000
As at 31 December 2016	
Current assets	830,529
Non-current assets	19,423
Current liabilities	(43,568)
Non-current liabilities	(755,656)
Net assets	50,728
Group's effective interest	27.5%
Group's share of net assets of the associate and carrying amount of the investment	13,950
Period from 4 November 2016 (date of incorporation of Jade Summit) to 31 December 2016	
Revenue	—
Profit for the period	(1,520)
Other comprehensive income	(13,482)
Total comprehensive income	(15,002)
Gain on bargain purchase on acquisition of an associate	17,792
Loan to an associate	201,730

20. INTERESTS IN ASSOCIATES *(continued)*

Notes: (continued)

(d) During the year ended 31 December 2015, the Group's entire 30% equity interest in Topsearch Printed Circuits (Shenzhen) Ltd was disposed of to an independent third party, which resulted in a gain of approximately HK$156,505,000.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	HK$'000	*HK$'000*
Club debentures, at fair value	**2,107**	1,857

The fair values of the club debentures are based on recent transaction prices.

22. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Raw materials and consumables	**54,558**	45,194
Work in progress	**17,249**	14,003
Finished goods	**27,587**	39,174
	99,394	98,371
Less: Allowance for obsolete inventories	**(20,681)**	(21,367)
	78,713	77,004

23. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**112,835**	107,317
Less: Allowance for doubtful debts	**(1,286)**	(2,503)
	111,549	104,814

23. TRADE RECEIVABLES *(continued)*

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:

	2016	2015
	HK$'000	*HK$'000*
Denominated in United States dollars ("**US$**")	**85,696**	97,399

Customers are generally granted with credit terms of 30 to 120 days. 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:

	2016	2015
	HK$'000	*HK$'000*
0 — 30 days	**54,645**	43,948
31 — 60 days	**35,703**	37,620
61 — 90 days	**21,191**	20,586
Over 90 days	**10**	2,660
	111,549	104,814

As at 31 December 2016, trade receivables of approximately HK$81,461,000 (2015: HK$80,748,000) 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.

23. TRADE RECEIVABLES *(continued)*

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

	2016	2015
	HK$'000	HK$'000
0 — 30 days past due	28,231	19,302
31 — 90 days past due	1,857	4,764
	30,088	24,066

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:

	2016	2015
	HK$'000	HK$'000
At beginning of the year	2,503	1,727
(Reversal of)/impairment loss recognised	(3)	841
Bad debts written off	—	(32)
Disposal of a subsidiary	(1,185)	—
Exchange realignment	(29)	(33)
At end of the year	1,286	2,503

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

24. LOAN RECEIVABLES

	2016	2015
	HK$'000	HK$'000
Secured loan *(Note a)*	123,799	—
Entrusted loan *(Note b)*	43,799	—
	167,598	—

Notes:

(a) On 17 November 2016 and 28 November 2016, the Group entered into a loan agreement and a supplementary loan agreement, respectively, with an independent third party borrower (the "**Borrower I**"). The principal activity of the Borrower I is property development. The loan is secured by 70% equity interest of the Borrower I and personal guarantees of three equity holders of the Borrower I , which are all independent third party individuals. The secured loan bears fixed interest rate of 11% per annum and is repayable by 28 February 2017.

(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 II**"). The Trustee has entered into a separate loan agreement with the Borrower II for the provision of the loan (the "**Loan**") with a principal amount of RMB39,200,000 (equivalent to HK$43,799,000) for a term of three months. The Loan 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 II by its equity holders; and (c) personal guarantees to be provided by the equity holders of the Borrower II and a PRC citizen related to the Borrower II.

(c) As at 31 December 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

	2016	2015
	HK$'000	*HK$'000*
Listed equity investments, at market value	**639,429**	—

The above equity investments at 31 December 2016 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$532,630,000.

26. BANK BALANCES AND DEPOSITS

	2016	2015
	HK$'000	*HK$'000*
Structured deposit *(Note 27)*	**558,659**	—
Bank balances and cash	**434,125**	96,985
	992,784	96,985

At 31 December 2016 and 2015, 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:

	2016	2015
	HK$'000	*HK$'000*
Denominated in Renminbi ("**RMB**")	**12,268**	75,571
Denominated in US$	**27,671**	11,600
Denominated in Euro dollars	**122**	127
Denominated in Great British Pound	**477**	572
Denominated in Macau Pataca ("**MOP**")	**83**	202

27. STRUCTURED DEPOSIT

The structured deposit as at 31 December 2016 consisted of deposit amounting to HK$558,659,000 (2015: Nil) denominated in Renminbi and issued by a bank in the PRC. The structured deposit carries 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**44,027**	27,201
31 — 60 days	**29,923**	22,665
61 — 90 days	**23,372**	17,575
Over 90 days	**37,212**	25,648
	134,534	93,089

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:

	2016	2015
	HK$'000	*HK$'000*
Denominated in US$	**29,766**	34,857

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 leases certain plant and machinery items. Such arrangements are generally classified as finance leases as the ownership of the assets will be transferred to the Group by the end of the lease terms.

