THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China HKBridge Holdings Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

中國港橋控股有限公司
China HKBridge Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AT HK$2.2 PER RIGHTS SHARE; (3) APPLICATION FOR WHITEWASH WAIVER; AND (4) NOTICE OF SPECIAL GENERAL MEETING

Underwriter of the Rights Issue

Youfu Investment Co., Ltd

Independent financial adviser to
the Independent Board Committee and the Independent Shareholders

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 12 to 40 of this circular. A letter from the Independent Board Committee is set out on pages 41 to 42 of this circular. A letter from TC Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 43 to 76 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 25 October 2017. Any Shareholder or other person dealing in the Shares from the Latest Practicable Date up to the date on which all conditions of the Rights Issue are fulfilled (which is expected to be at 4:00 p.m. on Tuesday, 21 November 2017), and any dealings in the Rights Shares in their nil-paid form from Tuesday, 7 November 2017 at 9:00 a.m. to Wednesday, 15 November 2017 at 4:00 p.m. (both days inclusive), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealings in the securities of the Company are recommended to consult their own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed "Termination of the Underwriting Agreement" on pages 10 to 11 of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

A notice convening the SGM to be held at Room 3601-02, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Monday, 23 October 2017 at 10:00 a.m. is set out on pages SGM-1 to SGM-4 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. no later than 10:00 a.m. on Saturday, 21 October 2017 (Hong Kong time)) or any adjournment thereof (as the case maybe). Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case maybe) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

29 September 2017

CONTENTS

Page

Set out below is the expected timetable for the Rights Issue which is indicative only and is subject to change. Further announcement(s) will be made by the Company should there be any changes to the expected timetable.

Event	2017
Expected despatch date of the Circular, proxy form and notice of the SGM	Friday, 29 September
Latest time for registration of Shares to be qualified for attendance and voting at the SGM	4:30 p.m. on Monday, 16 October
Closure of register of members of the Company for determining entitlements to attend the SGM	From Tuesday, 17 October to Monday, 23 October (both dates inclusive)
Latest time for lodging proxy forms for the SGM	10:00 a.m. on Saturday, 21 October
Record date for determining entitlements to attend the SGM	Monday, 23 October
Expected time and date of the SGM	10:00 a.m. on Monday, 23 October
Announcement of poll results of the SGM	Monday, 23 October
Effective date of the Increase in Authorised Share Capital	Monday, 23 October
Last day of dealings in the Shares on a cum-rights basis	Tuesday, 24 October
First day of dealings in the Shares on an ex-rights basis	Wednesday, 25 October
Latest time for the Shareholders to lodge transfer of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Thursday, 26 October

Closure of register of members of the Company for determining entitlements to the Rights Issue	From Friday, 27 October to Thursday, 2 November (both dates inclusive)
Record Date for determining entitlements to the Rights Issue	Thursday, 2 November
Register of members of the Company re-opens	Friday, 3 November
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, Prospectus only)	Friday, 3 November
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Tuesday, 7 November
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 10 November
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 15 November
Latest Acceptance Time	4:00 p.m. on Monday, 20 November
Latest Termination Time and the Rights Issue becomes unconditional	4:00 p.m. on Tuesday, 21 November
Announcement of the allotment results of the Rights Issue	Monday, 27 November
Despatch of certificates for the fully-paid Rights Shares	Tuesday, 28 November
Despatch of refund cheques if the Rights Issue does not proceed and in respect of wholly or partially unsuccessful application(s) for excess Rights Shares	on or before Tuesday, 28 November
Expected first day of dealings in the fully-paid Rights Shares	9:00 a.m. on Wednesday, 29 November

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

All times and dates in this circular refer to Hong Kong local times and dates. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Monday, 20 November 2017, being the date of the Latest Acceptance Time,

(a) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Acceptance Time will be postponed to 5:00 p.m. on the same Business Day; or

(b) at any time between 12:00 noon and 4:00 p.m., the Latest Acceptance Time will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

the dates mentioned in the expected timetable above (including, without limitation, the Latest Termination Time) may be affected.

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Announcement"	the announcement of the Company dated 31 August 2017 in relation to, among other things, the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the appointment of independent financial adviser
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associates"	has the meaning ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day, not being a Saturday, Sunday or public holiday, on which banks are open for business (including for dealings in foreign currency deposits and exchange) in Hong Kong
"BVI"	British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China Aim"	China Aim Holdings Limited, a company incorporated in Hong Kong and is wholly-owned by Ms. Liu Hui（劉慧）
"China Aim Undertaking"	the undertaking dated 27 September 2017 given by China Aim pursuant to which China Aim has irrevocably undertaken (among other matters) not to subscribe for any Rights Shares
"China Tian Yuan"	China Tian Yuan Manganese Limited (中國天元錳業有限公司), a company incorporated in the Cayman Islands and wholly-owned by Ningxia Tian Yuan Manganese Industry Co., Ltd.* (寧夏天元錳業有限公司), which is in turn owned as to 99.62% by Mr. Jia, 0.19% by Ms. Dong Jufeng (東菊鳳) and Ms. Zhu Fenglian (朱鳳蓮), respectively
"Company"	China HKBridge Holdings Limited (stock code: 2323), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

"Completion"	completion of the Rights Issue
"connected person(s)"	has the meaning ascribed to such term under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to such term under the Listing Rules
"Director(s)"	the director(s) of the Company
"EAF(s)"	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
"Excluded Shareholders"	the Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares, on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his/her delegate(s)
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent board committee of the Company comprising all the non-executive and independent non-executive Directors, namely Mr. Mao Yumin, Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence, which has been established to advise the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and as to voting

"TC Capital"	TC Capital International Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
"Independent Shareholders"	Shareholders other than Mr. Liu, China Tian Yuan, China Aim, the Underwriter, Zhisheng and their respective associates and parties acting in concert with any of them and those who is/are involved in or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) the Company or its connected persons
"Irrevocable Undertakings"	the irrevocable undertakings dated 31 August 2017 given by each of the Underwriter, Mr. Sun, China Tian Yuan and Mr. Jia in favor of the Company, details of which are set out in the paragraph headed "Underwriting Agreement – Irrevocable Undertakings" in this circular
"Last Trading Day"	31 August 2017, being the date of the Underwriting Agreement and the last trading day of the Shares before the release of the Announcement
"Latest Acceptance Time"	4:00 p.m. on Monday, 20 November 2017, or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
"Latest Termination Time"	4:00 p.m. on Tuesday, 21 November 2017, being the first Business Day after the Latest Acceptance Time, or such later time as may be agreed between the Company and the Underwriter in writing

"Latest Practicable Date"	26 September 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
"Mr. Jia"	Mr. Jia Tianjiang (賈天將), who holds 99.62% of the issued share capital of Ningxia Tian Yuan Manganese Co., Ltd.* (寧夏天元錳業有限公司), which in turn wholly owns China Tian Yuan
"Mr. Liu"	Mr. Liu Tingan (劉廷安), the executive Director, the chairman of the Board and the chief executive officer of the Company
"Mr. Sun"	Mr. Sun Mingwen (孫明文), the sole shareholder of the Underwriter and the brother-in-law of Ms. He
"Ms. He"	Ms. He Yeqin (賀葉芹), the sole shareholder of Zhisheng and the sister-in-law of Mr. Sun
"Outstanding Share Awards"	the outstanding awards to Mr. Liu, an executive Director, of up to 48,000,000 new Shares pursuant to the Share Award Scheme
"Overseas Shareholder(s)"	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
"PRC"	the People's Republic of China
"Prospectus"	the prospectus to be despatched to the Shareholders in relation to the Rights Issue in such form as may be agreed between the Company and the Underwriter
"Prospectus Documents"	the Prospectus, the PAL and the EAF
"Prospectus Posting Date"	Friday, 3 November 2017, or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents

"Qualifying Shareholder(s)"	the Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the Record Date, other than the Excluded Shareholders
"Record Date"	Thursday, 2 November 2017, being the date by reference to which entitlements to the Rights Issue will be determined
"Registrar"	the Company's branch share registrar and transfer office in Hong Kong, which is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period from 28 February 2017, being the date falling six months prior to the date of the Announcement, up to the Latest Practicable Date
"Rights Issue"	the issue of one (1) Rights Share for every two (2) existing Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
"Rights Shares"	a total of 732,000,000 Share(s) to be allotted and issued under the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date)
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be convened and held to consider and approve, among other things, (i) the Increase in Authorised Share Capital; (ii) the Rights Issue; (iii) the Underwriting Agreement and the transactions contemplated thereunder; and (iv) the Whitewash Waiver
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on 17 May 2016, brief details of which are set out in the Company's circulars dated 5 July 2016 and 30 September 2016, respectively

"Shareholder(s)"	shareholder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price in respect of each Rights Share, being HK$2.2 per Rights Share
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs
"Underwriter"	Youfu Investment Co., Ltd, a company incorporated in the BVI and which is wholly-owned by Mr. Sun (the brother-in-law of Ms. He)
"Underwriting Agreement"	the underwriting agreement dated 31 August 2017 entered into between the Company and the Underwriter in relation to the Rights Issue
"Underwritten Shares"	441,903,667 Rights Shares, being the total number of Rights Shares less a total of 290,096,333 Rights Shares to be taken up by the Underwriter and China Tian Yuan pursuant to the Irrevocable Undertakings
"Whitewash Waiver"	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it as a result of the subscription of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement and the Irrevocable Undertakings of the Underwriter
"Zhisheng"	Zhisheng Enterprise Investment Co. Ltd., a company incorporated in the BVI and is wholly-owned by Ms. He Yeqin (the sister-in-law of Mr. Sun)
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent.

The English text of this circular shall prevail over their Chinese texts in case of inconsistency.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Latest Termination Time is 4:00 p.m. on Tuesday, 21 November 2017 (being the first Business Day after the Latest Acceptance Time on Monday, 20 November 2017), or such later time as may be agreed between the Company and the Underwriter. If, prior to the Latest Termination Time, one or more of the following events or matters shall occur, arise, exist, or come into effect:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business, the financial or trading position or prospects of the Group as a whole;

(c) any material adverse change after the signing of the Underwriting Agreement in the business, the financial or trading position or prospects of the Group as a whole;

(d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business, the financial or trading position or prospects of the Group as a whole;

(e) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;

(f) there is, after signing of the Underwriting Agreement, any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the PRC or other jurisdiction relevant to any member of the Group and a change in currency conditions for this purpose which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(g) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or the Takeovers Code or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company, which event or events is or are in the reasonable opinion of the Underwriter material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company served prior to the Latest Termination Time to terminate the Underwriting Agreement.

Upon giving of termination notice by the Underwriter to the Company pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement.

If the Underwriting Agreement is terminated, the Rights Issue will not proceed. A further announcement would be made if the Underwriting Agreement is so terminated.

中國港橋控股有限公司
China HKBridge Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

Executive Directors:
Mr. LIU Tingan
(Chairman and Chief Executive Officer)
Mr. CHEOK Ho Fung *(Deputy Chairman)*

Non-executive Director:
Mr. MAO Yumin

Independent non-executive Directors:
Mr. Ng Man Kung
Dr. Ngai Wai Fung
Mr. Lau Fai Lawrence

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Place of Business in Hong Kong:
Room 3601-02,
Bank of America Tower
12 Harcourt Road, Central
Hong Kong

29 September 2017

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AT HK$2.2 PER RIGHTS SHARE;
(3) APPLICATION FOR WHITEWASH WAIVER; AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement whereby the Board announced that the Company proposed to raise gross proceeds of approximately HK$1,610.4 million by way of the Rights Issue on the basis of one Rights Shares for every two existing Shares held on the Record Date (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Company will allot and issue 732,000,000 Rights Shares at the Subscription Price of HK$2.2 per Rights Share. The estimated net proceeds from the Rights Issue will be approximately HK$1,595.4 million. The Rights Issue is conditional on, among other things, the passing of the ordinary resolutions by the Independent Shareholders at the SGM to approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver.

The purpose of this circular is to provide you with, among other things, (i) details of the Increase in Authorised Share Capital; (ii) details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iv) the letter of advice from TC Capital to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver; (v) financial information of the Group; (vi) other information as required under the Listing Rules and the Takeovers Code; and (vii) a notice convening the SGM, at which ordinary resolutions will be proposed to consider and, if thought fit, approve, among other things, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

INCREASE IN AUTHORISED SHARE CAPITAL

On 31 August 2017, the Board announced that the Company proposed to raise gross proceeds of approximately HK$1,610.4 million by issuing 732,000,000 Rights Shares. The Board proposes to increase the Authorised Share Capital of the Company from HK$200,000,000 (divided into 2,000,000,000 Shares (of a par value of HK$0.10 per Share)) to HK$500,000,000 (divided into 5,000,000,000 Shares (of a par value of HK$0.10 per Share)) by the creation of additional 3,000,000,000 unissued Shares. As at the Latest Practicable Date, the number of unissued Shares is 536,000,000 Shares which falls short of the maximum number of 732,000,000 Rights Shares to be allotted and issued under the Rights Issue. The Board considers that the Increase in Authorised Share Capital will facilitate the issue of the Rights Shares and give greater flexibility to the Company to, when necessary, raise funds through the issue of new Shares in the future. As such, the Board is of the view that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM to consider and approve it.

THE PROPOSED RIGHTS ISSUE

The Company will allot and issue 732,000,000 Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date) at the Subscription Price of HK$2.2 per Rights Share. The estimated net proceeds from the Rights Issue will be approximately HK$1,595.4 million. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. For further details, please refer to the section headed "The Underwriting Agreement" below.

Rights Issue statistics

Basic of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Number of existing Shares in issue as at the Latest Practicable Date	:	1,464,000,000 Shares
Number of Rights Shares	:	732,000,000 Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date)
Subscription Price	:	HK$2.2 per Rights Share with a nominal value of HK0.1 each The net Subscription Price for each Rights Share is approximately HK$2.18
Number of Shares in issue upon Completion	:	2,196,000,000 Shares (further assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date)
Underwriter:	:	Youfu Investment Co., Ltd, a company wholly-owned by Mr. Sun and which owns 340,192,667 Shares as at the Latest Practicable Date

Outstanding Share Awards

As at the Latest Practicable Date, there are Outstanding Share Awards held by Mr. Liu, an executive Director, pursuant to which up to 48,000,000 Shares (representing approximately 3.28% of the existing issued share capital of the Company) may be issued upon certain vesting conditions being met. The relevant award Shares attached to such Outstanding Share Awards will be vested in tranches of 12,000,000 shares (representing approximately 0.82% of the existing issued share capital of the Company) per year. The next vesting date of the second tranche of award Shares in respect of the Outstanding Share Awards is 31 March 2018. For such reasons and having regard to the current timetable of the proposed Rights Issue, the total number of Rights Shares will not be affected by the Outstanding Share Awards.

Upon Completion, it is expected that the number of award Shares attached to the Outstanding Share Awards would not be subject to any adjustment.

Other convertible securities

As at the Latest Practicable Date, save for the Outstanding Share Awards, there were no derivatives, outstanding convertible securities, options or warrants of the Company in issue which confer any right to subscribe for, convert or exchange into the Shares as at the Latest Practicable Date.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the 732,000,000 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent (i) 50% of the total number of Shares in issue in the Company as at the Latest Practicable Date; and (ii) approximately 33.33% of the total number of Shares in issue in the Company as enlarged by the issue of the Rights Shares.

The Subscription Price

The Subscription Price of HK$2.2 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a renouncee of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the relevant Rights Shares. The Subscription Price represents:

(a) a discount of approximately 2.22% to the closing price of HK$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 21.43% to the closing price of HK$2.80 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**Last Trading Date Price**");

(c) a discount of approximately 21.43% to the closing price of HK$2.80 per Share as quoted on the Stock Exchange on 30 August 2017 (being the last business day prior to the date of the Announcement);

(d) a discount of approximately 22.04% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK$2.82 per Share;

(e) a discount of approximately 22.73% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK$2.85 per Share;

(f) a discount of approximately 15.38% to the theoretical ex-rights price of approximately HK$2.60 per Share based on the Last Trading Date Price;

(g) a premium of approximately 171.60% over the audited consolidated net asset value per Share as at 31 December 2016 of approximately HK$0.81 (which is calculated based on the audited consolidated net asset value of the Group attributable to the owners of the Company as at 31 December 2016 of approximately HK$1,167,378,000 and 1,440,000,000 Shares in issue as at 31 December 2016); and

(h) a premium of approximately 165.06% over the unaudited consolidated net asset value per Share as at 30 June 2017 of approximately HK$0.83 (which is calculated based on the unaudited consolidated net asset value of the Group attributable to the owners of the Company as at 30 June 2017 of approximately HK$1,217,051,000 and 1,464,000,000 Shares in issue as at 30 June 2017).

The theoretical ex-rights price of approximately HK$2.60 per Share (based on the Last Trading Date Price) represents a discount of approximately 7.14% to the Last Trading Day Price.

To ensure the terms of the Rights Issue, including the Subscription Price, are the best available terms, such terms were determined after arm's length negotiations between the Company and the Underwriter, after having taken into account the following factors:

(a) in view of the persistent loss-making position of the Group, the fact that last year was the first year turning from loss-making to profit-making (excluding one-off exceptional gains), and the uncertainties stemming from the recent volatile market sentiment, it would be difficult to attract all the Qualifying Shareholders to reinvest in the Company through Rights Issue if the Subscription Price was not set at a discount to the prevailing market price of the Shares;

(b) the need for setting the Subscription Price at a discount to the recent closing prices of the Shares in order to encourage the Qualifying Shareholders to subscribe for the Rights Shares thereby mitigating the underwriting risk to the Underwriter such that the Underwriter is willing to fully underwrite all the Rights Shares. This provides higher certainty to the Group to raise the necessary fund to cater for its capital needs for business development; and

(c) the rights issue ratio was determined taking into account the size of fund raising required to satisfy the capital needs of the Group mentioned in the paragraphs headed "Business plans and reasons for the Rights Issue" and "Intended use of proceeds" in this section and the Subscription Price being set on the basis described above.

Despite the potential dilution effect of the Rights Issue on the shareholding interests of the Shareholders in the Company if such Shareholders do not take up their provisional allotments under the Rights Issue, the Directors (excluding members of the Independent Board Committee whose view is formed and set out in the section headed "Letter from the Independent Board Committee" in the circular) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole taking into account the above mentioned factors and that:

(a) all Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue and the Underwriting Agreement through their votes at the SGM;

(b) the Rights Issue provides all Qualifying Shareholders an opportunity to subscribe for the Rights Shares for the purpose of maintaining their respective existing shareholding interests (through taking up their entitlements) or increasing their shareholding interests (through making excess applications) in the Company at lower price as compared to the current market prices of the Shares; and

(c) those Qualifying Shareholders who do not wish to take up their entitlements in the Rights Issue are able to sell their entitled nil-paid Rights Shares in the market, while those who wish to increase their shareholding interests in the Company through the Rights Issue are able to acquire additional nil-paid Rights Shares in the market.

Conditions of the Rights Issue

The Rights Issue is conditional on, among other things, the passing of the ordinary resolutions by the Independent Shareholders at the SGM to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. Please refer to the paragraph headed "The Underwriting Agreement – Conditions" below for details of the conditions of the Underwriting Agreement.

Status of the Rights Shares

The Rights Shares, when allotted and fully-paid, will rank pari passu with the Shares then in issue in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the fully-paid Rights Shares.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purposes only, to the Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must be (a) a registered member of the Company at the close of business on the Record Date and (b) a Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, investors whose Shares are held by their nominee(s) (or held in CCASS) must lodge any transfers of the Shares (together with the relevant Share certificates) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Thursday, 26 October 2017.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company, as at the Latest Practicable Date, there was no Overseas Shareholder.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/ herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company will continue to ascertain whether there are any other Overseas Shareholder(s) on the Record Date, and make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholder(s) and no provisional allotment of nil-paid Rights Shares or allotment of Rights Shares will be made to them. The Company will only send the Prospectus to the Excluded Shareholders for their information. The Excluded Shareholders will, however, be entitled to attend and vote at the SGM. Further information in this connection will be set out in the Prospectus. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus (without PAL or EAF) to the Excluded Shareholders for their information only on the Prospectus Posting Date.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealing in the nil-paid Rights Shares. If a premium (net of expenses and stamp duty) can be obtained, the net proceeds of such sale, less expenses, will be paid pro rata to the Excluded Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlements of the Excluded Shareholders will be taken up by excess application on the EAF or the Underwriter pursuant to the terms of the

Underwriting Agreement. For the avoidance of doubt, the Excluded Shareholders will be entitled to vote at the SGM.

Overseas Shareholder(s) and beneficial owners of the Shares who are residing outside Hong Kong should note that he/she/it/they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholder(s) should exercise caution when dealing in the securities of the Company.

Closure of register of members for establishing entitlements to the Rights Issue

The Company's register of members will be closed from Friday, 27 October 2017 to Thursday, 2 November 2017, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number), and all nil-paid Rights Shares arising from such aggregation will be sold by the Company in the market and, if a premium (net of expenses and stamp duty) can be obtained, the Company will keep the net proceeds for its own benefit. Any unsold aggregate fractions of the nil-paid Rights Shares will be made available for excess application on the EAF by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for (a) any unsold entitlements of the Excluded Shareholders, (b) any Rights Shares provisionally allotted but not taken up by other Qualifying Shareholders and (c) any unsold aggregate fractions of Rights Shares.

Application may be made by duly completing and signing the EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the Latest Acceptance Time. The Board will allocate the excess Rights Shares (if any) at its discretion on a pro rata basis in proportion to the number of excess Right Shares being applied for under each application to the Qualifying Shareholders. No preference will be given to applications for topping up odd lot holdings to whole board lot holdings as the giving of such preference may potentially be abused by certain Shareholders by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result.

As mentioned in the paragraph headed "Qualifying Shareholders" above, Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. For details of registration of the Shareholders on the register of members of the Company, please refer to the paragraph headed "Qualifying Shareholders" above.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Share certificates for the Rights Shares and refund cheques

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Thursday, 16 November 2017 to those entitled thereto by ordinary post at their own risks to their registered addresses.

Refund cheques in respect of the acceptance for the Rights Shares (in case of termination of the Rights Issue) or in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or before Tuesday, 28 November 2017 by ordinary post to the applicants at their own risk to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully paid forms) to be admitted into CCASS. Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 2,000 Shares in the market. Dealing in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and other applicable fees and charges in Hong Kong.

THE UNDERWRITING AGREEMENT

After trading hours of the Stock Exchange on 31 August 2017, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Major terms of the Underwriting Agreement are set out below.

Date: 31 August 2017

Parties:

(1) The Company; and

(2) the Underwriter, which owned 340,192,667 Shares as at the Latest Practicable Date, representing approximately 23.24% of the existing issue share capital of the Company. The Underwriter does not underwrite issues of securities in its ordinary course of business.

Total number of Underwritten Shares

The total number of Rights Shares agreed to be underwritten by the Underwriter is 441,903,667 Rights Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date), being the total number of 732,000,000 Rights Shares less a total of 290,096,333 Rights Shares to be taken up by the Underwriter and China Tian Yuan under the Irrevocable Undertakings.

Commission

The underwriting commission under the Underwriting Agreement is 1% of the aggregate Subscription Price in respect of the Rights Shares agreed to be underwritten by the Underwriter. The commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, relationship between the Company and the Underwriter, the scale of the Rights Issue and the commission rates charged by underwriters in the recent market precedents of rights issue, which range from nil to approximately 3%. Given that the commission rate of 1% charged by the Underwriter falls within the range of the market precedents, the Directors (excluding members of the Independent Board Committee whose view is formed and set out in the letter contained in this circular) consider that the underwriting commission rate is on normal commercial terms and fair and reasonable.

Conditions

The obligations of the Underwriter are conditional upon:

(a) the Independent Shareholders passing the ordinary resolutions at the SGM to approve, among others, (i) the Increase in Authorised Share Capital; (ii) the Rights Issue; (iii) the Underwriting Agreement and the transactions contemplated thereunder; and (iv) the Whitewash Waiver;

(b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Termination Time;

(c) the Executive granting the Whitewash Waiver to the Underwriter and such waiver not having been revoked or withdrawn, and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(d) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable laws or regulations to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;

(e) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date;

(f) the Underwriter and China Tian Yuan providing their respective Irrevocable Undertakings and complying with and performing their respective obligations and undertakings thereunder;

(g) the Underwriting Agreement not having been terminated by the Underwriter pursuant to the terms thereof on or before the Latest Termination Time; and

(h) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Termination Time.

The Company shall use all reasonable endeavours to procure the fulfillment of the conditions set out in (a) to (h) above by the Latest Acceptance Time. The conditions set out in (a) to (e) above are incapable of being waived by the Underwriter or the Company. The Underwriter may waive the condition set out in (f) to (h) above in whole or in part by written notice to the Company.

If the above conditions are not satisfied (or, if applicable, waived in whole or in part by the Underwriter) by the Latest Acceptance Time or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against the other party for cost, damages, compensation or otherwise (save in respect of any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination).

Rescission and Termination

If, prior to the Latest Termination Time, one or more of the following events or matters shall occur, arise, exist, or come into effect:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business, the financial or trading position or prospects of the Group as a whole;

(c) any material adverse change after the signing of the Underwriting Agreement in the business, the financial or trading position or prospects of the Group as a whole;

(d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business, the financial or trading position or prospects of the Group as a whole;

(e) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;

(f) there is, after signing of the Underwriting Agreement, any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the PRC or other jurisdiction relevant to any member of the Group and a change in currency conditions for this purpose which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(g) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or the Takeovers Code or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company, which event or events is or are in the reasonable opinion of the Underwriter material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company served prior to the Latest Termination Time to terminate the Underwriting Agreement.

In the event the Underwriter exercises the right to terminate or rescind the Underwriting Agreement by giving written notice of termination or rescission prior to the Latest Termination Time, all the obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. A further announcement would be made if the Underwriting Agreement is so terminated or rescinded.

Irrevocable Undertakings

As at the Latest Practicable Date, the Underwriter was the registered holder of 340,192,667 Shares (representing approximately 23.24% of the total number of Shares in issue in the Company) while China Tian Yuan was the registered holder of 240,000,000 Shares (representing approximately 16.39% of the total number of Shares in issue in the Company). Each of the Underwriter, China Tian Yuan, Mr. Sun and Mr. Jia have executed the Irrevocable Undertakings in favour of the Company, pursuant to which, among other things, (i) each of the Underwriter and China Tian Yuan has irrevocably undertaken to accept and lodge applications for their respective provisional allotments of Rights Shares (being an aggregate of 290,096,333 Rights Shares); (ii) each of the Underwriter and China Tian Yuan has irrevocably undertaken not to transfer, trade or otherwise deal in any of their Shares on or before the Record Date or when the Underwriting Agreement is otherwise terminated in accordance with the terms thereof, whichever is the earlier; and (iii) each of Mr. Sun and Mr. Jia has irrevocably undertaken to procure the performance of the obligations of the Underwriter and China Tian Yuan as mentioned above respectively.

The Irrevocable Undertakings shall terminate after the Record Date or the termination of the Underwriting Agreement (as the case may be).

OTHER UNDERTAKINGS

On 27 September 2017, China Aim executed the China Aim Undertaking pursuant to which China Aim has undertaken not to subscribe for the 100,000,000 Rights Shares to which it is entitled under the proposed Rights Issue, nor will it apply for any excess Rights Shares.

The Underwriter further undertakes to the Company that it shall use its best endeavours and take appropriate steps to ensure that the public float requirements under Rule 8.08(1) of the Listing Rules be fulfilled by the Company at all times upon Completion, including but not limited to entering into sub-underwriting agreement(s) to place out its Shares to maintain the minimum public float for the Shares.

INFORMATION OF THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT

The Underwriter is an investment holding company incorporated in the BVI and is wholly owned by Mr. Sun, an Independent Third Party. Mr. Sun has more than 25 years of experience in corporate finance and import and export trading. He also has over 15 years of experience in real estate trading in the PRC. Mr. Sun is the brother-in-law of Ms. He, the sole shareholder of Zhisheng. Ms. He is the sister-in-law of Mr. Sun and therefore, the Underwriter, Mr. Sun, Zhisheng and Ms. He are parties acting in concert under the Takeovers Code.

In order to obtain the best available terms for the underwriting arrangement for the Rights Issue, the Company has approached the Underwriter and two other potential underwriters which are also the existing substantial shareholders of the Company regarding the proposed Rights Issue. In selecting an underwriter for the Rights Issue, the Board has considered, among other factors, the terms of the underwriting arrangement including but not limited to the underwriting commission proposed by other potential underwriters as well as their willingness and capacity to fully underwrite the Rights Shares. In view of the fact that only the Underwriter was willing to act as the underwriter for the Rights Issue under the current proposed terms and the relatively low underwriting commission rate offered by the Underwriter, the Board considers the underwriting arrangement offered by the Underwriter is best available option and is beneficial to the Company and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY RESULTING FROM THE RIGHTS ISSUE

Set out below are the shareholding structures of the Company before and after the Rights Issue, assuming there is no change in the issued share capital of the Company since the Latest Practicable Date up to the Record Date:

	(i) As at the Latest Practicable Date		**(ii) Immediately after Completion, assuming all the Rights Shares and excess Rights Shares not taken up by China Aim are subscribed by the Qualifying Shareholders (except for China Aim)**		**(iii) Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
The Underwriter *(Note 1)*	340,192,667	23.24	510,289,000	23.24	952,192,667	43.36
Zhisheng *(Note 1)*	170,097,333	11.62	255,145,999	11.62	170,097,333	7.75
Sub-total of the Underwriter and parties acting in concert	510,290,000	34.86	765,434,999 *(Note 5)*	34.86	1,122,290,000	51.11
Connected persons:						
China Tian Yuan *(Note 2)*	240,000,000	16.39	360,000,000	16.39	360,000,000	16.39

	(i) As at the Latest Practicable Date		(ii) Immediately after Completion, assuming all the Rights Shares and excess Rights Shares not taken up by China Aim are subscribed by the Qualifying Shareholders (except for China Aim)		(iii) Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Mr. Liu *(Note 4)*	12,000,000	0.82	18,000,000	0.82	12,000,000	0.55
China Aim, which is a connected person as at the Latest Practicable Date, and which will (having regard to the China Aim Undertaking) be treated a member of the public after Completion						
China Aim *(Note 3)*	200,000,000	13.66	200,000,000 *(Note 6)*	9.11 *(Note 6)*	200,000,000	9.11 *(Note 7)*
Public Shareholders	501,710,000	34.27	852,565,000 *(Notes 5, 6)*	38.82 *(Note 6)*	501,710,000	22.84 *(Note 7)*
Total	1,464,000,000	100.00	2,196,000,000	100.00	2,196,000,000	100.00

Notes:

1. The Underwriter is wholly-owned by Mr. Sun. He is the brother-in-law of Ms. He Yeqin (賀葉芹) ("**Ms. He**"), the sole shareholder of Zhisheng. Ms. He is the sister-in-law of Mr. Sun. Therefore, the Underwriter, Mr. Sun, Zhisheng and Ms. He are parties acting in concert under the Takeovers Code.

2. China Tian Yuan is wholly-owned by Ningxia Tian Yuan Manganese Industry Co., Ltd.* (寧夏天元錳業有限公司) ("**Ningxia Tian Yuan**"), which is in turn owned as to 99.62% by Mr. Jia, 0.19% by Ms. Dong Jufeng (東菊鳳) ("**Ms. Dong**") and Ms. Zhu Fenglian (朱鳳蓮), respectively.

3. China Aim is wholly-owned by Ms. Liu Hui (劉慧) ("**Ms. Liu**").

* *For identification purpose only*

4. Mr. Liu is an executive Director.

5. Assuming the aggregate fractions of one Rights Share will be sold in the market or taken by other Qualifying Shareholders in the public.

6. Assuming other Qualifying Shareholders in the public apply for the 100,000,000 excess Rights Shares to which China Aim is entitled but are not taken up by China Aim pursuant to the China Aim Undertaking. Further, as the shareholding of China Aim in the Company will fall below 10% immediately after Completion, it will no longer be a substantial shareholder of the Company and hence, not a connected person of the Company. In such connection, the total shareholding of all public shareholders (including China Aim) in the Company will become 47.93%.

7. Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue, the shareholding of China Aim in the Company will fall below 10% and it will no longer be a substantial shareholder of the Company and hence, no longer be a connected person of the Company. In such connection, the total shareholding of all public shareholders (including China Aim) in the Company will become 31.95%. In any event, the Underwriter undertakes to maintain the minimum public float as mentioned in the paragraph headed "The Underwriting Agreement – Other undertakings" above.

FUND RAISING EXERCISE IN THE PRECEDING 18-MONTH PERIOD

The table below sets out the fund raising activity conducted by the Company in the past 18 months immediately preceding the Latest Practicable Date:

Date of announcements	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the proceeds	Actual use of the proceeds
26 February 2016, 1 March 2016 and 9 March 2016	Placing of 200,000,000 Shares at a placing price of HK$0.925 per placing Share to China Aim	9 March 2016	Approximately HK$182.5 million (after deducting the placing commission payable to the placing agent and other expenses incurred)	General working capital	As disclosed in the Company's announcement dated 14 November 2016, approximately 20% of the net proceeds was used as the Group's general working capital (including operating expenses) and approximately 80% was utilised for the Group's financial investments or investments, which include both listed and unlisted equity and debt investments

Date of announcements	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the proceeds	Actual use of the proceeds
14 November 2016 and 6 December 2016	Placing of 240,000,000 Shares at a placing price of HK$2.0 per placing Share to China Tian Yuan (i.e. the placee)	6 December 2016	Approximately HK$477.6 million (after deducting the commission payable to the placing agent and other expenses incurred)	General working capital, repayment of the Group's indebtedness and for the Group's other potential investments in the future	Approximately 85% of the net proceeds was used for purchase of listed shares in Hong Kong; approximately 14% was used as the Group's general working capital (including staff costs, rental expenses, professional fees, promotional expenses and other operating expenses); and the remaining 1% was used for the repayment of loan interests and purchases of fixed assets

Save as disclosed above, the Company has not conducted any other fund raising activities in the past 18 months immediately preceding the Latest Practicable Date.

BUSINESS TREND OF THE GROUP

The Group is principally engaged in the (a) manufacture and sale of a broad range of printed circuit boards ("**PCB**"), (b) carrying out of treasury investments, including investment in securities and other related activities, and (c) rendering of financial services including asset management, investment and other consultancy related services.

PCBs business

Comparing to the last six months' revenue in 2016, the Group's PCBs segment reported a stable growth in the first half of 2017. The Company was working hard to replace those less profitable products by those with better profit margin. The low margin products were mainly due to the acute price increase in core raw materials such as copper foil, copper laminates and even prepreg. Although the price increasing trend of those core materials has shown a slow down towards the end of the first six months of 2017, their price levels remain roughly 20% higher than those in same period of last year. This is the major reason why the PCBs segment still suffered a loss for the first half of 2017 despite its efforts to excel in the business. Looking forward, the PCBs segment is expecting more new customers with better margin orders would be secured in the second half of 2017 so that a turnaround can be realised.

Treasury investments

For treasury investments, during first half of 2017, the Group acquired a total of 90,000,000 shares in Crown International Corporation Limited (whose shares are listed on the Stock Exchange (stock code: 727)) at a consideration of HK$99 million from an independent third party. As at 30 June 2017, the carrying value of all listed securities being held by the Group amounting to HK$726.3 million. Further, the Group has made contributions to two private funds being launched by two independent third parties amounting to HK$340 million and HK$200 million, respectively. The Group has also completed a provision of financial assistance of HK$224 million (equivalent to RMB200 million) to an independent third party for a term of 2 years, with an interest rate of 18% per annum.

Financial Services

The Group commenced its asset management business in 2016. During the first half of 2017, the Group acted as the general partner of five offshore private funds which were relevant to investments in relation to One Belt One Road ("**OBOR**") policy promulgated by the Chinese government officials. Among these five offshore private funds, the Group made contributions of HK$220 million each into two of these five offshore private funds. As at 30 June 2017, only five offshore private funds relating to OBOR were closed and the aggregate amount of assets under management was HK$5 billion.

For investment and other consultancy related services, during the first half of 2017, the Group increased its headcounts with investment banking and corporate finance experience and exposures, in rendering investment referral and consultancy services to potential investors and had successfully secured several investment referral and consultancy agreements. This enables the Group to generate an additional source of revenue during such period. With the efforts of the Group's senior management and execution teams, the Group achieved marked improvement in profitability and the enlargement in assets. This enables the Group to build its credential in the asset management and establishes a solid foundation for further development in the years to come. The diversity of the Board was also strengthened by appointing Mr. Mao Yumin (fomerly the senior consultant of the Company) who has strong banking credentials as a non-executive Director and the enlargement of the management team. As at 30 June 2017, the Group had an aggregate amount of HK$5 billion assets under management and had made a total contribution of HK$440 million into this pool. As our asset management business is still in an infant stage, it requires further capital to grow and develop.

PROSPECTS

Surrounded by intense competition and replacing old business from the hard disk drive business with new business from other segments will take time to build up, the PCBs segment is likely to grow in slow momentum in the second half of 2017. Market conditions for the PCBs segment remain competitive and tough in the foreseeable future. The Group will actively explore more opportunities in asset management and other financial service related businesses by taking advantage of internationalisation of Renminbi, the stable international financial market in Hong Kong and those national strategies promulgated by the Chinese government officials. The Group is now considering applying for licenses for other regulated activities under the SFO and will continuously recruit additional professional individuals to grow the financial service businesses.

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 of the Company and act as the bridge connecting between China and Hong Kong and even the rest of the world (as reflected in the current name of the Company, which was adopted on 25 January 2017).

BUSINESS PLANS AND REASONS FOR THE RIGHTS ISSUE

As disclosed in the Company's circulars dated 5 July 2016 and 30 September 2016 respectively, the Company had its plans to manage funds, which were primarily relevant to high yield equity and debts products such as bonds, exchange traded funds, future options and warrants in Asia, with a focus on China-related listed stocks around the world. All these funds are also expected to be invested in growth stocks in other markets that stand to benefit from favourable demographic, technological and/or economic changes. The Company's targeted customers of asset management business are high net-worth individuals in the PRC, long-term investment entities including insurance companies in the PRC and investors investing through local banks and financial institutions in Hong Kong.

Initial capital requirement for the asset management business by that time was expected to be approximately HK$2 billion. The Company also plans to use its internally generated resources including the yearly generated profit from the asset management business to support this business segment in achieving its target for assets under management of not less than HK$10 billion in the initial stage, and to further broaden its source of funds to debt and equity financing, project finance and private equity funds. Owing to the change in the current market sentiment, the Company had only achieved assets under management with a size of HK$5 billion as at 30 June 2017.

In order to further strengthen and enlarge its assets under management size and develop the Group's existing asset management business, the Company intends to launch several private funds in the next 12 months so as to build another assets under management size of at least HK$5 billion. The Group expects to inject at least HK$700 million (representing approximately 14% of the expected assets under management size) as seed money into these three to five new funds, depending on the investors' responses towards these funds.

Furthermore, owing to the tightening of exchange control, investors in the PRC have difficulties in transmitting money outside the PRC for gaining better investment returns. In this connection, the Group established an investment platform in Shenzhen (the "**Shenzhen Platform**") in August 2017 for the development of equity investment fund, asset management fund and trust management business in the PRC. The Group has committed to contribute RMB20 million (equivalent to HK$23.2 million) as the initial paid-up capital in the Shenzhen Platform and the Group also intends to use approximately HK$350 million from the net proceeds of the Rights Issue to build assets under management size of at least approximately HK$3 billion and/or make investments in high yield equity and debt products through the Shenzhen Platform.

The Group therefore requires additional capital to carry out the abovementioned business plans.

In determining the appropriate means to raise funds, the Board has considered and explored various financing methods before resolving to the Rights Issue, including but not limited to debt financing, bank borrowings and placing of new Shares.

The Company has discussed with and made enquires with various financial institutions on the possibility of obtaining debt financing and bank borrowings. However, the Board notes that debt financing and bank borrowings will lead to heavy interest burden and considers that further increase the financial leverage of the Group, debt or bank financings are not in the best interest of the Group. Also, offers from non-bank financial institutions would demand for a relatively high interest rate charge as well as payment for arrangement fee upfront which will erode the profitability of the Group. On the other hand, offers from banks either require the Group to provide relatively high percentage of security coverage or demand for an interest rate charge of at least 5% per annum.

Regarding placing of new Shares, the Board considers that placing of new Shares will only be available to certain placees who are not necessarily existing Shareholders and will dilute the shareholding interests of the existing Shareholders. Furthermore, placing of new Shares cannot enable the Group to raise the required amount of funds for its forthcoming business development.

Taking into account the abovementioned, the Board considers that the issue of Rights Shares to existing Shareholders pro rata to their existing shareholdings would be a preferable means of fund raising as such fund raising method would not bring in additional financial burden to the Group, while it would at the same time strengthen the Group's capital base, enhance its financial position at a reasonable cost as well as provide the Qualifying Shareholders an equal opportunity to participate in the enlargement of the Company's capital base. A pre-emptive issue of Shares would enable the Qualifying Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the Group's future business development. The Board therefore considers that it is an opportune moment for the Company to strengthen its financial position and support the continuing development of the Group's current business activities, in particular, the asset management and financial service businesses through the Rights Issue after having considered various fund raising methods.

Based on the aforesaid, the Board (including the Independent Board Committee) considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

INTENDED USE OF PROCEEDS

It is estimated that the net proceeds of the Rights Issue will be approximately HK$1,595.4 million (assuming no Shares are issued (other than the Rights Shares) or repurchased on or before the Completion), after deducting all necessary expenses for the Rights Issue, which include the relevant professional fees incurred by the Company. To strengthen the Group's financial position, the Company intends to apply the net proceeds from the Rights Issue as to:

(1) approximately 70% to support and develop the Group's existing asset management businesses and the Shenzhen Platform, which amounts to approximately HK$1,109.4 million. For the Group's existing asset management and financial service businesses in Hong Kong and in China, approximately two-thirds of such 70% of the net proceeds will be used as seed money for launching new funds in Hong Kong within the next 12 months and the remaining one-third will be used to finance the initial paid-up capital and future development of the Shenzhen Platform;

(2) approximately 25% for the repayment of the existing indebtedness to a non-financial institution, which amounts to approximately HK$406.3 million as at 30 June 2017. Such indebtedness carries an interest rate of 5% per annum and will fall due in December 2017. Further, the original currency of such indebtedness was in the form of RMB which may expose the Group to foreign exchange risk due to unforeseeable volatile fluctuations in RMB. Taking into account the relatively high interest rate, the due date of the debt and the fact that no further extension of the repayment date is allowed upon maturity and the potential foreign exchange risk, the Board considers that it is appropriate to repay the indebtedness owing to such non-financial institution by the net proceeds from the Rights Issue; and

(3) approximately 5% as general working capital of the Group (including operating expenses such as staff costs, professional fees, marketing expenses), for maintaining the minimum liquid capital to carry out regulated activities under the SFO, and/or or for future investment opportunities should suitable opportunities become available to the Group, which amounts to approximately HK$79.7 million. As at the Latest Practicable Date, the Group had not identified any potential investment target.