Future lease payments are due as follows:

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

	Minimum lease payments 2015 *HK$'000*	Interest 2015 *HK$'000*	Present value 2015 *HK$'000*
Not later than one year	3,525	187	3,338
Later than one year and not later than two years	588	14	574
	4,113	201	3,912

The present value of future lease payments are analysed as:

	2016 *HK$'000*	2015 *HK$'000*
Current liabilities	**545**	3,338
Non-current liabilities	**—**	574
	545	3,912

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

30. BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Secured bank loans repayable within one year *(Note a)*	**109,498**	152,510
Other loans, unsecured *(Note b)*	**733,854**	—
Other loans, secured *(Note b)*	**189,944**	—
	1,033,296	152,510
Current portion	**843,352**	152,510
Non-current portion	**189,944**	—
	1,033,296	152,510

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 2015, certain bank loans were also secured by the assignment of the Group's trade receivables of approximately HK$53,720,000. As at 31 December 2016, bank loans of approximately HK$109,498,000 (2015: HK$115,294,000) carried floating interest rates and the effective interest rate ranged from 4.13% to 6.15% (2015: 5.35% to 6.15%) per annum. As at 31 December 2015, bank loans of approximately HK$37,216,000 carried fixed interest rates ranging from 1.21% to 1.93% per annum.

(b) As at 31 December 2016, other loans with an independent third party amounting to approximately HK$733,854,000 are unsecured, bear interests at a rate of 5% per annum and repayable within the next twelve months. The remaining balance of other loans is secured by equity interests in certain subsidiaries of the Group's manufacturing segment, bears interest at a rate of 5% per annum 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:

	2016	2015
	HK$'000	*HK$'000*
Denominated in US$	**—**	37,216

31. LOAN FROM A RELATED COMPANY

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

32. LOANS FROM A DIRECTOR/A SHAREHOLDER

	2016	2015
	HK$'000	*HK$'000*
Unsecured loans from a director (2015: a controlling shareholder):		
— interest bearing at 7% and repayable on 2 January 2018 (2015: 2 January 2016)	**91,378**	94,698

The loans were advanced by Mr. Cheok, an executive director of the Company. As further detailed in note 1, Mr. Cheok was not a controlling shareholder after the completion of his disposal of 51.025% of the entire issued share capital of the Company on 15 January 2016. Mr. Cheok remains as an executive director of the Company up to the date of approval of these financial statements.

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

	2016	2015
	HK$'000	*HK$'000*
Denominated in RMB	**3,709**	3,906
Denominated in US$	**643**	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 HK$'000	Tax losses HK$'000	Impairment of property, plant and equipment HK$'000	Revaluation of property HK$'000	Unrealised fair value gain on equity instruments at fair value through profit of loss HK$'000	Total HK$'000
At 1 January 2015	3,185	(1,588)	(1,597)	—	—	—
Charged to reserve during the year	—	—	—	4,067	—	4,067
At 31 December 2015 and 1 January 2016	3,185	(1,588)	(1,597)	4,067	—	4,067
Charged to profit or loss during the year *(Note 15)*	—	—	—	—	41,462	41,462
Credited to reserve during the year	—	—	—	(656)	—	(656)
At 31 December 2016	3,185	(1,588)	(1,597)	3,411	41,462	44,873

At the end of reporting period, the Group had unused tax losses arising in the PRC of approximately HK$54,822,000 (2015: HK$55,492,000) that will expire in one to five years for offsetting against future taxable profit. 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$150,105,000 (2015: HK$158,270,000) in respect of 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 2016 and 2015, the Group did not have other material unrecognised deferred tax.

34. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

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, in connection with the disposals of certain subsidiaries and an associate of the Group. The disposals constituted connected transactions under the Listing Rules.

As at 31 December 2015, the following major classes of assets and liabilities relating to these subsidiaries and associate were classified as held for sale in the consolidated statement of financial position.

	2015 *HK$'000*
Property, plant and equipment	126,591
Payments for leasehold land held for own use	16,837
Interests in associates	73,224
Other receivables	684
Bank balances and cash	344
	217,680
Trade payables	341
Other payables and accruals	37,094
	37,435

No impairment loss was recognised as the fair values less costs to sell of the disposal groups are not less than their carrying amounts.

34. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE *(continued)*

The disposal groups did not constitute a discontinued operation as they did not represent a major line of business or geographical area of operation.

The fair values less costs to sell of the disposal groups were estimated using the agreed selling price.

The disposals were completed on 15 January 2016. There were no assets and liabilities of disposal groups classified as held for sale as at 31 December 2016.

35. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each ('000)	HK$'000
Authorised:		
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	2,000,000	200,000
Issued and fully paid:		
At 1 January 2015, 31 December 2015 and 1 January 2016	1,000,000	100,000
Issue of shares on placement *(Note)*	440,000	44,000
At 31 December 2016	1,440,000	144,000

Notes:

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 amount, 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.

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	Accumulated losses	Share-based compensation benefits reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2015	337,854	(533,674)	—	(195,820)
Profit for the year	—	4,769	—	4,769
At 31 December 2015 and 1 January 2016	337,854	(528,905)	—	(191,051)
Issue of shares on placements, net of expenses *(Note 35)*	616,533	—	—	616,533
Equity-settled share-based compensation benefits *(Note 37)*	—	—	55,806	55,806
Profit for the year	—	10,007	—	10,007
At 31 December 2016	954,387	(518,898)	55,806	491,295

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.

37. SHARE AWARD SCHEME *(continued)*

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.

During the year, and as at 31 December 2016, 120,000,000 share awards granted to two directors of the Company, no share awards were lapsed, exercised or transferred during the year ended 31 December 2016 (2015: Nil). There is no exercise price required under the Share Award Scheme.

Out of the 120,000,000 share awards outstanding as at 31 December 2016, 24,000,000 share awards were vested and were exercisable subsequent to 31 December 2016.

The weighted average fair value of awarded shares granted during the year ended 31 December 2016 was HK$2.28 per share (2015: Nil). The Group recognised a equity-settled shared based compensation benefits expense of approximately HK$55,806,000 (2015: Nil) during the year ended 31 December 2016.

38. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,605**	—
Investments in subsidiaries		**1,000**	1,000
Rental and utility deposits		**23**	—
Available-for-sale financial assets		**250**	—
Total non-current assets		**10,878**	1,000
CURRENT ASSETS			
Other current assets		**1,834**	2,069
Amounts due from subsidiaries		**651,526**	—
Bank balances and cash		**187,208**	2,204
Total current assets		**840,568**	4,273
CURRENT LIABILITIES			
Other payables and accruals		**16,151**	1,626
Loans from a shareholder		**—**	94,698
Loan from a related company		**200,000**	—
Total current liabilities		**216,151**	96,324
NET CURRENT ASSETS/(LIABILITIES)		**624,417**	(92,051)
NET ASSETS/(LIABILITIES)		**635,295**	(91,051)
CAPITAL AND RESERVES			
Share capital	*35*	**144,000**	100,000
Reserves	*36*	**491,295**	(191,051)
TOTAL EQUITY/(DEFICIENCY IN SHAREHOLDERS' FUND)		**635,295**	(91,051)

On behalf of the Board

Liu Tingan
Director

Cheok Ho Fung
Director

39. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2016 are set out below:

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital	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

39. SUBSIDIARIES *(continued)*

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital	Attributable equity interest held by the Company Directly	Attributable equity interest held by the Company Indirectly	Principal activities
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
Perfect Stage Investments Limited	BVI/Hong Kong	Ordinary share US$1	—	100%	Investment holding

* 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.

39. SUBSIDIARIES *(continued)*

None of the subsidiaries had issued any debt securities as at 31 December 2016 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:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**2,622**	3,710
In the second to fifth years inclusive	**356**	2,122
	2,978	5,832

Operating lease payments represent rentals payable by the Group for its office properties 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

	2016	2015
	HK$'000	*HK$'000*
Capital expenditure, contracted for but not provided in the consolidated financial statements, in respect of:		
— Acquisition of plant and machinery	**2,194**	383
— Committed investment	**340,000**	—
	342,194	383

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**	**2016** *HK$'000*	2015 *HK$'000*
Keentop Investment Limited ("**Keentop**") *(Note i)*	Rental expenses and management fee expenses	**2,124**	2,122
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	**1,200**	—
Shenzhen Shengda *(Note 20a)*	Interest income from a loan to an associate	**7,511**	—

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 1 June 2011, the monthly rental and management fees were revised to HK$165,000 and HK$9,900 for the period from 1 June 2011 to 31 May 2014. The tenancy agreement was renewed on 28 May 2014 for three years from 1 June 2014 to 31 May 2017 under the same terms and conditions, except that the monthly management fee was increased to HK$11,390 from 1 June 2014 to 31 March 2015 and HK$12,000 from 1 April 2015 to 31 May 2017 (subject to adjustment). Further details are set out in the Company's announcement dated 28 May 2014.

42. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Note: (continued)

(i) 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:

	2016	2015
	HK$'000	HK$'000
Within one year	825	1,980
In the second to fifth years inclusive	—	825
	825	2,805

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 constitute connected transactions 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 14 to the consolidated financial statements.

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(a) Categories of financial assets and financial liabilities

	2016	2015
	HK$'000	HK$'000
Financial assets		
Fair value through profit or loss — Equity investments	639,429	—
Loan receivables (including cash and cash equivalents), at amortised cost	1,297,524	207,600
Available-for-sale financial assets, at fair value	2,107	1,857
Financial liabilities		
Financial liabilities at amortised cost	1,516,628	373,172

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

(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 based on discounted cash flow analysis.

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.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities; Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs).

Equity investments at fair value through profit loss are measured at fair value grouped into Level 1. The fair value is determined with reference to quoted market prices in an active market.

Available-for-sale financial assets are measured subsequent to initial recognition at fair value, grouped into Level 2.

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:

	2016	2015
	HK$'000	*HK$'000*
Assets		
US$	**113,378**	109,000
RMB	**12,268**	76,463
HK$	**—**	25
Euro dollars	**122**	127
Great British Pound	**477**	572
Macau Pataca	**83**	202
Liabilities		
RMB	**3,705**	3,902
US$	**29,153**	72,715

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$. In addition, the monetary assets denominated in Euro dollars, Great British Pound and HK$ are not significant and the directors of the Company consider that the Company's exposure to the currency of Euro dollars, Great British Pound 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.

	2016	2015
	HK$'000	*HK$'000*
US$		
Decrease in profit for the year	**(955)**	(2,546)
RMB		
Increase in profit for the year	**357**	3,029

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/a shareholder.

The Group is also exposed to cash flow interest rate risk in relation to bank balances and deposits and bank borrowings 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.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial liabilities. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 300 basis point (2015: 300 basis points) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 300 basis points (2015: 300 basis points) higher and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would decrease by HK$2,464,000 (2015: HK$2,594,000).

The Group's exposure to cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China lending rate arising from the Group's bank borrowings. 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 of products are made 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 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(iii) Credit risk *(continued)*

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.

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 14% (2015: 27%) 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 financial statements; and the entire loan receivables were due from two debtors as detailed in note 24 to the 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***
2016					
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**

	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*
2015					
Trade payables	—	93,089	—	93,089	93,089
Other payables	—	28,963	—	28,963	28,963
Loans from a shareholder	7	98,040	—	98,040	94,698
Borrowings	4.45	155,730	—	155,730	152,510
Obligation under finance leases	5.14	3,525	588	4,113	3,912
		379,347	588	379,935	373,172

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 2015 and 31 December 2016.

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/a shareholder 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:

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**134,534**	93,089
Other payables and accruals	**101,046**	78,667
Borrowings	**1,033,296**	152,510
Loans from a director/a shareholder	**91,378**	94,698
Loan from a related company	**200,000**	—
Obligation under finance leases	**545**	3,912
Less: Bank balances and deposits	**(992,784)**	(96,985)
Net debt	**568,015**	325,891
Total capital	**1,167,378**	340,309
Total capital and net debt	**1,735,393**	666,200
Gearing ratio	**33%**	49%

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. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 25 January 2017, the Group entered into a subscription agreement with an investment fund, a company incorporated in Cayman Islands, pursuant to which the Group applied to subscribe for the participating shares at an amount of HK$200,000,000. The investment fund is managed by an independent third party, Partners Investment Management Limited, with an objective to generate long term capital appreciation for each participant. This transaction constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 25 January 2017.

48. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2017.

Five-Year Financial Summary

31 December 2016

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.

	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**803,194**	566,630	610,340	720,372	817,004
Profit/(loss) before income tax expense	**222,208**	15,868	(163,299)	(90,682)	98,210
Income tax expense	**(47,036)**	(2,413)	(3,295)	(3,585)	(4,557)
Profit/(loss) for the year	**175,172**	13,455	(166,594)	(94,267)	93,653
Profit/(loss) attributable to:					
Owners of the company	**177,228**	17,904	(161,895)	(90,381)	96,341
Non-controlling interests	**(2,056)**	(4,449)	(4,699)	(3,886)	(2,688)
Assets and liabilities					
Total assets	**2,791,497**	807,117	932,068	1,028,802	1,434,886
Total liabilities	**(1,624,119)**	(466,808)	(560,155)	(475,305)	(811,427)
Total net assets	**1,167,378**	340,309	371,913	553,497	623,459