As at the Latest Practicable Date, the Company and its Directors did not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on any potential corporate action in the forthcoming 12 months.

CASH AND ASSETS POSITION OF THE GROUP

Set out below is an analysis of the Group's cash to assets ratio based on the latest published unaudited interim report of the Group as at 30 June 2017 prepared for illustrative purpose:

	As at 30 June 2017 *(Note 1)*	**Net proceeds from the Rights Issue**	**Pro forma balance assuming Completion** *(Note 2)*
	HK$'000	*HK$'000*	*HK$'000*
Bank balances and cash	401,254	1,595,400	1,996,654
Total assets	3,459,498	1,595,400	5,054,898
Cash to assets ratio			39.50%

Notes:

1. The balances as shown above are based on the unaudited interim report of the Group as at 30 June 2017, which have not been reviewed or audited by the Group's auditors.

2. The pro forma balances as shown above are prepared solely based on the unaudited bank balances and cash and the total assets of the Group as at 30 June 2017 and the net proceeds from the Rights Issue without taking into account other movements in these balances since 30 June 2017 to Completion. Hence, the actual bank and cash balance and the total assets of the Group to be eventually recorded upon Completion may be different from those amounts illustrated above.

LISTING RULES IMPLICATIONS

Since the Rights Issue would increase neither the issued share capital nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the Shareholders under Rule 7.19(6) of the Listing Rules. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil-paid and fully-paid forms.

As the Underwriter is a substantial shareholder of the Company and thus, a connected person of the Company, the entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.92(2) of the Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules, the issue of the Rights Shares to the Underwriter under the Rights Issue is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the underwriting commission payable by the Company to the Underwriter would be approximately HK$9.7 million. As the highest percentage ratio in respect of the payment of the underwriting commission is more than 0.1% but less than 5%, such payment constitutes a connected transaction for the Company which is exempt from circular (including independent financial advice) and Independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter alone holds 340,192,667 Shares, representing approximately 23.24% of the total number of Shares in issue in the Company. The Underwriter and parties acting in concert with it (including Zhisheng) hold an aggregate of 510,290,000 Shares, representing approximately 34.86% of the total number of Shares in issue in the Company.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Underwritten Shares. Assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of the Rights Shares and excess Right Shares, the Underwriter will be required to take up all the Underwritten Shares and the aggregate shareholding interest held by the Underwriter alone, and the Underwriter together with parties acting in concert with it would increase to approximately 43.36% and 51.11% of the issued share capital of the Company as enlarged by the issue of the Rights Shares immediately after Completion, respectively. In such circumstances, the Underwriter would be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Underwriter and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

In this regard, the Underwriter has made an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has agreed to grant the Whitewash Waiver subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll in accordance with the Takeovers Code. The granting of the Whitewash Waiver is a condition precedent to the Underwriting Agreement which is not capable of being waived. If the Whitewash Waiver is not obtained from the Executive and/or approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as Mr. Liu, China Tian Yuan, China Aim, Mr. Jia, the Underwriter and parties acting in concert with it (including Zhisheng) are interested in the Whitewash Waiver, they are required to abstain from voting on the resolution to be proposed at the SGM in relation to (i) the Rights Issue, (ii) the Underwriting Agreement and the transactions contemplated thereunder, and (iii) the Whitewash Waiver.

As at the Latest Practicable Date, the Company does not believe that the Rights Issue gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavor to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue does not comply with other applicable rules and regulations.

DEALINGS OF THE SHARES BY THE UNDERWRITER, ZHISHENG AND THEIR CONCERT PARTIES

As confirmed by the Underwriter, neither the Underwriter nor any of the parties acting in concert with any of it (including Zhisheng) in the six months prior to the date of the Announcement (i.e. 31 August 2017) have acquired any voting rights of the Company or dealt in any of the Shares.

GENERAL

The SGM will be convened and held at Room 3601-02, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:00 a.m. on Monday, 23 October 2017 to consider and, if appropriate, approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

The voting in respect of the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver will be conducted by way of a poll. Mr. Liu, China Tian Yuan, China Aim, the Underwriter, Zhisheng and their respective associates and parties acting in concert with any of them, and those who has material interest in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver shall abstain from voting on the resolutions approving the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver.

The Company's register of members will be closed from Tuesday, 17 October 2017 to Monday, 23 October 2017, both dates inclusive, for the purpose of, among other things, establishing entitlements to attend and vote at the SGM. No transfer of Shares will be registered during this period. In order to qualify for attending and voting at the SGM, Shareholders must lodge any transfers of the Shares (together with the relevant Share certificates) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 16 October 2017.

A notice convening the SGM is set out on pages SGM-1 to SGM-4 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (no later than (10:00 a.m. on Saturday, 21 October 2017 (Hong Kong time)) or any adjournment thereof (as the case maybe). Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case maybe) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Subject to the Rights Issue being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Rights Issue will be despatched to the Shareholders as soon as practicable, and in any event only the Prospectus but not the PAL will be sent to the Excluded Shareholders for their information purposes only.

RECOMMENDATION

The Directors (excluding members of the Independent Board Committee whose view is formed and set out in the section headed "Letter from the Independent Board Committee" in this circular) consider that (i) the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Increase in Authorised Share Capital, the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 41 to 42 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM regarding the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. The Independent Board Committee comprised all non-executive and independent non-executive Directors, namely Mr. Mao Yumin, Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence, who have not been involved or interested in, directly or indirectly, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

Your attention is also drawn to the letter from TC Capital set out on pages 43 to 76 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and the principal factors and reasons taken into consideration in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon, among other things, approval by the Independent Shareholders at the SGM and the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 25 October 2017 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in the Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled (which is expected to be on Tuesday, 21 November 2017), and any dealings in the Rights Shares in their nil-paid form from Tuesday, 7 November 2017 to Wednesday, 15 November 2017 (both days inclusive) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealing in the securities of the Company are recommended to consult their own professional advisers.

By the order of the Board
China HKBridge Holdings Limited
Liu Tingan
Chairman

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue and the Underwriting Agreement.

中國港橋控股有限公司
China HKBridge Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 2323)

29 September 2017

To the Independent Shareholders

Dear Sir or Madam,

**(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AT HK$2.2 PER RIGHTS SHARE;
(3) APPLICATION FOR WHITEWASH WAIVER; AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 29 September 2017 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders (i) as to whether, in our opinion, (a) the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; and (b) the Rights Issue is in the interests of the Company and the Shareholders as a whole; and (ii) as to the voting in respect of the ordinary resolution to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. TC Capital has been appointed as the independent financial adviser to advise us and you in this respect. Details of their advice, together with the principal factors and reasons they have taken into consideration in arriving such advice, are contained in their letter set out on pages 43 to 76 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the Rights Issue and the Underwriting Agreement and the advice from TC Capital, we consider (i) the terms of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole although the Underwriting Agreement and the Rights Issue are not entered in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

Yours faithfully,
Independent Board Committee

Mr. Mao Yumin	**Mr. Ng Man Kung**	**Dr. Ngai Wai Fung**	**Mr. Lau Fai Lawrence**
Non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from TC Capital setting out its advice to the Independent Board Committee and Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash waiver.

TC CAPITAL

29 September 2017

To the Independent Board Committee and the Independent Shareholders of China HKBridge Holdings Limited

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE AT HK$2.2 PER RIGHTS SHARE; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We have been appointed by the Independent Board Committee as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 29 September 2017 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Announcement in relation to, among others, the proposed Rights Issue, the Underwriting Agreement and the application for the Whitewash Wavier. The Company proposes to raise gross proceeds of approximately HK$1,610.4 million by way of conducting the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Company will allot and issue 732,000,000 Rights Shares at the Subscription Price of HK$2.2 per Rights Share. The estimated net proceeds from the Rights Issue will be approximately HK$1,595.4 million.

On 31 August 2017, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Further details of the Underwriting Agreement are set out in the section headed "The Underwriting Agreement" in the Letter from the Board.

As at the Latest Practicable Date, the Underwriter alone holds 340,192,667 Shares, representing approximately 23.24% of the total number of Shares in issue in the Company. The Underwriter and parties acting in concert with it (including Zhisheng) holds an aggregate of 510,290,000 Shares, representing approximately 34.86% of the total number of Shares in issue in the Company. While China Tian Yuan holds 240,000,000 Shares (representing approximately 16.39% of the total number of Shares in issue in the Company). Each of the Underwriter and China Tian Yuan has provided Irrevocable Undertakings to the Company to subscribe for their respective provisional allotments of Rights Shares (being an aggregate of 290,096,333 Rights Shares), and each of Mr. Sun and Mr. Jia has irrevocably undertaken to procure the performance of the obligations of the Underwriter and China Tian Yuan as mentioned above, respectively.

Since the Rights Issue would increase neither the issued share capital nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the Shareholders under Rule 7.19(6) of the Listing Rules.

As the Underwriter is a substantial shareholder of the Company and thus, a connected person of the Company, the entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.92(2) of the Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules, the issue of the Rights Shares to the Underwriter under the Rights Issue is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the underwriting commission payable by the Company to the Underwriter would be approximately HK$9.7 million, representing no more than 1% of the gross proceeds of 441,903,667 Rights Shares being underwritten by the Underwriter. As the highest percentage ratio in respect of the payment of the underwriting commission is more than 0.1% but less than 5%, such payment constitutes a connected transaction for the Company which is exempt from circular (including independent financial advice) and Independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Underwritten Shares. Assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of the Rights Shares and excess Right Shares, the Underwriter will be required to take up all the Underwritten Shares and the aggregate shareholding interest held by the Underwriter alone, and the Underwriter together with parties acting in concert with it would increase to approximately 43.36% and 51.11% of the issued share capital of the Company as enlarged by the issue of the Rights Shares immediately after Completion, respectively. In such circumstances, the Underwriter and parties acting in concert with it would be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Underwriter and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Underwriter has made an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll in accordance with the Takeovers Code. The granting of the Whitewash Waiver is a condition precedent to the Underwriting Agreement which is not capable of being waived. If the Whitewash Waiver is not obtained from the Executive and/or approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Underwriter and parties acting in concert with it (including Zhisheng) are interested in the Whitewash Waiver, they are required to abstain from voting on the resolution to be proposed at the SGM in relation to (i) the Rights Issue, (ii) the Underwriting Agreement and the transactions contemplated thereunder, and (iii) the Whitewash Waiver.

Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee comprising all the non-executive and independent non-executive Directors, namely Mr. Mao Yumin, Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence, has been formed to advise the Independent Shareholders on the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. We have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable as far as the Independent Shareholders are concerned and make recommendation on voting.

We, TC Capital International Limited, are independent of and not connected with any members of the Group or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and we did not act as independent financial adviser to the Company's other transactions nor provided other services to the Company in the last two years.

BASIS OF OUR OPINON

In formulating our opinion, we have considered, among other things, (i) the Circular; (ii) the Underwriting Agreement; (iii) the annual reports of the Company for the two years ended 31 December 2015 and 2016 (the "**2015 Annual Report**" and "**2016 Annual Report**") and the interim results announcement of the Company for the six months ended 30 June 2017 (the "**2017 Interim Results Announcement**"); and (iv) relevant market data and information available from public sources and the website of the Stock Exchange. We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and the management of the Company. We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company, and they have confirmed that no material information have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading. The Company will notify the Shareholders of any material changes (as defined under the Takeovers Code) as soon as possible subsequent to the Latest Practicable Date and prior to the date of SGM in accordance with Rule 9.1 of the Takeovers Code. If we shall become aware of any such material change, we will notify the Independent Shareholders of the potential impact on our opinion and/or recommendation set out in this letter as soon as possible.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted an independent investigation into the business affairs, operations, financial position or future prospects of each of the Company, the Underwriter, and any of their respective subsidiaries and associates and parties acting in concert with them.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, we have taken into consideration the following principal factors and reasons:

I. The Rights Issue

(a) Background information of the Group

The Group is principally engaged in the (a) manufacture and sale of a broad range of printed circuit boards; (b) carrying out of treasury investments, including investment in securities and other related activities; and (c) rendering of financial services including asset management, investment and other consultancy related services.

Set out below the financial highlights of the Group for the three years ended 31 December 2016 ("**FY2014**", "**FY2015**" and "**FY2016**", respectively) and the unaudited consolidated financial results of the Group for the six months ended 30 June 2016 and 2017 ("**HY2016**" and "**HY2017**", respectively), as extracted from the 2016 Annual Report and the 2017 Interim Results Announcement:

	FY2014	**FY2015**	**FY2016**	**HY2016**	**HY2017**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	610,340	566,630	803,194	246,849	372,589
— Manufacturing	610,340	566,630	526,165	246,849	282,991
— Treasury investments	—	—	277,029	—	(12,132)
— Financial services	—	—	—	—	101,730
Gross profit	10,023	29,250	333,939	29,604	98,886
Finance costs	(14,899)	(17,380)	(18,088)	(7,803)	(33,621)
Profit/(loss) for the year/period	(166,594)	13,455	175,172	7,409	35,670

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(Audited)	(Audited)	(Audited)	(Unaudited)
Total assets	932,068	807,117	2,791,497	3,459,498
Total liabilities	560,155	466,808	1,624,119	2,242,447
Interest-bearing borrowings	279,384	251,120	1,325,219	1,902,740
Net assets	371,913	340,309	1,167,378	1,217,051

Source: Extracts from the 2015 Annual Report, the 2016 Annual Report and the 2017 Interim Report

We note from the table above that the revenue of the Group decreased by approximately 7.2% from approximately HK$610.3 million during FY2014 to approximately HK$566.6 million during FY2015. This could be mainly ascribed to the global trend of decreasing demand for personal computers, which led to a corresponding decrease in the demand for the ancillary parts and equipment of personal computers, which affect the revenue of the Group since manufacturing and sale of printed circuit boards was the only operating segment of the Group. Revenue then increased by 41.8% from approximately HK$566.6 million during FY2015 to approximately HK$803.2 million during FY2016 mainly because of the unrealised and realised fair value gains in the treasury investments of the Group arising from those listed securities being invested, offset by the decrease in revenue generated from manufacturing business. Treasury investments is a new business segment separately disclosed by the Group and recorded a revenue of approximately HK$277.0 million during FY2016, while the existing manufacturing business decreased from approximately HK$566.6 million for FY2015 to approximately HK$526.2 million for FY2016. The Group also recorded an increase in revenue from approximately HK$246.8 million during HY2016 to approximately HK$372.6 million during HY2017, representing an increase of approximately 51.0%. Such increase could be mainly ascribed to the newly established financial services business segment after increasing the number of headcounts equipping with investment banking and corporate finance experience and exposures on rendering the asset management and investment and consultancy related services, which contributed to the growth of the Group's revenue. Prior to 30 June 2016, the manufacturing and sale of printed circuit boards was the only operating segment of the Group. Revenue generated from manufacturing segment increased from approximately HK$246.8 million for HY2016 to approximately HK$283.0 million for HY2017 mainly due to increase in sales volume after the change sales mix. More sales were conducted in the PRC when compared HY2016 of which the revenue generated from this geographical segment alone increased by approximately HK$39.4 million. The treasury segment of the Group recorded a negative revenue of approximately HK$12.1 million for HY2017 mainly due to a net unrealised fair value loss on equity investments at fair value through profit or loss was recognised. The financial services segment of the Group in HY2017 recorded a revenue of approximately HK$101.7 million for HY2017 which was mainly contributed from investment referral and consultancy fee income was recognised.

Gross profit of the Group increased from approximately HK$10.0 million during FY2014 to approximately HK$29.3 million during FY2015, representing approximately an increase of 193%, which was primarily attributable to the introduction of new products with higher gross profit margin. Gross profit amounted to approximately HK$333.9 million during FY2016, representing an increase of approximately 1,039.6% from approximately HK$29.3 million during FY2015, which was mainly due to the unrealised fair value gains contributed by the treasury investments segment amounting to approximately HK$251.3 million. The Group also experienced an increase of gross profit of approximately 234.1% from approximately HK$29.6 million during HY2016 to approximately HK$98.9 million during HY2017, primarily due to the less profitable products being replaced by the products with higher profit margin as well as the net service income generated from the financial services business segment.

Finance costs of the Group increased by approximately 16.8% from approximately HK$14.9 million for FY2014 to approximately HK$17.4 million for FY2015, and then further increased by approximately 4.0% to approximately HK$18.1 million for FY2016. Such increase from FY2014 to FY2015 was mainly due to the increase in interest expenses on bank loans as a result of the increase in outstanding interest-bearing borrowings during the year and as at 31 December 2015, while the increase from FY2015 to FY2016 was mainly attributable to the increase in interest expense on loan from a related company and other loans from independent third parties. Finance costs experienced an increase of approximately 330.8% from approximately HK$7.8 million during HY2016 to approximately HK$33.6 million during HY2017, was mainly due to the increase in outstanding interest-bearing borrowings during HY2017, particularly those other loans from independent third parties which bore interests at rates ranging from 3% to 7.5% per annum.

During FY2014, the Group recorded a loss of approximately HK$166.6 million, while during FY2015 the Group turned the loss into a profit of approximately HK$13.5 million. It was mainly due to the recognition of the special gain from the disposal of 30% equity interest in Topsearch Printed Circuits (Shenzhen) Ltd. (the "**Disposal**") in FY2015, which was previously an associate of the Group and the relatively low gross profit margin generated by the Group in FY2014 (FY2014: 1.6%; FY2015: 5.2%). For the year of FY2016, the Group recorded a profit of approximately HK$175.2 million, representing an increase of approximately 1,197.8% from approximately HK$13.5 million during FY2015. Such increase resulted from the net disposal gain arising from the disposal of certain subsidiaries during FY2016 and the unrealised and realised fair value gains arising from equity investments held through profit or loss held for trading and gains from bargain purchases arising from certain acquisitions completed during FY2016. The Group recorded a profit of approximately HK$7.4 million during the period of HY2016, and it further increased to approximately HK$35.7 million during HY2017, which is mainly a result of the service fees derived from the financial services business segment, as well as the increase in total interest income as well as the return on private equity funds from treasury investments segment.

The total assets of the Group decreased from approximately HK$932.1 million as at 31 December 2014 to approximately HK$807.1 million as at 31 December 2015, representing a decrease of approximately 15.5%. Such decrease is mainly contributed by the decrease in property, plant and equipment as a result of additional impairment provisions made in FY2015 as well as the decrease in interests in associates as a result of the Disposal. The Group's total assets increased by approximately 245.9% from approximately HK$807.1 million as at 31 December 2015 to approximately HK$2,791.5 million as at 31 December 2016 mainly due to the increase in bank balances and structured deposits as well as equity investments and interests in associates, which are all mainly financed by the net proceeds received from the two placements completed during FY2016 and those new interest-bearing borrowings obtained during FY2016. It further increased by approximately 23.9% to approximately HK$3,459.5 million as at 30 June 2017 because of additional interest-bearing borrowings obtained during the HY2017 which was used to finance the investments in the Group's available-for-sale financial assets.

As at 31 December 2015, the total liabilities of the Group amounted to approximately HK$466.8 million, representing a decrease of approximately 20.0% when compared with the total liabilities of approximately HK$560.2 million as at 31 December 2014. This was mainly caused by the repayment of interest-bearing bank loans and the reduction in trade payables, other payables and accruals during FY2015. The Group recorded an increase in total liabilities of approximately 247.9% from approximately HK$466.8 million as at 31 December 2015 to approximately HK$1,624.1 million as at 31 December 2016 mainly due to the increase in the amount of short-term and long-term interest-bearing borrowings, and further increased by approximately 38.1% to approximately HK$2,242.4 million as at 30 June 2017. Such increase in total liabilities can be ascribed to the increase in long-term interest-bearing borrowings.

The Group's interest-bearing borrowings decreased by approximately 10.1% from approximately HK$279.4 million as at 31 December 2014 to approximately HK$251.1 million as at 31 December 2015 as the Group utilised part of the net proceeds from the disposal of its associate to reduce interest-bearing borrowings. It then increased by approximately 427.5% to approximately HK$1,325.2 million as at 31 December 2016 which can be attributable to the increase in other loans from independent third parties of approximately HK$923.8 million as well as obtaining a loan from a related company of HK$200 million. The Group's interest-bearing borrowings further increased to approximately HK$1,902.7 million as at 30 June 2017, representing an increase of approximately 44.9%. Such increase was mainly caused by the increase in bank borrowings of HK$24.0 million and other loans from independent third parties of HK$890.0 million then offsetting by the repayment of borrowings of approximately HK$337.7 million.

Based on the historical financial performance as discussed above, we understand the new business segment of treasury investments and financial services introduced by the Group in FY2016 and HY2017, respectively, had made significant contribution to the financial performance of the Group. However, the Group increased the level of indebtedness mainly due to the development of the new business segment, which led to the substantial increase in finance costs of the Group. As a result, we are of the view the allocation of the net proceeds to further develop the new business segment and repayment of debts is fair and reasonable and in the interests of the Company and the Shareholders.

Reasons for the Rights Issue and use of proceeds

As stated in the Letter from the Board, as disclosed in the Company's circulars dated 5 July 2016 and 30 September 2016 respectively, the Company had its plans to manage funds, which were primarily relevant to high yield equity and debts products such as bonds, exchange traded funds, future options and warrants in Asia, with a focus on China-related listed stocks around the world. All these funds are also expected to be invested in growth stocks in other markets that stand to benefit from favourable demographic, technological and/or economic changes. The Company's targeted customers of asset management business are high net-worth individuals in the PRC, long-term investment entities including insurance companies in the PRC and investors investing through local banks and financial institutions in Hong Kong.

Initial capital requirement for the asset management business by that time was expected to be approximately HK$2 billion. The Company also plans to use its internally generated resources including the yearly generated profit from the asset management business to support this business segment in achieving its target for assets under management of not less than HK$10 billion in the initial stage, and to further broaden its source of funds to debt and equity financing, project finance and private equity funds. Owing to the change in the current market sentiment, the Company had only achieved assets under management with a size of HK$5 billion as at 30 June 2017.

In order to further strengthen and enlarge its assets under management size and develop the Group's existing asset management business, the Company intends to launch several private funds in the next 12 months so as to build another asset under management size of at least HK$5 billion. The Group expects to inject at least HK$700 million (representing approximately 14% of the expected assets under management size) as seed money into these three to five new funds, depending on the investors' responses towards these funds.

Furthermore, owing to the tightening of exchange control, investors in the PRC have difficulties in transmitting money outside the PRC for gaining better investment returns. In this connection, the Group established an investment platform in Shenzhen (the "**Shenzhen Platform**") in August 2017 for the development of equity investment fund, asset management fund and trust management business in the PRC. The Group has committed to contribute RMB20 million (equivalent to HK$23.2 million) as the initial paid-up capital in the Shenzhen Platform and the Group also intends to use approximately HK$350 million from the net proceeds of the Rights Issue to build assets under management size of at least approximately HK$3 billion and/or make investments in high yield equity and debt products through the Shenzhen Platform.

It is estimated that the net proceeds of the Rights Issue will be approximately HK$1,595.4 million (assuming no Shares are issued (other than the Rights Shares) or repurchased on or before the Completion), after deducting all estimated expenses for the Rights Issue, which include the relevant professional fees incurred by the Company. To strengthen the Group's financial position, the Company intends to apply the net proceeds from the Rights Issue as to (1) approximately 25% for the repayment of the existing indebtedness of the Group to a non-financial institution, which amounts to approximately HK$406.3 million as at 30 June 2017. Such indebtedness carries an interest rate of 5% per annum and will fall due in December 2017; (2) approximately 70% to support and develop the Group's existing asset management businesses and the newly set up investment platform in Shenzhen, which amounts to approximately HK$1,109.4 million. For the Group's existing asset management and financial service businesses in Hong Kong and in China, approximately two-thirds of such 70% of the net proceeds will be used as seed money for launching new funds in Hong Kong within the next 12 months and the remaining one-third will be used to finance the investment platform in Shenzhen; and (3) approximately 5% as general working capital of the Group (including operating expenses such as staff costs, professional fees, marketing expenses), for maintaining the minimum liquid capital to carry out regulated activities under the SFO, and/or or for future investment opportunities should suitable opportunities become available to the Group, which amounts to approximately HK$79.7 million. As at the Latest Practicable Date, the Group had not identified any potential investment target.

As set out in the Letter from the Board, based on the aforesaid and taking into account that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group, the Board (excluding the Independent Board Committee whose opinion is formed and set forth in the Circular) considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

2016 Annual Report stated that "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, the stable international financial market in Hong Kong and the commitment to build Hong Kong into an international asset management centre.", which led to the Company plan to develop asset management business. Moreover, as stated in 2016 Annual Report, "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". We understand the asset management business was newly set up in last year and the Company intends to put effort on the development of this business segment. We are of the view that using part of the net proceeds from the Rights Issue for the development of asset management business is fair and reasonable and in line with the Group's recent strategic plan.

As advised by the Directors, as at the Latest Practicable Date, the Company and its Directors did not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on any potential corporate action in the forthcoming 12 months.

As stated in the Letter from the Board, the Company will allocate approximately two-third of 70% of the net proceed (approximately HK$ 739.6 million) to support and develop the Group's existing asset management businesses and the remaining one-third of 70% of the net proceed (approximately HK$ 369.8 million) to support the newly set up investment platform in Shenzhen, As advised by the Directors, the Company is expected to support the Asset Management Business in achieving its target for assets under management of not less than HK$10 billion in the initial stage. As stated in 2016 Annual Report, the asset management business of the Group will be launched in the second half of 2017 by introducing two separate funds into the market. Other than this, an asset management company named 深圳港橋股權投資基金管理有限公司 has been established in Shenzhen by the Group on 3 August 2017. Based on the information above, we consider using approximately 70% of the net proceeds to support the asset management business and the investment platform in Shenzhen is in line with the Group's recent business plan which can enable the Group to achieve its targeted size of assets under management and the development of the investment platform in Shenzhen.

According to the Fund Management Activities Survey 2016 issued by Securities and Futures Commission in July 2017, Hong Kong's combined fund management business increased by 5.2% year-on-year to HK$18,293 billion as of 31 December 2016, with a 5 years cumulative growth of 45.3%. While the asset management business conducted by SFC-licensed corporations and banks grew by 4.6% to HK$12,824 billion in 2016. The asset management business is the core component of the combined fund management business in Hong Kong and it is a growth sector in Hong Kong. Moreover, according to the National Bureau of Statistics of China, the size of equity investment funds in the PRC increased from approximately RMB2,651.0 billion in 2011 to RMB7,667.4 billion in 2015 and the number of equity investment funds in the PRC increased from approximately 914 in 2011 to 2,723 in 2015. Based on the information above, we understand the asset management in Hong Kong and China is in a growing pace and will continue to expand in the future.

We noted from the historical financial data of the Group as stated in the table above, the interest-bearing borrowings of the Group have been increased from approximately HK$251.1 million in FY2015 to approximately HK$1,325.2 million in FY2016. The proceeds of the interest-bearing borrowings have been used to partially finance the acquisition of an associate, which engaged in a property development project in the PRC and to involve in making other financial investments including the provision of financial assistances and the subscription of funds being launched by independent third parties. Since one of the interest-bearing borrowings is expected to fall due before the end of FY2017 and the interest rates being charged is relatively higher than the cost of equity, the Company, therefore, plans to apply part of the net proceeds for the repayment of that existing indebtedness. We are of the view that the Company using part of the net proceed for the repayment of the existing indebtedness of the Group are fair and reasonable and also in the interests of the Company and the Shareholders.

On 26 February 2016, the Group entered into a placing agreement (the "**First Placement Agreement**"). According to the announcement dated 9 March 2016, the placement according to the First Placement Agreement (the "**First Placement**") was completed and the total net proceed of approximately HK$182.48 million from the First Placement was intended to use as general working capital of the Group. As stated in the Company's announcement dated 31 August 2017, the net proceeds from the First Placement was applied as to approximately 20% as the Group's general working capital (including operating expenses) and as to approximately 80% was utilised for the Group's financial investments or investments, which include both listed and unlisted equity and debt investments. Although the intention of using the net proceeds from the First Placement may differ from its actual usage, we are of the view that such actual usage is in line with the business strategies of the Group.

On 14 November 2016, the Group entered into another placing agreement (the "**Second Placement Agreement**"). According to the announcement dated 6 December 2016, the placement according to the Second Placement Agreement (the "**Second Placement**") was completed and the total net proceeds of approximately HK$477.6 million from the Second Placement was intended to use as general working capital of the Group, repayment of the Group's indebtedness and the Group's other potential investments in the future. As stated in the Company's announcement dated 31 August 2017, the net proceeds from the Second Placement was applied as to approximately 85% for the purchase of listed shares in Hong Kong; as to approximately 14% was used as the Group's general working capital (including staff costs, rental expenses, professional fees, promotional expenses, and other operating expenses); and the remaining 1% was used for the repayment of loan interests and purchases of fixed assets.

As stated in 2016 Annual Report and 2017 Interim Report, the Group has subscribed certain interests in funds and made contributions to newly setup offshore funds. Moreover, certain borrowings have been repaid during the period. As a result, we understand the utilisation of the net proceeds obtained from the First Placement and Second Placement are in line with the Group's business strategies as stated in the Company's announcements and annual reports.

Having taken into accounts that:

(i) the net proceed will be used for the development of asset management which is in line with the Group's recent strategic plan;

(ii) the asset management industry of Hong Kong and PRC is in growing pace and will continue to expand in the future;

(iii) the use of net proceed obtained from the historical placement was used in line with the Group's business strategies as stated in the respective announcement;

(iv) since the cash and bank balances of the Group decreased significantly from approximately HK$992.8 million as at 31 December 2016 to approximately HK$401.3 million as at 30 June 2017 mainly due to the cash outflows as a result of (a) the increase in loan receivables, which was mainly due to the fact that three new advances made during the six months period ended from 1 January 2017 to 30 June 2017. The first transaction was conducted on 22 March 2017, which was relevant to an advance of RMB200 million (equivalent to approximately HK$224 million) and was a discloseable transaction of the Company as defined under Chapter 14 of the Listing Rules. The second transaction was conducted on 24 May 2017, which was relevant to a provision of financial assistance of HK$50 million to an independent third party to the Group for an initial term of three months which can be further extendable for another three months at the Group's consent. For the third transaction, it was conducted on 15 June 2017, which was also relevant to the provision of financial assistance of RMB60 million (equivalent to approximately HK$69 million), which was secured with a term of one year from the date of drawdown; and (b) increase in available-for-sale financial assets, which was mainly due to the subscription of a private offshore fund of HK$200 million, which was a discloseable transaction of the Company as defined under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 25 January 2017, the Group can further strengthen its capital base through the fund raising activity;

(v) the Qualifying Shareholders are provided equal opportunity to subscribe for the Right Shares for the purpose of maintaining their respective existing shareholding interests;

(vi) the Qualifying Shareholders have the right to sell their entitled nil-paid Right Shares in the market, which still able to enjoy the benefit from the Right Issue; and

(vii) the net proceed will be used for the repayment of the existing indebtedness of the Group which will lower the burden on finance costs of the Group;

we concur with the Directors that, despite the potential dilution effect of the Rights Issue on the shareholding interests of the Shareholders in the Group (as discussed in the paragraph headed "(g) Possible dilution of the shareholding interests of the existing public Shareholders" below) if such Shareholders do not take up their provisional allotments under the Rights Issue, the reasons for the Right Issue are fair and reasonable and in the interests of the Company and the Shareholders.

Other financing alternatives available to the Group

As advised by the Directors, the Company has been proactively considering various fund raising alternatives such as debt financing and Share placement. Part of the net proceeds will be utilised to repayment of existing indebtedness of the Group since the Company intends to gradually lower the level of the interest-bearing borrowings. Besides, the Company expects that the interest rate is expected to continuously rise under the current regime. As a result, the Company considers that debt financing is not the best alternative because the financial burden will gradually increase and so the related interest payment which will affect the operating cashflows of the Group. Moreover, the Company considers that the Share placement will dilute in shareholding interest of all or some of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company, whereas the Rights Issue is advantageous in the sense that it provides all Qualifying Shareholders with opportunities to maintain their respective prorate shareholdings in the Company and participate in future development of the Group as well as the net assets of the Group can be enlarged. We noted that the Group's indebtedness had increased and the Group's intent to use part of the net proceeds for repayment of the existing debts, so debt financing is no longer a feasible option to the Group for fund raising. Moreover, Right Issue will provide a platform and opportunity to all Qualifying Shareholders to participate and enjoy the enlarged capital or potential return of the Group equally. As a result, we concur with the Directors that the Right Issue is the best option over the other alternatives since it is in line with the company's capital structure direction and also allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution.

(b) ***Principal terms of the Rights Issue***

The following table summarizes the major terms of the Rights Issue:

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Number of existing Shares in issue as at the Latest Practicable Date	:	1,464,000,000 Shares
Number of Rights Shares	:	732,000,000 Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date)
Subscription Price	:	HK$2.20 per Rights Share with a nominal value of HK0.1 each The net Subscription Price for each Rights Share is approximately HK$2.18
Number of Shares in issue upon Completion	:	2,196,000,000 Shares (further assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date)
Underwriter:	:	Youfu Investment Co., Ltd, a company wholly-owned by Mr. Sun and which owns 340,192,667 Shares as at the Latest Practicable Date

As at the Latest Practicable Date, there are Outstanding Share Awards held by Mr. Liu Tingan, an executive Director pursuant to which up to 48,000,000 Shares may be issued upon certain vesting conditions being met. The relevant award Shares attached to such Outstanding Share Awards will be vested in tranches of 12,000,000 shares per year. The next vesting date of the second tranche of award Shares in respect of the Outstanding Share Awards is 31 March 2018. For such reasons and having regard to the current timetable of the proposed Rights Issue, the total number of Rights Shares will not be affected by the Outstanding Share Awards.

Upon Completion, it is expected that the number of award Shares attached to the Outstanding Share Awards would not be subject to any adjustment. Save for the Outstanding Share Awards, there were no derivatives, outstanding convertible securities, options or warrants of the Company in issue which confer any right to subscribe for, convert or exchange into the Shares as at the Latest Practicable Date.

According to the terms of the Underwriting Agreement, the obligations of the Underwriter under the Underwriting Agreement are conditional on, among other things, the Underwriter and China Tian Yuan providing their respective Irrevocable Undertakings and complying with and performing their respective obligations and undertakings thereunder.

Irrevocable Undertakings

As at the Latest Practicable Date, the Underwriter was the registered holder of 340,192,667 Shares (representing approximately 23.24% of the total number of Shares in issue in the Company) while China Tian Yuan was the registered holder of 240,000,000 Shares (representing approximately 16.39% of the total number of Shares in issue in the Company). Each of the Underwriter, China Tian Yuan, Mr. Sun and Mr. Jia have executed the Irrevocable Undertakings in favour of the Company, pursuant to which, among other things, (i) each of the Underwriter and China Tian Yuan has irrevocably undertaken to accept and lodge applications for their respective provisional allotments of Rights Shares (being an aggregate of 290,096,333 Rights Shares); (ii) each of the Underwriter and China Tian Yuan has irrevocably undertaken not to transfer, trade or otherwise deal in any of their Shares on or before the Record Date or when the Underwriting Agreement is otherwise terminated in accordance with the terms thereof, whichever is the earlier; and (iii) each of Mr. Sun and Mr. Jia has irrevocably undertaken to procure the performance of the obligations of the Underwriter and China Tian Yuan as mentioned above respectively.

The Irrevocable Undertakings shall terminate after the Record Date or the termination of the Underwriting Agreement (as the case may be).

The Subscription Price

The Subscription Price of HK$2.2 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a renouncee of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the relevant Rights Shares. The Subscription Price represents:

(a) a discount of approximately 2.22% to the closing price of HK$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 21.43% to the closing price of HK$2.80 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**Last Trading Date Price**");

(c) a discount of approximately 21.43% to the closing price of HK$2.80 per Share as quoted on the Stock Exchange on 30 August 2017 (being the last business day prior to the date of the Announcement);

(d) a discount of approximately 22.04% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK$2.82 per Share;

(e) a discount of approximately 22.73% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK$2.85 per Share;

(f) a discount of approximately 15.38% to the theoretical ex-rights price of approximately HK$2.60 per Share based on the closing price of HK$2.80 per Share as quoted on the Stock Exchange on the Last Trading Day;

(g) a premium of approximately 171.60% over the audited consolidated net asset value per Share as at 31 December 2016 of approximately HK$0.81 (which is calculated based on the audited consolidated net asset value of the Group attributable to the owners of the Company as at 31 December 2016 of approximately HK$1,167,378,000 and 1,440,000,000 Shares in issue as at 31 December 2016); and

(h) a premium of approximately 165.06% over the unaudited consolidated net asset value per Share as at 30 June 2017 of approximately HK$0.83 (which is calculated based on the unaudited consolidated net asset value of the Group attributable to the owners of the Company as at 30 June 2017 of approximately HK$1,217,051,000 and 1,464,000,000 Shares in issue as at 30 June 2017).

The theoretical ex-rights price of approximately HK$2.60 per Share (based on the Last Trading Date Price) represents a discount of approximately 7.14% to the Last Trading Day Price.

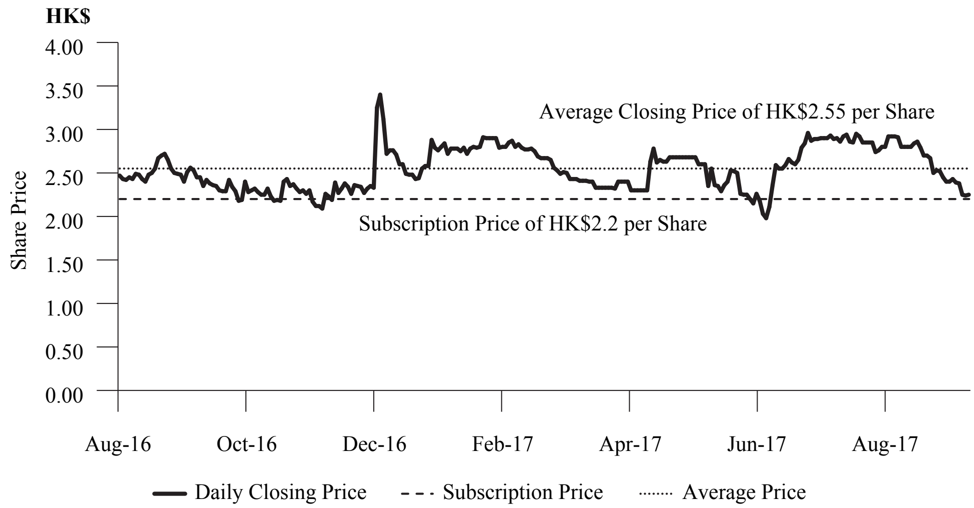
As stated in the Letter from the Board, the terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Underwriter, after having taken into account several factors and. the Directors (excluding members of the Independent Board Committee whose view are and set out in the section headed "Letter from the Independent Board Committee" in the Circular) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Please refer to the section headed "THE PROPOSED RIGHTS ISSUE – The Subscription Price" in the Letter from the Board for further details.

(c) Analysis on the Subscription Price

In order to assess the fairness and reasonableness of the Subscription Price, we set out the following informative analysis for illustrative purpose:

Historical Share price performance

Set out below is a chart showing the movement of the daily closing price of the Shares as quoted on Stock Exchange for the period from 31 August 2016 (being the first trading day of the 12-month period prior to the Last Trading Day) up to and including the Latest Practicable Date (the "**Review Period**"). We consider the Review Period which covers a full year prior to the Underwriting Agreement, represents a reasonable period to provide a general overview of the recent price performance of the Shares when conducting an analysis among the historical closing prices of the Shares and the Subscription Price.



Source: The Stock Exchange

As shown in the above chart, the daily closing price fluctuated in a range between HK$1.98 per Share to HK$3.40 per Share. The average daily closing price of the Shares is HK$2.55 per Share. The Subscription Price was close to lowest daily closing price at the price range of the Review Period. Among the 265 trading days during the Review Period, the daily closing price was lower than the Subscription Price of HK$2.20 per Share for only 15 trading days.

As advised by the Directors, it is the Company's intention to provide a reasonable discount to the Subscription Price offered to Qualifying Shareholders in order to encourage them to participate in the Rights Issue. After consider the Subscription Price is (i) the within the price range during the Review Period; (ii) lower than the average daily closing price of the Shares; and (iii) lower than most of the trading day's daily closing price during the Review Period, we concur with the Company that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as compare to the historical market price of the Share.

Market comparable analysis

Based on the information available from the Stock Exchange's website, We had initially considered identifying comparable share subscription transactions based on the following criteria: (i) rights issues conducted by other companies listed on the Hong Kong listed company; and (ii) announced within the six-month period immediately before the date of the Last Trading Day, i.e. 28 February 2017 up to the Last Trading Day, an exhaustive list of 24 of the rights issues (the "**Comparables**") for comparison purpose as set out in the table below. To the best of our endeavour, we believe that the list of the Comparables is an exhaustive list of rights issues meeting the aforesaid search criteria and is a fair and representative sample to be taken as a general reference of the recent market practices in relation to rights issues. We are not able to identify any of the recent right issue which the related group have similar business activities of the Group. We are of the view that the period from 28 February 2017 to the Last Trading Day would provide us with the recent relevant information on the market sentiment, which plays an important role in the determination of the subscription price of a rights issue in general. We have reviewed the market capitalization and the financial position, such as net asset value, on each of the Comparables. However, there is no conclusive evidence that suggests any correlations between the right issue price and the aforesaid factors. Moreover, we consider it is more appropriate and meaningful to compare the right issues price of the Comparables to its respective recent market value of share to present the recent trend of the rights issue transactions in the prevailing market condition. As a result, we have not considered the aforesaid factors as our selection basis. We also noted that the business activities of the Comparables are not directly comparable to those carried out by the Group and the terms of the rights issue of the Comparables may vary from companies with different business activities with their size, financial positions, business performances and future prospects. However as the Comparables are the recent transactions announced to the public, we consider that the Comparables provide a fair indicator of what was generally accepted by investors in assessing the subscription price in rights issue transactions and the statistics of the Comparables which could present the recent trend of the rights issue transactions in the prevailing market condition. Our relevant findings are summarised in the table below for their further information to make decision with respect to the Rights Issue. We have not conducted any independent investigation with regard to the businesses and operations of the Comparables which shall not affect our analysis as we are comparing the general trend of rights issue exercises in the market with the Rights Issue. We consider that the Comparables could provide a general reference for the recent market practice of Hong Kong listed companies in right issue exercises under similar market conditions.

Date of announcement	Company name (Stock Code)	Basis of entitlement	Market Capitalisation (As at the date of the respective announcement) *(HK$ million)*	Premium/ (Discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (Discount) of the subscription price over/to the theoretical ex-rights price, based on the last trading day %	Maximum dilution *(Note 1)* %	Underwriting commission %
28/2/2017	Food Idea Holdings Limited (8179)	1 for 1	155.27	(17.65)	(9.68)	50.00	0.25
3/3/2017	China Kingstone Mining Holdings Limited (1380)	5 for 1	75.05	(44.70)	(11.89)	83.33	2.00
14/3/2017	CC Land Holdings Limited (1224)	1 for 2	5,766.56	(12.28)	(8.68)	33.33	HK$4M
14/3/2017	Lerado Financial Group Company Limited (1225)	2 for 1	361.61	(36.31)	(15.97)	66.67	1.50
17/3/2017	Min Xin Holdings Limited (222)	3 for 10	3,185.22	(11.37)	(8.98)	23.08	0.00
28/3/2017	Hong Kong International Construction Investment Management Group Co., Limited (687)	2 for 1	4,582.03	0.99	0.32	66.67	2.50
29/3/2017	Global Energy Resources International Group Limited (8192)	1 for 2	245.97	(21.05)	(15.01)	33.33	3.00
12/4/2017	China Ground Source Energy Industry Group Limited (8128)	2 for 5	615.54	(58.33)	(50.00)	28.57	2.50
19/4/2017	Xinyi Solar Holdings Limited (968)	1 for 10	16,689.78	(10.04)	(9.31)	9.09	0.00

Date of announcement	Company name (Stock Code)	Basis of entitlement	Market Capitalisation (As at the date of the respective announcement) *(HK$ million)*	Premium/ (Discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (Discount) of the subscription price over/to the theoretical ex-rights price, based on the last trading day %	Maximum dilution *(Note 1)* %	Underwriting commission %
27/4/2017	New Wisdom Holding Company Limited (8213)	1 for 2	283.30	(52.00)	(41.94)	33.33	0.00
28/4/2017	China Oceanwide Holdings Limited (952)	3 for 1	1,813.73	(7.56)	(1.79)	75.00	HK$4M
4/5/2017	Theme Int'l (990)	1 for 2	994.67	(29.91)	(22.28)	33.33	0.00
16/5/2017	Kirn Group (8109)	5 for 2	133.01	(34.58)	(13.15)	71.43	1.50
17/5/2017	ABC Multactive (8131)	1 for 4	94.43	(54.55)	(48.98)	20.00	0.83
29/6/2017	Focus Media Network Limited (8112)	4 for 1	61.03	(17.86)	(4.17)	80.00	2.25
19/7/2017	V.S. International AL Group Limited (1002)	1 for 4	489.38	(17.86)	(14.81)	20.00	0.00
20/7/2017	Beautiful China Holdings Company Limited (706)	3 for 4	357.07	(29.5)	(19.3)	69.28	HK$2.1M
23/7/2017	Digital China Holdings Limited (861)	1 for 4	7,263.22	(29.6)	(25.1)	20.00	0.00
27/7/2017	China Agri-products Exchange Limited (149)	7 for 1	205.70	(62.66)	(17.28)	13.41	2.50
28/7/2017	Mega Medical Techonology Limited (876)	1 for 3	1,205.26	21.25	15.94	35.76	0.00
14/8/2017	Roma Group Limited (8072)	3 for 2	284.99	(34.21)	(17.13)	60.00	7.00

Date of announcement	Company name (Stock Code)	Basis of entitlement	Market Capitalisation (As at the date of the respective announcement) *(HK$ million)*	Premium/ (Discount) of the subscription price over/to the closing price on the last trading day %	Premium/ (Discount) of the subscription price over/to the theoretical ex-rights price, based on the last trading day %	Maximum dilution *(Note 1)* %	Underwriting commission %
16/8/2017	Carnival Group International Holdings Limited (996)	1 for 4	9,671.06	(39.39)	(34.21)	20.00	3.50
18/8/2017	China Polymetallic Mining Limited (2133)	1 for 2	579.92	(50.8)	(40.8)	33.33	1.50
22/8/2017	China State Construction International Holdings Limited (3311)	1 for 8	52,062.42	(9.36)	(8.41)	11.11	2.00
	Minimum			(62.66)	(50.00)	9.09	0.00
	Maximum			21.25	15.94	83.33	7.00
	Average			(27.47)	(17.61)	41.25	1.56
	the Company	1 for 2	4,099.2	(21.43)	(15.38)	33.33	1.00

Source: The Stock Exchange

Notes:

1. Maximum dilution effect of each rights issue is calculated as: ((number of rights shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the rights shares under the basis of entitlement + number of rights shares to be issued under the basis of entitlement) x 100%), e.g. for an rights issue with basis of 1 rights share for every two (2) existing shares, the maximum dilution effect is calculated as ((1)/(1+2)*100%) = approximately 33.33%.

From the above table, comparing the subscription price to the closing price on the last trading day of the Comparables, we note a range from a premium of approximately 21.25% to a discount of approximately 62.66% , with the average at discount of approximately 27.47%. On the other hand, comparing the subscription price to the theoretical ex-entitlement prices per share based on the respective last trading day prior to the rights issue announcement of the Comparables ranged from a premium of approximately 15.94% to a discount of approximately 50.0%, with the average at a discount of approximately 17.61%.

Although we noted that the Subscription Price discount of approximately 21.43% and 15.38% to the closing price per Share on the Last Trading Day and to the theoretical ex-entitlement prices per share based on the Last Trading Day, respectively, are lower than the respective average of the Comparables, having considered that:

(i) the Subscription Price is the fair and reasonable and in the interest of the Company and the Shareholders as compare to the historical market price of the Share as discussed in the paragraph headed "Analysis on the Subscription Price" above; and

(ii) the reason and benefit of the right issue and its allocation plan of the net proceed from right issue, detail of which was set out in the section headed "Reasons for the Rights Issue and use of proceeds" above;

Based on the abovementioned principal factors and reasons, we concur with the Company that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as compare to recent market comparable right issue transactions.

Taking into account on both the analysis of historical price performance of the Company and also the recent comparable right issue transactions as discussed above, we concur with the Company that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole

(d) Underwriting Agreement and commission

As stated in the Letter from the Board, on 31 August 2017, the Company and the Underwriter, which owns 340,192,667 Shares as at the Latest Practicable Date, representing approximately 23.24% of the existing issue share capital of the Company, entered into the Underwriting Agreement in respect of the Right Issue. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten, by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. The total number of Rights Shares agreed to be underwritten by the Underwriter is 441,903,667 Rights Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date), being the total number of 732,000,000 Rights Shares less a total of 290,096,333 Rights Shares to be taken up by the Underwriter and China Tian Yuan under the Irrevocable Undertakings. Detail of the Underwriting Agreement are set out in the section headed "THE UNDERWRITING AGREEMENT" in the Letter from the Board.

As stated in the Letter from the Board, the commission under the Underwriting Agreement is 1% of the aggregate Subscription Price in respect of the Rights Shares agreed to be underwritten by the Underwriter. The commission rate was determined after arm's length negotiations between the Company and the Underwriter. We noted that from the comparison table of the Comparable above, the underwriting commission of the Comparables ranged from nil to 7% with an average underwriting commission of 1.56%. After considered the commission under the Underwriting Agreement is within the range and below the average of underwriting commission of the Comparables. We concur with the Company that the commission rate under the Underwriting Agreement is justifiable as compare to the Comparables.

(e) Irrevocable Undertakings and other undertaking by the Underwriting

Irrevocable Undertakings

As stated in the Letter from the Board, as at the Latest Practicable Date, the Underwriter was the registered holder of 340,192,667 Shares (representing approximately 23.24% of the total number of Shares in issue in the Company) while China Tian Yuan was the registered holder of 240,000,000 Shares (representing approximately 16.39% of the total number of Shares in issue in the Company). Each of the Underwriter, China Tian Yuan, Mr. Sun and Mr. Jia have executed the Irrevocable Undertakings in favour of the Company, pursuant to which, among other things, (i) each of the Underwriter and China Tian Yuan has irrevocably undertaken to accept and lodge applications for their respective provisional allotments of Rights Shares (being an aggregate of 290,096,333 Rights Shares); (ii) each of the Underwriter and China Tian Yuan has irrevocably undertaken not to transfer, trade or otherwise deal in any of their Shares on or before the Record Date or when the Underwriting Agreement is otherwise terminated in accordance with the terms thereof, whichever is the earlier; and (iii) each of Mr. Sun and Mr. Jia has irrevocably undertaken to procure the performance of the obligations of the Underwriter and China Tian Yuan as mentioned above respectively.

The Irrevocable Undertakings shall terminate after the Record Date or the termination of the Underwriting Agreement (as the case may be).

Other undertaking

On 27 September 2017, China Aim has executed the China Aim Undertaking pursuant to which China Aim has undertaken not to subscribe for the 100,000,000 Rights Shares to which it is entitled nor apply for any excess Rights Shares.

The Underwriter further undertakes to the Company that it shall use its best endeavours and take appropriate steps to ensure that the public float requirements under Rule 8.08(1) of the Listing Rules be fulfilled by the Company at all times upon Completion, including but not limited to entering into sub-underwriting agreement(s) to place out its Shares to maintain the minimum public float for the Shares.

(f) Application for excess Rights Shares

As stated in the Letter from the Board, Qualifying Shareholders are entitled to apply for (a) any unsold entitlements of the Excluded Shareholders, (b) any Rights Shares provisionally allotted but not taken up by other Qualifying Shareholders and (c) any unsold aggregate fractions of Rights Shares.

Application may be made by duly completing and signing the EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares with the Registrar. The Board will allocate the excess Rights Shares (if any) at its discretion, but on a fair and equitable basis, to the Qualifying Shareholders under each application. No preference will be given to applications for topping up odd lot holdings to whole board lot holdings as the giving of such preference may potentially be abused by certain Shareholders by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

We consider the above terms on the application for excess Right Shares are on normal commercial terms. Moreover, the Qualifying Shareholders are given the first right to subscribe for any Rights Shares not taken up before the Underwriters. As a result, we are of the view that the application for excess Right Shares are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(g) ***Possible dilution of the shareholding interests of the existing public Shareholders***

The following table shows the shareholding structures of the Company as at the Latest Practicable Date and immediately after the Completion:

	(i) As at the Latest Practicable Date		(ii) Immediately after Completion, assuming all the Rights Shares and excess Rights Shares not taken up by China Aim are subscribed by the Qualifying Shareholders (except China Aim)		(iii) Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
The Underwriter *(Note 1)*	340,192,667	23.24	510,289,000	23.24	952,192,667	43.36
Zhisheng *(Note 1)*	170,097,333	11.62	255,145,999	11.62	170,097,333	7.75
Sub-total of the Underwriter and parties acting in concert	510,290,000	34.86	765,434,999 *(Note 5)*	34.86	1,122,290,000	51.11
Connected persons:						
China Tian Yuan *(Note 2)*	240,000,000	16.39	360,000,000	16.39	360,000,000	16.39
China Aim Holdings Limited *(Note 3)*	200,000,000	13.66	200,000,000 *(Note 6)*	9.11 *(Note 6)*	200,000,000	9.11 *(Note 7)*
Liu Tingan *(Note 4)*	12,000,000	0.82	18,000,000	0.82	12,000,000	0.55
Public Shareholders	501,710,000	34.27	852,565,000 *(Note 5,6)*	38.82 *(Note 6)*	501,710,000	22.84 *(Note 7)*
Total	**1,464,000,000**	**100.00**	**2,196,000,000**	**100.00**	**2,196,000,000**	**100.00**

Notes:

1. The Underwriter is wholly-owned by Mr. Sun. He is the brother-in-law of Ms. He Yeqin (賀葉芹) ("**Ms. He**"), the sole shareholder of Zhisheng. Ms. He is the sister-in-law of Mr. Sun. Therefore, the Underwriter, Mr. Sun, Zhisheng and Ms. He are parties acting in concert under the Takeovers Code.

2. China Tian Yuan is wholly-owned by Ningxia Tian Yuan Manganese Industry Co., Ltd.* (寧夏天元錳業有限公司), which is in turn owned as to 99.62% by Mr. Jia, 0.19% by Ms. Dong Jufeng (東菊鳳) and Ms. Zhu Fenglian (朱鳳蓮), respectively.

3. China Aim Holdings Limited is wholly-owned by Ms. Liu Hui (劉慧).

4. Mr. Liu Tingan (劉廷安) is an executive Director.

5. Assuming the aggregate fractions of one Rights Share will be sold in the market or taken by other Qualifying Shareholders in the public.

6. Assuming other Qualifying Shareholders in the public apply for the 100,000,000 excess Rights Shares to which China Aim is entitled but are not taken up by China Aim pursuant to the China Aim Undertaking. Further, as the shareholding of China Aim in the Company will fall below 10% immediately after Completion, it will no longer be a substantial shareholder of the Company and hence, not a connected person of the Company. In such connection, the total shareholding of all public shareholders (including China Aim) in the Company will become 47.93%.

7. Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue, the shareholding of China Aim in the Company will fall below 10% and it will no longer be a substantial shareholder of the Company and hence, no longer be a connected person of the Company. In such connection, the total shareholding of all public shareholders (including China Aim) in the Company will become 31.95%.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

Each of the Underwriter, China Tian Yuan, Mr. Sun and Mr. Jia have executed the Irrevocable Undertakings in favour of the Company, detail of which set out in the paragraph headed "(e) Irrevocable Undertakings" above. In the case when those Qualifying Shareholders who do not take up in full their assured entitlements under the Right Issue, the Shareholdings of those Qualifying Shareholders will be diluted. China Tian Yuan will not affect by the dilution because it has entered the Irrevocable Undertakings. Assumed all Qualifying Shareholders other than the Underwriter and China Tian Yuan did not applied for their provisional allotments of Rights Shares. The shareholding of the Underwriter on the Group will increase from 23.24% to 43.36% and other Qualifying Shareholders will be diluted their shareholding of the Group accordingly. The Qualifying Shareholders should note that they are provided a right to applied or forfeit the participation of the Right Issue and they should consider pros and cons before making the decision.

(h) Financial effects of the Rights Issue

Effect on net tangible assets

Detail of the to the statement of unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Appendix II to the Circular. As at 30 June 2017, the net tangible assets per Share was approximately HK$0.83 per Share, which is calculated based on the total unaudited consolidated net tangible assets of the Group attributable to the Shareholder approximately HK$1,215.5 million divided by the total number of 1,464 million issued Shares.

Upon the completion of the Rights Issue, the net tangible assets per Share become approximately HK$1.28 per Share, which is calculated based on the total unaudited consolidated net tangible assets of the Group attributable to the Shareholder approximately HK$2,810.9 million, which is divided by the total number of 2,196 million enlarged issued Shares.

Effect on working Capital

As at 30 June 2017, the cash and bank balance of the Group was approximately HK$401.3 million. As stated in the Letter from the Board, approximately 5% of the net proceed from the Right Issue, which amounting to approximately HK$79.7 million, will be allocated as general working capital of the Group and/or or for future investment opportunities should suitable opportunities become available to the Group. As a result, the cash and bank balance will be increased upon the Completion.

Having considering (i) approximately HK$79.7 million will be allocated as general working capital which will strengthen the capital base of the Group; and (ii) the Right Issue will increase the net tangible assets per Share and working Capital of the Group, we are of the view that the net proceed from the Right Issue will strengthen the capital and asset base of the Group which is in the interest of the Company and the Shareholders as a whole.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

II. THE WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter holds 340,192,667 Shares, representing approximately 23.24% of the total number of Shares in issue in the Company. The Underwriter and partis acting in concert with it (including Zhisheng) holds an aggregate of 510,290,000 Shares, representing approximately 34.86% of the total number of Shares in issue in the Company.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Underwritten Shares. Assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of the Rights Shares and excess Right Shares, the Underwriter will be required to take up all the Underwritten Shares and the aggregate shareholding interest held by the Underwriter alone, and the Underwriter together with parties acting in concert with it would increase to approximately 43.36% and 51.11% of the issued share capital of the Company as enlarged by the issue of the Rights Shares immediately after Completion, respectively. In such circumstances, the Underwriter and parties acting in concert with it would be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Underwriter and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

In this regard, the Underwriter has made an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has agreed to grant the Whitewash Waiver subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll in accordance with the Takeovers Code. The granting of the Whitewash Waiver is a condition precedent to the Underwriting Agreement which is not capable of being waived. If the Whitewash Waiver is not obtained from the Executive and/or approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as Mr. Liu, China Tian Yuan, the Underwriter and parties acting in concert with it (including Zhisheng) are interested in the Whitewash Waiver, they are required to abstain from voting on the resolution to be proposed at the SGM in relation to (i) the Rights Issue, (ii) the Underwriting Agreement and the transactions contemplated thereunder, and (iii) the Whitewash Waiver.

After considered (i) the reason and benefit for the Rights Issue and use of proceeds set out in the section headed "Reasons for the Rights Issue and use of proceeds" above; and (ii) the terms of the Rights Issue and the Underwriting Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the approval for the Whitewash Waiver, which is a condition for completion of the Rights Issue, is in the interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Rights Issue.

RECOMMENDATION

Despite the fact that (i) the maximum potential dilution effect of approximately 33.33% of the Rights Issue on the shareholding interests of the Shareholders in the Group if such Shareholders do not take up their provisional allotments under the Rights Issue; and (ii) the Subscription Price discount of approximately 21.43% and 15.38% to the closing price per Share on the Last Trading Day and to the theoretical ex-entitlement prices per share based on the Last Trading Day, respectively, are lower than the respective average of the Comparables, having consider:

(i) The reason and benefit of the Right Issue as mentioned in the section headed "Reasons for the Rights Issue and use of proceeds" above;

(ii) the Right Issue is the best option over the other alternatives since it is in line with the company's capital structure direction, which can reduce the indebtedness level and avoidance of bringing further interest burden to the Group, and also allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution;

(iii) the Subscription Price as mentioned in the section headed "(c) Analysis on the Subscription Price" above is fair and reasonable and in the interest of the Company and the Shareholders as compare to the historical market price of the Share during the Review Period; and

(iv) the commission rate under the Underwriting Agreement is justifiable as compare to the Comparables, detail of which set out in section headed "(d) Underwriting Agreement and commission".

Having considered the abovementioned principal factors and reasons, we are of the view that the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution in relation to the Whitewash Waiver at the SGM.

Yours faithfully,
For and on behalf of
TC Capital International Limited

Edward Wu	**Stanley Chung**
Chairman	*Managing Director*

Note: Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. Mr. Stanley Chung has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2006. Both Mr. Wu and Mr. Chung have participated in and completed various advisory transactions in respect of connected transactions and transactions under the Takeover Code; of listed companies in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three financial years ended 31 December 2014, 2015 and 2016 and six months ended 30 June 2017 were disclosed in the annual reports of the Company for the years ended 31 December 2014 (pages 64 to 135), 2015 (pages 73 to 143) and 2016 (pages 77 to 159) and the interim report of the Company for the six months ended 30 June 2017 (pages 10 to 34). The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkexnew.hk) and the website of the Company (www.hkbridge.com.hk).

2. SUMMARY OF FINANCIAL INFORMATION

The following is the summary of the consolidated financial information of the Group for each of the three years ended 31 December 2014, 2015 and 2016, which were extracted from the Company's relevant annual reports and 2017 interim report, respectively.

	For the year ended 31 December			For the six months ended 30 June
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)
Results				
Total revenue	610,340	566,630	803,194	372,589
Profit/(loss) before taxation	(163,299)	15,868	222,208	49,956
Income tax expense	(3,295)	(2,413)	(47,036)	(14,286)
Non-controlling interests	4,699	4,449	2,056	—
Profit/(loss) for the year attributable to Shareholders of the Company	(161,895)	17,904	177,228	35,670
	HK Cents	*HK Cents*	*HK Cents*	*HK Cents*
Earnings/(loss) per Share:				
Basic	(16.19)	1.79	15.02	2.44
Diluted	(16.19)	1.79	14.92	2.44
Dividend	—	—	—	—
Dividend per Share	—	—	—	—

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)
Assets and Liabilities				
Total assets	932,068	807,117	2,791,491	3,459,498
Total liabilities	(560,155)	(466,808)	(1,624,119)	(2,242,447)
Net assets	371,913	340,309	1,167,378	1,217,051
Total equity attributable to:				
Shareholders of the Company	379,725	352,505	1,167,378	1,217,051
Non-controlling interests	(7,812)	(12,196)	—	—
Total equity	371,913	340,309	1,167,378	1,217,051

Notes:

1. The consolidated financial statements of the Group for each of the three year ended 31 December 2014, 2015 and 2016 were audited by BDO Limited. No qualification was made by the auditors of the Company in respect of the audited consolidated financial statements of the Company for the years ended 31 December 2014, 2015 and 2016.

2. Gain on disposal of interest in an associate of HK$156.5 million was recognised for the year ended 31 December 2015 and gain on disposal of subsidiaries of HK$23.0 million as well as gains on bargain purchases arising from acquisitions of associates of HK$28.5 million were recognised for the year ended 31 December 2016.

3. AUDITED FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2016

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31 December 2016 as extracted from the 2016 Annual Report:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

		2016	2015
	Notes	*HK$'000*	*HK$'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

	Notes	2016 HK$'000	2015 HK$'000
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)
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)

	Notes	2016 HK$'000	2015 HK$'000
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

	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

	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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital	Share premium	Share-based com-pensation benefits reserve	Contributed surplus	Property revaluation reserve	Translation reserve	Statutory reserve	Accumulated losses	Sub-Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 35)		*(Note 37)*	*(Note (a))*			*(Note (b))*				
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

	2016 *HK$'000*	2015 *HK$'000*
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)
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

	2016	2015
	HK$'000	*HK$'000*
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

Notes to the Financial Statements

31 December 2016

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.

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.

(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.

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.

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.

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.

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.

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.

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

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

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

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

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

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

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

(f) Leasing

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

The Group as lessee

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

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

(g) Financial instruments

(i) Financial assets

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Available-for-sale financial assets

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

(ii) Impairment loss on financial assets

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

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

For loans and receivables

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

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.

(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.

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.

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.

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.

(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.

(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.

(q) Provisions and contingent liabilities

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

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

(r) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

(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.

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.

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.

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

(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.

(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	2015
	HK$'000	*HK$'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	2015
	HK$'000	*HK$'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	Salaries and other benefits	Contributions to retirement benefit scheme	Equity-settled share-based compensation benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016					
Executive directors:					
Liu Tingan (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.

	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

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

	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*
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

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	**2015**
	HK$'000	*HK$'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	Leasehold improvements	Plant and machinery	Furniture, fixture and equipment	Motor vehicles	Moulds, dies, test fixtures and pins	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016							
At 1 January 2016							
Cost or valuation	261,459	9,342	700,812	8,677	7,435	7,605	995,330
Accumulated depreciation and impairment loss	(19,191)	(6,119)	(667,030)	(6,574)	(5,681)	(4,611)	(709,206)
Carrying amount	242,268	3,223	33,782	2,103	1,754	2,994	286,124
At 1 January 2016, carrying amount	242,268	3,223	33,782	2,103	1,754	2,994	286,124
Additions	—	4,099	1,247	2,700	5,864	110	14,020
Disposals	—	—	—	(120)	(57)	—	(177)
Depreciation provided during the year	(5,083)	(259)	(8,899)	(768)	(766)	(557)	(16,332)
Revaluation loss	(2,626)	—	—	—	—	—	(2,626)
Disposal of subsidiaries *(Note 16)*	—	—	—	(95)	—	(1,781)	(1,876)
Exchange realignment	(11,492)	(432)	(4,996)	(78)	(20)	(51)	(17,069)
At 31 December 2016, carrying amount	223,067	6,631	21,134	3,742	6,775	715	262,064
At 31 December 2016							
Cost or valuation	246,995	13,007	666,760	10,508	12,636	4,315	954,221
Accumulated depreciation and impairment losses	(23,928)	(6,376)	(645,626)	(6,766)	(5,861)	(3,600)	(692,157)
Carrying amount	223,067	6,631	21,134	3,742	6,775	715	262,064

	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

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.

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

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.

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

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)

(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

(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

(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

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.

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

	Minimum lease payments 2015	Interest 2015	Present value 2015
	HK$'000	*HK$'000*	*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	2015
	HK$'000	*HK$'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	Tax losses	Impairment of property, plant and equipment	Revaluation of property	Unrealised fair value gain on equity instruments at fair value through profit of loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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.

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.

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.

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

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
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.

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**	**2015**
		HK$'000	*HK$'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.

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

(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

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

(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.

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.

	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.

4. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The following is the full text of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2017 as extracted from the interim report of the Company for the six months ended 30 June 2017:

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Six months ended 30 June	
		2017	**2016**
		(Unaudited)	(Unaudited)
	Notes	*HK$'000*	*HK$'000*
REVENUE	*4*	372,589	246,849
Cost of sales and services rendered		(273,703)	(217,245)
Gross profit		98,886	29,604
Other income	*4*	53,569	2,598
Other gains and losses, net	*5*	(1,784)	47,042
Selling and distribution costs		(17,031)	(21,397)
Administrative expenses		(50,463)	(41,408)
Finance costs	*6*	(33,621)	(7,803)
Share of results of associates		400	—
PROFIT BEFORE INCOME TAX EXPENSE	*7*	49,956	8,636
Income tax expense	*8*	(14,286)	(1,227)
PROFIT FOR THE PERIOD		35,670	7,409
Other comprehensive income for the Period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		14,003	(8,487)
Release of translation reserve included in profit or loss upon disposal of subsidiaries and an associate		—	(38,177)
Total comprehensive income for the Period		49,673	(39,255)

	Notes	Six months ended 30 June 2017 (Unaudited) HK$'000	2016 (Unaudited) HK$'000
Profit/(loss) for the period attributable to:			
Owners of the Company		35,670	8,916
Non-controlling interests		—	(1,507)
		35,670	7,409
Total comprehensive income for the Period attributable to:			
Owners of the Company		49,673	(37,788)
Non-controlling interests		—	(1,467)
		49,673	(39,255)
Earnings per share attributable to owners of the Company			
— Basic and diluted	9	HK2.44 cents	HK0.79 cents

Unaudited Condensed Consolidated Statement of Financial Position

	Notes	At 30 June 2017 (Unaudited) HK$'000	At 31 December 2016 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	267,406	262,064
Payments for leasehold land held for own use under operating leases		3,551	3,551
Interests in associates	12	444,645	431,513
Loan receivables	15	224,000	—
Rental and utility deposits		168	250
Available-for-sale financial assets	13	982,107	2,107
Deposits paid		15,628	65,996
Total non-current assets		1,937,505	765,481
CURRENT ASSETS			
Inventories		74,917	78,713
Payments for leasehold land held for own use under operating leases		121	121
Trade receivables	14	118,841	111,549
Loan receivables	15	114,216	167,598
Prepayments, deposits and other receivables		86,347	35,822
Equity investments at fair value through profit or loss	16	726,297	639,429
Bank balances and cash		401,254	992,784
Total current assets		1,521,993	2,026,016
CURRENT LIABILITIES			
Trade payables	17	123,133	134,534
Other payables and accruals		146,302	101,046
Tax payables		16,303	8,007
Amount due to an associate	12	10,440	10,440
Loan from a related company	24(a)(iv)	200,000	200,000
Borrowings	18	719,615	843,352
Loans from a director	19	93,076	—
Obligation under finance leases		49	545
Total current liabilities		1,308,918	1,297,924
NET CURRENT ASSETS		213,075	728,092
TOTAL ASSETS LESS CURRENT LIABILITIES		2,150,580	1,493,573

	Notes	**At 30 June 2017** (Unaudited) *HK$'000*	**At 31 December 2016** (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Borrowings	*18*	890,000	189,944
Loans from a director	*19*	—	91,378
Deferred tax liabilities		43,529	44,873
Total non-current liabilities		933,529	326,195
NET ASSETS		1,217,051	1,167,378
CAPITAL AND RESERVES			
Share capital	*20*	146,400	144,000
Reserves		1,070,651	1,023,378
TOTAL EQUITY		1,217,051	1,167,378

Unaudited Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company										
	Share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Share-based compensation benefits reserve (Unaudited) *HK$'000*	Contributed surplus (Unaudited) *HK$'000*	Property revaluation reserve (Unaudited) *HK$'000*	Translation reserve (Unaudited) *HK$'000*	Statutory reserve (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Sub-Total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 January 2017	144,000	954,387	55,806	19,000	10,229	33,838	7,335	(57,217)	1,167,378	—	1,167,378
Profit for the Period	—	—	—	—	—	—	—	35,670	35,670	—	35,670
Other comprehensive income for the Period:											
Exchange difference arising on translation of foreign operations	—	—	—	—	—	14,003	—	—	14,003	—	14,003
Total comprehensive income for the Period	—	—	—	—	—	14,003	—	35,670	49,673	—	49,673
Vesting of shares under the Share Award Scheme *(Note 20)*	2,400	62,880	(54,720)	—	—	—	—	(10,560)	—	—	—
At 30 June 2017	146,400	1,017,267	1,086	19,000	10,229	47,841	7,335	(32,107)	1,217,051	—	1,217,051

	Equity attributable to owners of the Company									
	Share capital	**Share premium**	**Contributed surplus**	**Property revaluation reserve**	**Translation reserve**	**Statutory reserve**	**Accumulated losses**	**Sub-Total**	**Non-controlling interests**	**Total equity**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	100,000	337,854	19,000	12,199	110,562	7,335	(234,445)	352,505	(12,196)	340,309
Profit for the Period	—	—	—	—	—	—	8,916	8,916	(1,507)	7,409
Other comprehensive income for the Period:										
Exchange difference arising on translation of foreign operations	—	—	—	—	(8,527)	—	—	(8,527)	40	(8,487)
Release upon disposal of subsidiaries and an associate	—	—	—	—	(38,177)	—	—	(38,177)	—	(38,177)
Total comprehensive income for the Period	—	—	—	—	(46,704)	—	8,916	(37,788)	(1,467)	(39,255)
Issue of shares on placement, net of expenses	20,000	162,970	—	—	—	—	—	182,970	—	182,970
At 30 June 2016	120,000	500,824	19,000	12,199	63,858	7,335	(225,529)	497,687	(13,663)	484,024

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2017	**2016**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before income tax expense	49,956	8,636
Adjustments for:		
Depreciation of property, plant and equipment	7,184	9,131
Gain on disposal of other investment	(5,598)	—
Interest income	(37,513)	(361)
Return on a private equity fund	(13,000)	—
Finance costs	33,621	7,803
Share of results of associates	(400)	—
Fair value loss on equity investments at fair value through profit or loss	12,132	—
Release of prepaid lease payments	82	64
(Reversal of)/write down of inventories	(1,015)	2,375
Reversal of impairment loss on trade receivables	—	(56)
Gain on disposal of subsidiaries and an associate	—	(40,283)
Reversal of provision for employee termination benefits	—	(2,118)
Operating cash flows before movements in working capital	45,449	(14,809)
Decrease/(increase) in rental and utility deposits	82	(18)
Decrease in inventories	4,811	3,472
(Increase)/decrease in trade receivables	(7,292)	3,717
Increase in loan receivables	(169,684)	—
Increase in equity investments at fair value through profit or loss, net	(99,000)	—
Increase in prepayments, deposits and other receivables	(50,525)	(10,696)
(Decrease)/increase in trade payables	(11,401)	9,296
Increase in other payables and accruals	30,357	2,832
Cash used in operations	(257,203)	(6,206)
Income tax paid	(7,334)	(41)
NET CASH USED IN OPERATING ACTIVITIES	(264,537)	(6,247)

	Six months ended 30 June	
	2017	**2016**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Interest received	36,847	361
Proceeds from disposal of subsidiaries and an associate	—	182,733
Increase in available-for-sale financial assets	(980,000)	—
Proceeds from disposal of other investment	55,598	—
Decrease in structured deposit	558,659	—
Decrease in deposits paid	368	—
Purchases of property, plant and equipment	(4,577)	(3,744)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(333,105)	179,350
FINANCING ACTIVITIES		
Proceeds from issue of new shares, net of expenses	—	182,970
New borrowings	913,984	203,319
Repayment of borrowings	(337,665)	(200,131)
Repayment of obligation under finance leases	(496)	(1,978)
Repayment of loans from a director	—	(2,166)
Interest paid	(17,024)	(7,803)
NET CASH GENERATED FROM FINANCING ACTIVITIES	558,799	174,211
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(38,843)	347,314
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	434,125	96,985
Effect on foreign exchange rate changes	5,972	(5,828)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	401,254	438,471
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	401,254	438,471

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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**").

As at 30 June 2017, Youfu Investment Co., Ltd. and Zhisheng Enterprise Investment Co., Ltd. are substantial shareholders of the Company and they are parties acting in concert of which they hold an aggregate of 34.86% of the issued share capital of the Company. At the same time, China Aim Holdings Limited and China Tian Yuan Manganese Limited are also substantial shareholders of the Company and each holds 13.66% and 16.39% of the issued share capital of the Company, respectively. Further details of which are set out under the heading "SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES".

As at 30 June 2017, in the opinion of the directors of the Company, the Company has no immediate and ultimate holding company.

During the Period, 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 PCBs;
- investment and trading of securities and related treasury activities; and
- advising on securities, asset management services and rendering of investment and other consultancy related services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 and other relevant provisions of The Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

(b) Principal accounting policies, accounting estimates and judgements

The unaudited condensed consolidated financial statements for the Period have been prepared on the historical cost basis except for certain financial assets or instruments that are measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016 except for those as described in (c) below.

The preparation of the unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the unaudited condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2016.

(c) Adoption of amendments to Hong Kong Financial Reporting Standards (the "HKFRSs")

During the Period, the Group has applied for the first time, the following amendments to HKFRSs issued by the HKICPA which are relevant to and effective for the Group's unaudited condensed consolidated financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments has no material impact on the Group's unaudited condensed consolidated financial statements for the Period.

(d) New or revised HKFRSs that have been issued but are not yet effective and not early adopted by the Group

The following new or revised HKFRSs, potentially relevant to the Group's unaudited condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. 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. SEGMENT INFORMATION

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to strategic decisions.

Six months ended 30 June 2017

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

Manufacturing segment	—	Manufacture and sales of PCBs
Treasury investments segment	—	Investment in securities and other treasury related activities
Financial services segment	—	Asset management, investment and other consultancy related services

In the opinion of the Directors, the current reporting operating segments are much in line with the chief operating decision-maker that are used to strategic decisions.

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

	Manufacturing 2017 *HK$'000*	**Treasury investments 2017** *HK$'000*	**Financial services 2017** *HK$'000*	**Total 2017** *HK$'000*
Revenue from external customers	282,991	(12,132)	101,730	372,589
Reportable segment (loss)/profit	(16,062)	8,134	43,598	35,670
Reportable segment assets	524,622	2,053,146	881,730	3,459,498
Reportable segment liabilities	439,807	1,015,569	787,071	2,242,447

Six months ended 30 June 2016

No segment information was presented for the six months ended 30 June 2016 as the manufacturing segment was the only meaningful active operating segment of the Group. All the other two segments were not in existence during the six months ended 30 June 2016.

(b) Geographical information

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

	Six months ended 30 June	
	2017	**2016**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Europe	100,953	81,389
Hong Kong	23,003	41,446
The People's Republic of China (the "PRC")	73,916	34,475
United States of America	14,250	25,178
Malaysia	22,299	18,227
Japan	24,405	17,242
Singapore	12,040	12,399
Thailand	—	4,349
Others	12,125	12,144
	282,991	246,849

Note:

Revenues are attributed to the relevant countries on the basis of the customers' locations.

All the Group's revenues from external customers on treasury investments and financial services segments are generated in Hong Kong.

4. REVENUE AND OTHER INCOME

Revenue represents (i) the amounts received and receivable for goods sold/services rendered by the Group to external customers, less returns, rebate, discounts and related taxes, if any; and (ii) fair value gain/(loss) on equity investments at fair value through profit or loss, net, during the Period.

The amount of each significant category of revenue recognised during the Period are as follows:

	Six months ended 30 June	
	2017	**2016**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales of goods	282,991	246,849
Investment referral and consultancy fee income	101,730	—
Unrealised fair value loss on equity investments at fair value through profit or loss, net	(12,132)	—
	372,589	246,849

	Six months ended 30 June 2017 (Unaudited) HK$'000	2016 (Unaudited) HK$'000
Other income		
Interest income:		
— Loan receivables	24,756	—
— Loans to associates	12,732	—
— Bank deposits	25	361
Total interest income	37,513	361
Return on a private equity fund	13,000	—
Tooling income	649	648
Sample income	1,726	1,228
Government grants	567	—
Others	114	361
	53,569	2,598

5. OTHER GAINS AND LOSSES

	Six months ended 30 June 2017 (Unaudited) HK$'000	2016 (Unaudited) HK$'000
Reversal of provision for employee termination benefits	—	2,118
Net exchange (losses)/gains	(7,382)	4,585
Gain on disposal of other investment	5,598	—
Reversal of impairment loss on trade receivables	—	56
Gain on disposal of subsidiaries and an associate	—	40,283
	(1,784)	47,042

6. FINANCE COSTS

	Six months ended 30 June 2017 (Unaudited) HK$'000	2016 (Unaudited) HK$'000
Interest on:		
— Borrowings	25,276	4,485
— Loan from a related company	3,000	—
— Loans from a director	3,192	3,207
— Obligation under finance leases	13	111
— Arrangement fees	2,025	—
— Bank charges	115	—
	33,621	7,803

7. PROFIT BEFORE INCOME TAX EXPENSE

This is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	**2016**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense	248,216	217,245
Cost of services rendered	25,487	—
(Reversal of)/write-down of inventories (Included in cost of inventories recognised as an expense) *(Note)*	(1,015)	2,375
Depreciation of property, plant and equipment	7,184	9,131
Release of prepaid lease payments	82	64

Note:

The reversal of write-down of inventories arising from the increase in net realisable value, which was caused by the increase in ultimate actual scrap value.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	**2016**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The income tax expense comprises:		
Hong Kong Profits Tax:		
Current Period	7,071	—
PRC Enterprise Income Tax:		
Current Period	8,559	1,206
Under-provision in prior years	—	21
	8,559	1,227
Deferred tax credit	(1,344)	—
Income tax expense	14,286	1,227

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the Group's profit for the Period attributable to owners of the Company of HK$35,670,000 (six months ended 30 June 2016: HK$8,916,000) and the weighted average number of ordinary shares in issue of 1,463,736,000 (six months ended 30 June 2016: 1,125,275,000) during the Period.

Diluted earnings per share is equal to basic earnings per share for the six months ended 30 June 2017 and 2016 as there were no potential dilutive ordinary shares in issue in both periods.

10. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2016: HK$Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment with a cost of approximately HK$4,577,000 (six months ended 30 June 2016: approximately HK$3,744,000).

12. INTERESTS IN ASSOCIATES

	At **30 June 2017** (Unaudited) *HK$'000*	At **31 December 2016** (Audited) *HK$'000*
Share of net assets other than goodwill	59,544	59,144
Goodwill on the acquisition	1,566	1,566
Loans to associates#	383,535	370,803
	444,645	431,513
Amount due to an associate*	(10,440)	(10,440)

\# Included in the loans to associates as at 30 June 2017 is a balance due from an associate amounting to HK$140,940,000 (31 December 2016: HK$140,940,000) which is secured by the remaining 55% equity interest in that associate being held by the equity holder of that associate, bears interest at a rate of 18% per annum, and is repayable by 8 March 2018. The remaining balances are unsecured, interest free with no fixed repayment terms.

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

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

During the Period, the Group had made contributions to four separate private equity funds with an aggregate amount of HK$980 million. Further details of all these four private funds were set out in the Company's announcements dated 23 December 2016, 25 January 2017 and 14 May 2017, respectively.

14. TRADE RECEIVABLES

Customers are generally granted with credit terms of 30 to 120 days (31 December 2016: 30 to 120 days). The Group closely monitors its outstanding trade receivables. Overdue balances are reviewed regularly by the Group's senior management. The ageing analysis of trade receivables (net of allowance for doubtful debts) based on invoice date at the end of the reporting period is as follows:

	At 30 June 2017 (Unaudited) *HK$'000*	**At 31 December 2016** (Audited) *HK$'000*
0 — 30 days	50,508	54,645
31 — 60 days	41,367	35,703
61 — 90 days	26,966	21,191
Over 90 days	—	10
	118,841	111,549

15. LOAN RECEIVABLES

	At 30 June 2017 (Unaudited) *HK$'000*	**At 31 December 2016** (Audited) *HK$'000*
Unsecured loans	50,000	—
Secured loans	288,216	123,799
Entrusted loans	—	43,799
	338,216	167,598
Current portion	114,216	167,598
Non-current portion	224,000	—
	338,216	167,598

Note:

As at 30 June 2017 and 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. All outstanding loan receivables as at 30 June 2017 were granted to the borrowers during the Period and those outstanding loan receivables as at 31 December 2016 were fully repaid during the Period.

16. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Listed equity investments, at market value	726,297	639,429

During the Period, the Group acquired a total number of 90,000,000 shares in CIC at a consideration of HK$99 million from an independent third party. As at 30 June 2017, it was remeasured at market value together with the other two listed securities already held by the Group since 31 December 2016. During the Period, other than that investment, there was no other addition or disposal of listed equity investment.

The above equity investments at 30 June 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

Assuming the portfolio of the Group's listed equity investments has remained unchanged, the market value of the Group's listed equity investments at the date of publication of these unaudited condensed consolidated financial statements was approximately HK$649,857,000.

17. TRADE PAYABLES

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

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
0 — 30 days	38,538	44,027
31 — 60 days	19,212	29,923
61 — 90 days	30,117	23,372
Over 90 days	35,266	37,212
	123,133	134,534

The trade payables are non-interest bearing and are normally settled on terms of 60 to 120 days (31 December 2016: 60 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

18. BORROWINGS

	At 30 June 2017 (Unaudited) HK$'000	At 31 December 2016 (Audited) HK$'000
Secured bank loans repayable within one year	133,483	109,498
Other loans, unsecured	836,188	733,854
Other loans, secured	639,944	189,944
	1,609,615	1,033,296
Current portion	719,615	843,352
Non-current portion	890,000	189,944
	1,609,615	1,033,296

Certain of the Group's interest-bearing borrowings are secured by the followings:

1. certain buildings and payments for leasehold land held for own use under operating leases held by the Group;
2. the assignment of trade receivables of a subsidiary of the Group;
3. certain listed securities being held by the Group;
4. equity interest in an associate of the Group;
5. equity interests in certain subsidiaries of the Group's manufacturing segment; and
6. corporate guarantees of the Company.

19. LOANS FROM A DIRECTOR

	At 30 June 2017 (Unaudited) HK$'000	At 31 December 2016 (Audited) HK$'000
Unsecured loans from a director:		
— interest bearing at 7% and repayable on 2 January 2018	93,076	91,378

The loans were advanced by Mr. Cheok Ho Fung ("**Mr. Cheok**"), a director of the Company.

20. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each *('000)*	*HK$'000*
Authorised:	2,000,000	200,000
Issued and fully paid:		
At 1 January 2016	1,000,000	100,000
Issue of ordinary shares on placements	440,000	44,000
At 31 December 2016 and 1 January 2017 (audited)	1,440,000	144,000
Vesting of ordinary shares under the Share Award Scheme	24,000	2,400
At 30 June 2017 (unaudited)	1,464,000	146,400

21. 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 announcement dated 17 May 2016.

Afterwards, the Board resolved to award the Award Shares to two executive Directors of the Company namely Mr. Liu and Mr. Zhou under the Share Award Scheme, which will be vested in five equal batches on 31 March 2017, 2018, 2019, 2020 and 2021, respectively. The vesting of the Award Shares 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 were set out in the Company's announcements dated 17 May 2016 and 24 August 2016, respectively and circulars dated 5 July 2016 and 30 September 2016, respectively.

The grants of the Award Shares to each of these two executive Directors were approved by independent shareholders of the Company at the special general meetings held on 20 July 2016 and 27 October 2016, respectively.

During the Period, all vesting conditions under the first batch of the Award Shares were fulfilled. 12,000,000 new ordinary Shares of the Company were issued and transferred to each of Mr. Liu and Mr. Zhou, respectively, details of which were set out in the Company's announcement dated 31 March 2017.

With effect from 26 July 2017, Mr. Zhou ceased to be an executive Director.

22. OPERATING LEASE COMMITMENTS

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

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Within one year	9,023	2,622
In the second to fifth years inclusive	4,849	356
	13,872	2,978

Operating lease payments represent rentals payable by the Group for its office properties and staff quarters both in Hong Kong and in the Mainland China. Leases are negotiated for terms of one to three (31 December 2016: one to three) years with fixed rentals.

23. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Capital expenditure, contracted for but not provided in the unaudited condensed consolidated financial statements, in respect of		
— the acquisition of plant and machinery	3,010	2,194
— committed investments	110,000	340,000
	113,010	342,194

Subsequent to 30 June 2017, the Group received a termination notice from the seller indicating that the seller decided to terminate the completion of the acquisition of listed securities of HK$110 million. Further details in relation to the said termination were set out in the Company's announcement dated 25 July 2017.

24. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in these unaudited condensed consolidated financial statements, during the Period, the Group entered into the following transactions with related parties:

		Six months ended 30 June	
Related party	Nature of transactions	**2017**	**2016**
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
Keentop *(Note (i))*	Rental expenses and management fee expenses	1,062	1,062
Mr. Cheok *(Note (ii))*	Interest expenses on loans from a director	3,192	3,207
China Tian Yuan Management *(Note (iii))*	Rental expenses and management fee expenses	2,987	—
Instant Fortune Limited *(Note (iv))*	Interest expenses to a related party	3,000	—
深圳市盛達前海供應鏈有限公司 *(Note 12)*	Interest income from a loan to an associate	12,732	—

Notes:

(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. Further details were set out in the Company's announcement dated 28 May 2014 and under the heading "Continuing Connected Transactions" of Management Discussion and Analysis Section of this report.

(ii) The interest expenses were charged at a fixed rate of 7% (six months ended 30 June 2016: 7%) per annum on the loans from a director during the Period.

(iii) The amounts paid/payable to China Tian Yuan Management, which is beneficially owned by Mr. Jia Tianjiang ("**Mr. Jia**") and Mr. Jia indirectly owns China Tian Yuan Manganese Limited, a substantial shareholder of the Company. The amount charged by China Tian Yuan Management is similar to the amount charged by the ultimate landlord of the lease without mark-up. Further details were set out in the Company's announcement dated 10 May 2017 and under the heading "Continuing Connected Transactions" of Management Discussion and Analysis Section of this report.

(iv) The interest expenses were charged by the related company based on the principal loan amount of HK$200,000,000 at an annual interest rate of 3%. The loan is unsecured and is repayable by 19 October 2017. The related company is beneficially owned by one of the substantial shareholders of the Company.

(b) Details of the compensation of key management personnel of the Group for the Period were as follows:

	Six months ended 30 June	
	2017	**2016**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term benefits	10,648	10,197
Post-employment benefits	296	181
	10,944	10,378

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair value of these financial assets and financial liabilities are determined as follows:

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

— the fair values of other financial assets and financial liabilities which are not quoted in active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Level 1 fair value measurements are 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).

Equity investments at fair value through profit or loss are measured at fair value grouped into Level 1 (31 December 2016: Level 1). The fair value is determined with reference to quoted market prices in an active market.

Certain available-for-sale financial assets amounting to HK$2,107,000 (31 December 2016: HK$2,107,000) are measured subsequent to initial recognition at fair value, grouped into Level 2 (31 December 2016: Level 2).

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated statement of financial position, approximate to their fair values due to short maturity of these instruments.

26. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 16 August 2017, the Group entered into an entrusted loan agreement with the borrower and the lending agent in relation to the provision of an entrusted loan to the borrower. Pursuant to the entrusted loan agreement dated on the same date, the Group agreed to entrust a loan principal amount of RMB150 million (equivalent to HK$174 million) to the borrower through the lending agent. The entrusted loan carries an annual interest rate of 18% for a term of two years from the drawdown date.

The entrusted loan is to be secured by (a) a pledge over the entire equity interest in the borrower; and (b) a charge to be created on certain land use rights on a piece of land located in Weihai City, Shandong Province, the PRC held by the borrower in favour of the lending agent.

Further details in relation to the entrusted loan arrangement were set out in the Company's announcement dated 16 August 2017.

5. INDEBTEDNESS

At the close of business on 31 August 2017, being the latest practicable date of the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had total borrowings of approximately HK$1,959.6 million as at 31 August 2017 comprising (i) bank borrowings of HK$162.5 million, which were secured by certain buildings and payments for leasehold land held for own use under operating leases; the assignment of trade receivables of a subsidiary of the Group; and corporate guarantee of the Company; (ii) other loans from a non-bank financial institution of HK$450 million, which were secured by certain listed securities being held by the Group, equity interest in an associate of the Group; and corporate guarantee of the Company; (iii) other loans due to independent third parties of HK$1,056.4 million, which were unsecured except for an amount of HK$198.9 million which was secured by certain equity interests in subsidiaries of manufacturing segment and corporate guarantee of the Company; (iv) a loan from a related company of HK$200 million, which was unsecured; and (v) loans from a director of HK$90.7 million, which were unsecured.

On 2 August 2017, HKBridge Special Situation Fund I SPV (the "**Fund Subsidiary**"), a wholly-owned subsidiary of HKBridge Special Situations Fund, L.P. (the "**Fund**"), entered into a note subscription agreement with Ample Key Investments Limited, (the "**Noteholder**") an indirect wholly-owned subsidiary of Huarong Investment Stock Corporation Limited (a company listed on the Stock Exchange (stock code: 2277)) ("**Huarong Investment**"). Pursuant to such subscription agreement, the notes (the "**Notes**") in an aggregate principal amount of HK$210 million due in 2020 will be issued by the Fund Subsidiary to the Noteholder, which may be extendable for further two one-year periods at the request of the Fund Subsidiary and the acceptance of the majority noteholders. The Notes bear interest at a rate of 10% per annum which is payable every six months. The Notes are secured by several types of securities. The Fund is managed by HKBridge (Cayman) GP1 Limited (the "**General Partner**"), which is an indirect wholly-owned subsidiary of the Company (please refer to the announcement of Huarong Investment dated 2 August 2017 for details). As at 31 August 2017, an undertaking was executed by the General Partner, in favour of the Noteholder, which is an independent third party of the Group, in respect of the interest payment of HK$21 million arising from the Notes.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, other payables and accruals in the ordinary course of business, as at the close of business on 31 August 2017, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, term loans debt securities, other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

There were no material change in the indebtedness statement since 31 August 2017 and up to the Latest Practicable Date.

6. WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) the internal resources available to the Group; (ii) the available banking facilities; and (iii) the estimated net proceeds from the Rights Issue, in the absence of unforeseen circumstances, the Group has sufficient working capital for at least twelve months from the date of this circular.

7. MATERIAL CHANGE

Save as disclosed below, the Directors have confirmed that there were no material changes in the financial or trading position or outlook of the Group since 31 December 2016, being the date the latest published audited consolidated financial statements of the Group to which was made up, and up to and including the Latest Practicable Date:

(i) As disclosed in the Company's interim report for the six months ended 30 June 2017 dated 16 August 2017:

  (a) the Group recorded turnover of approximately HK$372.6 million for the six months ended 30 June 2017, representing an increase of approximately HK$125.8 million or 51.0% as compared with that of approximately HK$246.8 million for the six months ended 30 June 2016, which was mainly attributable to the newly established financial services business segment after increasing the number of headcounts equipping with investment banking and corporate finance experience and exposures on rendering the asset management and investment and consultancy related services, which contributed to the growth of the Group's revenue;

(b) the Group recorded gross profit of approximately HK$98.9 million for the six months ended 30 June 2017, representing an increase of approximately HK$69.3 million or 234.1% as compared with that of approximately HK$29.6 million for the six months ended 30 June 2016 as disclosed in the Interim Report. Such increase was mainly due to the less profitable products being replaced by the products with higher profit margin as well as the net service income generated from the financial services business segment;

(c) the Group recorded other income of approximately HK$53.6 million for the six months ended 30 June 2017, representing an increase of approximately HK$51.0 million or 1961.5% as compared with that of approximately HK$2.6 million for the six months ended 30 June 2016 as disclosed in the Interim Report, which was mainly attributable to more interest income received from loan receivables and loan to an associate, and also the return on a private equity fund;

(d) the Group recorded other losses of approximately HK$1.8 million for the six months ended 30 June 2017, while other gain of approximately HK$ 47.0 million was recorded for the six months ended 30 June 2016. as disclosed in the Interim Report, such variation on the other gains and losses was mainly attributable to the gain on the disposal of subsidiaries and an associate recorded during the six months ended 30 June 2016 and the net exchange gains recorded for six months ended 30 June 2016 while there were exchange losses and no such disposal gain was recorded for the six months ended 30 June 2017;

(e) the finance costs of the Group increased by approximately HK$25.8 million or 330.8% from approximately HK$7.8 million for the six months ended 30 June 2016 to approximately HK$33.6 million for the six months ended 30 June 2017 as disclosed in the Interim Report, which was mainly due to the increase in outstanding interest-bearing borrowings during HY2017, particularly those other loans from independent third parties, which bore interests at rates ranging from 3% to 7.5% per annum.

(f) the Group recorded a profit after income tax expense of approximately HK$35.7 million for the six months ended 30 June 2017, representing an increase of approximately HK$28.3 million or 382.4% as compared with that of approximately HK$7.4 million for the six months ended 30 June 2016 as disclosed in the Interim Report, which was mainly due to the service fees derived from the financial services business segment, as well as the increase in total interest income as well as the return on private equity funds from treasury investments segment;

(g) the total non-current assets of the Group were approximately HK$1,937.5 million as at 30 June 2017, representing an increase of approximately HK$1,172.0 million or 153.1% as compared with that of approximately HK$765.5 million as at 31 December 2016, which was mainly due to the increase in available-for-sales financial assets from approximately HK$2.1 million as at 31 December 2016 to approximately HK$982.1 million as at 30 June 2017 as a result of the subscription of four private funds of HK$980 million, and also the non-current loan receivable of approximately HK$224.0 million recorded as at 30 June 2017. The subscription of four private funds and the transaction relating to the loan receivable were set out in the Company's announcements dated 23 December 2016, 25 January 2017, 22 March 2017 and 14 May 2017;

(h) the Group's prepayments, deposits and other receivables increased by approximately HK$50.5 million or 141.1% from approximately HK$35.8 million as at 31 December 2016 to approximately HK$86.3 million as at 30 June 2017 as disclosed in the Interim Report, which was mainly due to a receivable from an independent third party arising from the disposal of listed securities of HK$22.6 million and consultancy fee income receivable of HK$43.2 million; and

(i) the Group recorded bank balances and cash of approximately HK$401.3 million as at 30 June 2017, representing an decrease of approximately HK$591.5 million or 59.6% as compared with that of approximately HK$992.8 million as at 31 December 2016 as disclosed in the Interim Report, which was mainly due to the decrease in structured deposits and the available funds were used for the provision of financial assistances of HK$302 million (including the one mentioned in item vii above) and the subscription of a private fund of HK$200 million (see the Company's announcement dated 25 January 2017);

(ii) the Group's total borrowings increased by approximately HK$634.4 million from approximately HK$1,325.2 million as at 31 December 2016 to approximately HK$1,959.6 million as at 31 August 2017 mainly due to the net effects of (i) the increase in bank borrowings of HK$53 million; (ii) the increase in other loans from a non-bank financial institution of HK$450 million; and (iii) the increase in other loans due to independent third parties of HK$440 million, and partly offset by the repayment of other loans due independent third parties of HK$310 million.

8. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016 and up to the Latest Practicable Date.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgement and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2017, as extracted from the published interim report of the Company for the six months ended 30 June 2017, adjusted as described below:

	Unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2017	**Estimated net proceeds from the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders as if the Rights Issue had been completed on 30 June 2017**
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Based on the issue of 732,000,000 Rights Shares at the Subscription Price of HK$2.20 per Rights Share	1,215,485	1,595,400	2,810,885
Unaudited consolidated net tangible assets of the Group per Share as at 30 June 2017 *(Note 3)*	HK$0.83		

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders as if the Rights Issue had been completed on 30 June 2017
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after Completion *(Note 4)*	HK$1.28

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2017 are based on the unaudited consolidated net assets of the Group attributable to the Shareholders as at 30 June 2017 of approximately HK$1,217,051,000 as disclosed in the 2017 Interim Report, less goodwill arising on acquisition of an associate of HK$1,566,000, as extracted from the published unaudited interim report of the Company for the six months ended 30 June 2017.

2. The estimated net proceeds from the Rights Issue of approximately HK$1,595,400,000 are based on the estimated gross proceeds to be raised by the issue of 732,000,000 Rights Shares at the subscription price of HK$2.20 per Rights Share, after deduction of the estimated underwriting commission and related expenses incurred incidental to the Rights Issue of approximately HK$15,000,000.

3. The unaudited consolidated net tangible assets of the Group per Share as at 30 June 2017 is calculated based on the unaudited consolidated net tangible assets of the Group of approximately HK$1,215,485,000 and 1,464,000,000 Shares in issue as at 30 June 2017.

4. The unaudited pro forma adjusted consolidated net assets of the Group per Share after Completion is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders of approximately HK$2,810,885,000 and 2,196,000,000 Shares in issue, which comprise (i) 1,464,000,000 Shares in issue as at 30 June 2017; and (ii) 732,000,000 Rights Shares to be issued upon Completion.

5. No adjustment has been made to the unaudited pro forma financial information of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2017.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report from BDO Limited, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Group as set out in this appendix and prepared for the sole purpose of inclusion in this circular.

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of China HKBridge Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China HKBridge Holdings Limited (the "**Company**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Company as at 30 June 2017 and related notes as set out on pages II-1 and II-2 of Appendix II of the Company's circular dated 29 September 2017 (the "**Circular**") in connection with the proposed rights issue on the basis of one rights share for every two existing shares of the Company (the "**Rights Issue**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the Group's consolidated financial position as at 30 June 2017 as if the Rights Issue had taken place at 30 June 2017. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

29 September 2017

1. RESPONSIBILITY STATEMENT

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Underwriter and parties acting in concert with it (including Zhizheng)) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the sole director of the Underwriter) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

Mr. Sun, the sole director of the Underwriter, accepts full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group), and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

Set out below are the authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after the Increase of Authorised Issued Share Capital and Completion (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to Completion):

(a) As at the Latest Practicable Date

Authorised:		*HK$*
2,000,000,000	Shares	200,000,000
Issued and fully paid:		
1,464,000,000	Shares	146,400,000

(b) Immediately after the Increase of Authorised and Issued Share Capital and Completion (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to Completion)

Authorised:		*HK$*
5,000,000,000	Shares	500,000,000
Issued and fully paid:		
1,464,000,000	Shares in issue as at the Latest Practicable Date	146,400,000
732,000,000	Rights Shares to be allotted and issued under the Rights Issue	73,200,000
2,196,000,000	Shares in issue immediately after Completion	219,600,000

All the Shares rank pari passu with each other in all respect including the rights as to voting, dividends and return of capital.

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares then in issue in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the fully-paid Rights Shares.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are or will be waived or agreed to be waived.

The Company had not issued any Shares since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to the Latest Practicable Date.

As at the Latest Practicable Date, save for the Outstanding Share Awards disclosed in the paragraph headed "The Proposed Rights Issue – Outstanding Share Awards" in the letter from the Board contained in this circular, the Company did not have any outstanding options, derivatives, warrants or securities which were convertible or exchangeable into Shares.

3. DIRECTORS AND COMPANY SECRETARY OF THE COMPANY

Set out below are the particulars and biographies of the existing Directors and qualifications of the company secretary of the Company:

(a) Particulars of the Directors of the Company

Name	Address
Executive Directors	
Mr. Liu Tingan *(Chairman and Chief Executive Officer)*	Flat A, 47/F Block 2 The Victoria Towers 188 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
Mr. Cheok Ho Fung *(Deputy Chairman)*	House 7 Las Pinadas 33 Shouson Hill Road Shouson Hill Hong Kong
Non-executive Director	
Mr. Mao Yumin	Flat D,41/F Block T3 Sorrento 1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong
Independent non-executive Directors	
Mr. Ng Man Kung	Flat D, 5/F Ewan Court 54-56 Kennedy Road, Wan Chai Hong Kong
Dr. Ngai Wai Fung	Flat A, 26/F Wah Shan Mansion 17 Taikoo Shing Road Quarry Bay, Hong Kong

Name	**Address**
Mr. Lau Fai Lawrence	Flat C, 47/F Block T5 Grand Waterfront 38 San Ma Tau Street, To Kwa Wan Kowloon Hong Kong

(b) Biographies of the Directors

Executive Directors

Mr. Liu Tingan, 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 of the Board ("**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 obtained a master's degree in Economics at Renmin University of China in 1987. 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 (a company listed on the Stock Exchange (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 (a company listed on the Stock Exchange (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**") (a company listed on the Stock Exchange (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 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 of the PRC between July 1987 and December 1994. He has been the deputy chairman of Hong Kong Institute of Directors since 2014 and a member of Insurance Advisory Committee of the Government of HKSAR since 2010. Mr. Liu was a member of Financial Services Development Council of the Government of HKSAR from 2013 to January 2017, a member of the Hong Kong — Taiwan Business Co-operation Committee of the Hong Kong Trade Development Council from 2012 to 2016 and a member of the Listing Committee of the Stock Exchange 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.

Mr. Cheok Ho Fung, 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 printed circuit boards ("**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.

Non-executive Director

Mr. Mao Yumin, aged 62, joined the Group on 10 March 2017 as a non-executive Director. He 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. He has over 30 years of experience in the banking and financial sector. Prior to Mr. Mao's retirement from China Construction Bank in May 2016, he was the executive director and the chief executive officer of China Construction Bank (Asia) from July 2013 to May 2016; he was the chief executive of China Construction Bank, Hong Kong Branch from April 2011 to May 2016; the chief investment officer of China Construction Bank from September 2007 to March 2011; the non-executive director and the chairman of China Construction Bank (London) from January 2009 to June 2011; and the executive director and the vice chairman of China Construction Bank (Asia) from September 2007 to March 2011. From March 2011 to January 2017, he served as a non-executive director of China Construction Bank International (Holdings) Limited.

Since June 2016, Mr. Mao has served as a non-executive director of JiangSu Zeyun Pharmaceutical Co., Ltd (江蘇知原藥業有限公司). Since July 2016, Mr. Mao has also served as an independent director of each of China Galaxy International Financial Holdings Limited, a licensed corporation to conduct regulated activities under the SFO and China Life Insurance (Overseas) Company Limited, a corporation principally engaged in the provision of life insurance, investment and provident fund services. Mr. Mao has also served as a non-executive director of China Construction Bank (Asia) Corporation Limited since August 2016. Mr. Mao acted as a non-executive Director of Kong Sun Holdings Limited (stock code: 295) from 13 April 2017 to 26 May 2017, and an executive director of Extrawell Pharmaceutical Holdings Limited (a company listed on the Stock Exchange (stock code: 858)) between June 2001 and December 2013. 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.

Independent non-executive Directors

Mr. Ng Man Kung, aged 66, has been an Independent non-executive Director, 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 each of the following companies which are listed on the Stock Exchange: Fujian Holdings Limited (stock code: 181) since June 2014, ELL Environmental Holdings Limited (stock code: 1395) since September 2014, Global Tech (Holdings) Limited (stock code: 143) since March 2016, Shanghai Zendai Property Limited (stock code: 755) since May 2017 and Roma Group Limited (stock code: 8072) since August 2017.

Dr. Ngai Wai Fung, aged 55, has been an independent non-executive Director since 22 March 2016. He 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 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 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.

Dr. Ngai is currently an independent non-executive director of the following companies which are listed on the Stock Exchange: BBMG Corporation (English translation denotes for identification purposes only) (stock code: 2009) ("**BBMG Corporation**") which is also listed on the Shanghai Stock Exchange (stock code: 601992), BaWang International (Group) Holding Limited (stock code: 1338), Bosideng International Holdings Limited (stock code: 3998), Biostime International Holdings Limited (stock code: 1112), Beijing Capital Juda Limited (stock code: 1329), Powerlong Real Estate Holdings Limited (stock code: 1238), SITC International Holdings Company Limited (stock code: 1308), TravelSky Technology Limited (stock code: 696), and Yangtze Optical Fibre and Cable Joint Stock Limited Company (stock code: 6869). 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 (a company listed on Nasdaq Stock Market (stock code: SP1)). He used to be an independent non-executive director of the following companies which are listed on the Stock Exchange: China Railway Construction Corporation Limited (stock code: 1186) which is also listed on the Shanghai Stock Exchange (stock code: 601186) from November 2007 to October 2014, Sany Heavy Equipment International Holdings Company Limited (stock code: 631) from November 2009 to December 2015, China Coal Energy Company Limited (stock code: 1898) which is also listed on the Shanghai Stock Exchange (stock code: 601898) from 23 December 2010 to 26 June 2017 and China Railway Group Limited (stock code: 390) which is also listed on the Shanghai Stock Exchange (stock code: 601390) from 26 June 2014 to 28 June 2017, respectively.

Mr. Lau Fai Lawrence, aged 45, has been an independent non-executive Director 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 (a company listed on the Stock Exchange (stock code: 418)) and PKU Resources (Holdings) Company Limited (previously known as EC-Founder (Holdings) Company Limited) (a company listed on the Stock Exchange (stock code: 618)). Mr. Lau is an executive director of Future World Financial Holdings Limited (previously known as Central Wealth Financial Group Limited) (a company listed on the Stock Exchange (stock code: 572)), a non-executive director of Alltronics Holdings Limited (a company listed on the Stock Exchange (stock code: 833)), and an independent non-executive director of Primeview Holdings Limited (previously known as Artini China Co. Ltd.,) (a company listed on the Stock Exchange (stock code: 789)) and Titan Petrochemicals Group Limited (a company listed on the Stock Exchange (stock code: 1192)), respectively.

(c) Qualifications of the company secretary

Mr. Leung King Yu is the chief financial officer and company secretary of the Company. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants respectively.

4. MARKET PRICES

The table below shows the closing prices of the Share on the Stock Exchange on (i) 31 August 2017, being the Last Trading Day; and (ii) the last trading day of each of the calendar months during the Relevant Period; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
28 February 2017	2.85
31 March 2017	2.41
28 April 2017	2.30
31 May 2017	2.60
30 June 2017	2.36
31 July 2017	2.86
31 August 2017, the Last Trading Day	2.80
26 September 2017, the Latest Practicable Date	2.25

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period was HK$2.86 per Share on 31 July 2017, and HK$2.25 per Share on 26 September 2017, respectively.

5. DISCLOSURES OF INTERESTS

(a) Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of shareholding (%) *(Note 2)*
Mr. Liu	Beneficial owner	12,000,000 (L)	0.82

Notes:

1. The letter "L" denotes long position.

2. The percentage shareholdings are calculated based on the issued share capital of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had any interest or short position in any Shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; and (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders and other persons' interests in the Shares and underlying Shares

Save as disclosed in the paragraph headed "Directors' and chief executive's interests in the Company" above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	**Nature of interest**	**Number of Shares held**	**Approximate percentage of shareholding (%)** *(Note 2)*
The Underwriter	Beneficial owner	952,192,667 (L) *(Note 3)*	65.04
Mr. Sun *(Note 4)*	Interests of controlled corporation	952,192,667 (L)	65.04
Zhisheng	Beneficial owner	170,097,333 (L)	11.62
Ms. He *(Note 5)*	Interests of controlled corporation	170,097,333 (L)	11.62
China Aim	Beneficial owner	200,000,000 (L)	13.66
Ms. Liu *(Note 6)*	Interests of controlled corporation	200,000,000 (L)	13.66
China Tian Yuan	Beneficial owner	360,000,000(L) *(Note 7)*	24.59

Name	Nature of interest	Number of Shares held	Approximate percentage of shareholding (%) *(Note 2)*
Ningxia Tian Yuan *(Note 8)*	Interests of controlled corporation	360,000,000 (L)	24.59
Mr. Jia *(Note 8)*	Interests of controlled corporation	360,000,000 (L)	24.59
Ms. Dong Jufeng *(Note 8)*	Interests of spouse	360,000,000 (L)	24.59

Notes:

1. The letter "L" denotes long position.

2. The percentage shareholdings are calculated based on the issued share capital of the Company as at the Latest Practicable Date.

3. The Shares comprise (i) 340,192,667 Shares held by the Underwriter as at the Latest Practicable Date; (ii) 170,096,333 Rights Shares undertaken to be taken up by the Underwriter pursuant to the Irrevocable Undertaking; and (iii) 441,903,667 Rights Shares agreed to be underwritten by the Underwriter pursuant to the Underwriting Agreement.

4. Mr. Sun is the beneficial owner of the entire issued share capital of the Underwriter and is deemed to be interested in the 952,192,667 Shares in which the Underwriter has interest by virtue of the SFO.

5. Ms. He is the beneficial owner of the entire issued share capital of Zhisheng and is deemed to be interested in the 170,097,333 Shares in which Zhisheng has interest by virtue of the SFO.

6. Ms. Liu 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 in which China Aim has interest by virtue of the SFO.

7. The Shares comprise (i) 240,000,000 Shares held by China Tian Yuan as at the Latest Practicable Date and (ii) 120,000,000 Rights Shares undertaken to be taken up by China Tian Yuan pursuant to the Irrevocable Undertaking.

8. The shares of China Tian Yuan are wholly-owned by Ningxia Tian Yuan whose shares are 99.62% held by Mr. Jia. Ms. Dong is the spouse of Mr. Jia. Thus, Mr. Jia, Ms. Dong and Ningxia Tian Yuan are deemed to be interested in the 360,000,000 shares in which China Tian Yuan has interest by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

As at the Latest Practicable Date, none of the Directors was a director or employee of the above companies which have an interest or short position in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO.

6. ADDITIONAL DISCLOSURE

(a) None of the Underwriter and parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person as at the Latest Practicable Date;

(b) none of the Underwriter and parties acting in concert with it had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(c) there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Underwriter or any person acting in concert with it and any of the Directors or Shareholders having any connection with or dependence upon the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver as at the Latest Practicable Date;

(d) none of the subsidiaries or pension fund of the Company or of a subsidiary of the Company or any advisers to the Company (as specified in class (2) of the definition of associate in the Takeovers Code but excluding exempt principal traders) owned or controlled or were interested in any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date nor had any of them dealt for value in any such Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(e) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code as at the Latest Practicable Date;

(f) there was no Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis by fund managers connected with the Company as at the Latest Practicable Date nor had any of them dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(g) save as disclosed in the paragraph headed "General" in the "Letter from the Board" of this circular, other than those who will abstain from voting in the SGM (including Mr. Liu), there were no other persons who owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company nor any Directors who had irrevocably committed themselves to vote for or against the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver or to accept or reject the Rights Issue;

(h) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date;

(i) no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of each of the Underwriter and any parties acting in concert with it and which might be material to the Whitewash Waiver as at the Latest Practicable Date; and

(j) no other agreement or arrangement to which the Underwriter or any parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Whitewash Waiver as at the Latest Practicable Date.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, (a) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) were entered into or amended within the Relevant Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period; and (b) none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

8. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save for the Underwriting Agreement, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group as at the Latest Practicable Date.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates (as defined under the Listing Rules) had any interest in any business which competes or might compete with the business of the Group.

10. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which had been entered into by any member of the Group during the period commencing from the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

(a) the deed of novation dated 16 November 2015 entered into among Mr. Cheok Ho Fung ("**Mr. Cheok**", an executive Director), the Company (formerly known as "Topsearch International Holdings Limited") and Topsearch Printed Circuits (HK) Limited ("**Topsearch Printed Circuits (HK)**", an indirectly wholly-owned subsidiary of the Company), pursuant to which the Company has conditionally agreed to assign and novate, and Topsearch Printed Circuits (HK) has conditionally agreed to assume and perform all rights and obligations of the Company regarding the aggregate sum that is due and owing for the unsecured loan advanced by Mr. Cheok to the Company, which is interest-bearing at 7% and is repayable on 2 July 2016 (please refer to the announcements of the Company dated 24 November 2015 and 29 December 2015 for details);

(b) the disposal agreement dated 16 November 2015 entered into between Topsearch Printed Circuits (HK) and Toprich Bravo Limited (“**Toprich Bravo**”), pursuant to which Topsearch Printed Circuits (HK) conditionally agreed to sell and Toprich Bravo conditionally agreed to purchase, the entire issued share capital of Citilite Pride Limited (“**Citilite**”) and the shareholder’s loan owed by Citilite and its subsidiary, Citilite Electronics (Shenzhen) Limited* (千傲電子(深圳)有限公司) (collectively, the “**Citilite Group**”) to Topsearch Printed Circuits (HK), at a total consideration of HK$77,015,270 and a supplemental agreement dated 11 December 2015 (please refer to the announcements of the Company dated 24 November 2015, 11 December 2015 and 29 December 2015 for details);

(c) the disposal agreement dated 16 November 2015 entered into between Topsearch Printed Circuits (HK) and Top Harvest International Investment Limited (“**Top Harvest**”), pursuant to which Topsearch Printed Circuits (HK) conditionally agreed to sell and Top Harvest conditionally agreed to purchase, the entire issued share capital of Topsearch Tongliao (BVI) Limited and the shareholder’s loan owed by the Topsearch Tongliao (BVI) Limited and Topsearch Tongliao (PRC) Limited* (至卓飛高線路板(通遼)有限公司) to Topsearch Printed Circuits (HK), at a total consideration of HK$110,269,096 (please refer to the announcements of the Company dated 24 November 2015 and 29 December 2015 for details);

(d) the placement agreement dated 26 February 2016 entered into between the Company and Prudential Brokage Limited for the allotment and issue of up to 200,000,000 placing shares at a price of HK$0.925 per placing share (please refer to the announcements of the Company dated 26 February 2016, 1 March 2016 and 9 March 2016 for details);

(e) the sales and purchase agreement dated 5 August 2016 entered into between 至卓飛高企業管理諮詢服務(韶關)有限公司 (“**Topsearch Corporate Management**”, a wholly-owned subsidiary of the Company) (as purchaser) and Mr. Zhou Bingliang (**周兵良**) (as vendor) to acquire 45% equity interest in Shenzhen Shengda Qianhai Supply Chain Limited* (深圳市盛達前海供應鏈有限公司) (“**Shenzhen Shengda**”) at a consideration of RMB9 million (equivalent to approximately HK$10.44 million), and a debt capital agreement dated the same day and entered into between the Topsearh Corporate Management, Shenzhen Shengda and Mr. Zhou Bingliang pursuant to which the Topsearh Corporate Management agreed to provide debt capital of RMB121.5 million (equivalent to approximately HK$140.94 million) to Shenzhen Shengda for a term of 18 months (please refer to the announcement of the Company dated 5 August 2016 for details);

(f) the cooperation and investment framework agreement dated 26 September 2016 and entered into between the Company and JIANGSU Provincial Construction Group Co., Ltd. (江蘇省建築工程集團有限公司) (the "**JV Partner**") in relation to, among others, the establishment of the Jade Summit Holdings Limited (綠領控股有限公司) ("**Jade Summit**") which is owned as to 75% by the JV Partner and 25% by the Company for the purpose of the acquisition of a development project in Wuxi, the People's Republic of China (please refer to the announcement of the Company dated 18 October 2016 for details);

(g) the sales and purchase agreement dated 18 October 2016 entered into between Jade Summit, the Company and Mr. Chen Zhenghua (being guarantors of Jade Summit and Nan Fung Investment China), and Nan Fung Investment Holdings Limited ("**Nan Fung**") (as vendor) pursuant to which the entire equity interest in (and the shareholder's loans to) Vastline Limited (麗廣有限公司) will be sold by Nan Fung to Jade Summit, at the purchase price in the sum of RMB590 million (equivalent to HK$678.5 million) (please refer to the announcements of the Company dated 18 October 2016, 28 October 2016 and 4 November 2016 for details);

(h) the placement agreement dated 14 November 2016 entered into between the Company and Tian Yuan Finance Limited (天元金融有限公司) for the allotment and issue of up to 240,000,000 placing shares at a price of HK$2.0 per placing share (please refer to the announcements of the Company dated 14 November 2016 and 6 December 2016 for details);

(i) an supplemental agreement to the joint venture framework agreement dated 22 December 2016 entered into between the Company and the JV Partner under which the Company, through its indirect wholly-owned subsidiary, Perfect Stage Investment Limited, agreed to acquire additional equity interests of 2.5% in Jade Summit from the JV Partner at a consideration of approximately RMB16.3 million (equivalent to approximately HK$18.3 million) (please refer to the announcement of the Company dated 22 December 2016 for details); and

(j) the Underwriting Agreement.

11. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

12. EXPERTS AND CONSENTS

Set out below are the qualifications of the experts who have given opinions, letters or advices in this circular:

Name	Qualification
BDO Limited	certified public accountants
TC Capital	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, none of the above experts had any direct or indirect interests in any assets which had been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the above experts was interested in any securities in any members of the Group or had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and/or report and/or reference to its name in the form and context in which they respectively appear.

13. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office:	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Head office and principal place of business in Hong Kong:	Room 3601-02 Bank of America Tower 12 Harcourt Road, Central Hong Kong

Underwriter:	Youfu Investment Co., Limited NovaSage Chambers, Wickham's Cay II, Road Town, Tortola, BVI
Legal advisers to the Company to as to Hong Kong law:	Chiu & Partners 40th Floor, Jardine House 1 Connaught Place Hong Kong
Independent financial adviser to the Independent Board Committee and the Independent Shareholders:	TC Capital International Limited Suite 1903 & 1904, 19/F Tower 6, The Gateway Harbour City, 9 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
Auditors and reporting accountants:	BDO Limited Certified Public Accountants 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Principal banker:	China Construction Bank Shaoguan Subbranch No. 6 Guangxiao Road Shaoguan, Guangdong The People's Republic of China
Bermuda principal share registrar and transfer office:	Estera Management (Bermuda) Limited Canon's Court 22 Victoria Street Hamilton HM12 Bermuda

Hong Kong branch share registrar and transfer office:	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives:	Mr. Liu Flat A, 47/F Block 2 The Victoria Towers 188 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
	Mr. Leung King Yu Flat C 27/F T2 Island Resort 28 Siu Sai Wan Road Hong Kong

14. EXPENSES

The expenses in connection with the Rights Issue, including legal, independent financial advisor, financial, other professional advisory fees, printing and translation expenses, registration and statutory fees are estimated to be approximately HK$5.3 million, which are payable by the Company. Underwriting commission of approximately HK$9.7 million is payable to the Underwriter.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours (except Saturdays, Sundays and public holidays) at the head office and principal place of business of the Company in Hong Kong; and (ii) on the websites of the Company (http://www.hkbridge.com.hk) and the Securities and Futures Commission (www.sfc.hk) from the date of this circular up to and including the date of the SGM:

(a) the bye-laws of the Company;

(b) the memorandum and articles of association of the Underwriter;

(c) annual report of the Company for each of the years ended 31 December 2015 and 2016;

(d) interim report of the Company for the six months ended 30 June 2017;

(e) the letter from the Board as set out in this circular;

(f) the letter from the Independent Board Committee as set out in this circular;

(g) the letter from TC Capital as set out in this circular;

(h) the report from BDO Limited on the unaudited pro forma financial information of the Group, the text of which is set out in section B of Appendix II to this circular;

(i) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(j) the written consents referred to in the paragraph headed "Experts and consents" in this Appendix;

(k) the Underwriting Agreement;

(l) the Irrevocable Undertakings;

(m) the China Aim Undertaking; and

(n) this circular.

中國港橋控股有限公司
China HKBridge Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

NOTICE IS HEREBY GIVEN that the special general meeting (the "**SGM**") of China HKBridge Holdings Limited (the "**Company**") will be held at Room 3601-02, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Monday, 23 October 2017 at 10:00 a.m. to consider and, if thought fit, pass with or without modifications, the following resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular (the "**Circular**") of the Company dated 29 September 2017):

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the authorised share capital of the Company be increased from HK$200,000,000 divided into 2,000,000,000 Shares of a par value of HK$0.10 each ("**Share(s)**") to HK$500,000,000 divided into 5,000,000,000 Shares of a par value of HK$0.10 each by the creation of an additional 3,000,000,000 unissued Shares of a par value of HK$0.10 each (the "**Increase in Authroised Share Capital**"); and

   (b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents including under the seal of the Company if and where applicable as he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital."

2. "**THAT** subject to the satisfaction of the conditions of the Rights Issue (as defined below) as set out on pages 18, 23 and 24 of the Circular:

   (a) the issue by way of rights issue of 732,000,000 Shares (the "**Rights Shares**") at the Subscription Price of HK$2.2 per Rights Share to the Qualifying Shareholders (as defined in the Circular) whose names appear on the date by reference to which entitlement under the Rights Issue will be determined (other than the Excluded Shareholder(s) with registered address(es) outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that place(s)) in the proportion of one (1) Rights Share for every two (2) existing Shares then held on the Record Date at the Subscription Price of HK$2.2 per Rights Share and substantially on the terms and conditions of the Rights Issue set out in the Circular be and is hereby approved;

(b) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to the Rights Issue notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Excluded Shareholder(s) (as defined in the Circular) (if any) as they may deem necessary, desirable or expedient having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;

(c) the Underwriting Agreement (as defined in the Circular) and the transactions contemplated thereunder be and are hereby approved and confirmed; and

(d) any one or more Directors be and are hereby authorised to sign or execute (including under the seal of the Company if and where applicable) such documents and do all such acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree to make such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate, necessary, desirable or expedient to carry out, to give effect to or in connection with the Underwriting Agreement or any transactions contemplated thereunder."

3. "**THAT** the terms of the Whitewash Waiver (as defined in the Circular) granted or to be granted by the Executive of the Corporate Finance Division of the Securities and Futures Commission to the Underwriter pursuant to Note 1 on the Dispensations from Rule 26.1 of the Takeovers Code from an obligation to make a mandatory general offer for all the issued Shares (other than those owned or agreed to be acquired by the Underwriter and parties acting concert with it) as a result of the

subscription of the Rights Shares pursuant to the Underwriting Agreement be and are hereby approved and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Whitewash Waiver."

By order of the Board of
China HKBridge Holdings Limited
Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 29 September 2017

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business in Hong Kong:
Room 3601-02
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Notes:

1. A member of the Company (the "**Shareholder**") entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or, if such Shareholder is a holder of more than one share, more proxies to attend and vote in his stead. A proxy need not be a Shareholder.

2. In order to be valid, the form of proxy must be deposited with Tricor Tengis Limited, the branch share registrar and transfer office of the Company in Hong Kong ("**Registrar**"), at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time appointed for holding the SGM (i.e. at or before 10:00 a.m. on Saturday, 21 October 2017 (Hong Kong time)) or any adjournment thereof.

3. The Company's register of members will be closed from Tuesday, 17 October 2017 to Monday, 23 October 2017, both dates inclusive, for the purpose of, among other things, establishing entitlements to attend and vote at the SGM. No transfer of Shares will be registered during this period. In order to qualify for attending and voting at the SGM, Shareholders must lodge any transfers of the Shares (together with the relevant Share certificates) with the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 16 October 2017.

4. Where there are joint registered holders of any share of the Company, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the SGM personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

6. Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the SGM if the Shareholder so desires and, in such event, the instrument appointing a proxy shall be deemed to be revoked.