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

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

– Revenue was approximately HK$1,347.4 million for the year ended 31 December 2017, representing an increase of approximately 67.8% as compared with the same in 2016.

– Profit for the year ended 31 December 2017 was approximately HK$456.1 million representing an increase of approximately 1.6 times as compared with the same in 2016.

– Basic earnings per share amounted to approximately 29.92 Hong Kong cents for the year ended 31 December 2017, representing an increase of approximately 1 time as compared with the same in 2016.

– The Directors recommended to declare a final dividend of 10 Hong Kong cents per ordinary share totaling HK$219,600,000 (2016: Nil) based on the total number of ordinary shares in issue of 2,196,000,000 as at the year ended 31 December 2017. The final dividends are proposed to be paid on or around 2 August 2018 (Thursday), subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company ("AGM").

The board (the "Board") of directors (the "Directors") of China HKBridge Holdings Limited (the "Company") is pleased to announce the audited consolidated results and financial positions of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 together with comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Revenue	*4, 5*	**1,347,408**	803,194
Cost of sales		**(497,703)**	(469,255)
Gross profit		**849,705**	333,939
Other income	*6*	**44,098**	17,977
Other gains and losses	*7*	**(38,049)**	15,049
Selling and distribution costs		**(26,584)**	(37,593)
Administrative expenses		**(201,775)**	(165,761)
Finance costs	*8*	**(87,020)**	(18,088)
Share of results of associates		**11,497**	25,196
Gains on bargain purchase arising from acquisitions of associates		—	28,500
Gain on disposal of subsidiaries, net		**5,444**	22,989
Profit before income tax expense	*9*	**557,316**	222,208
Income tax expense	*11*	**(101,203)**	(47,036)
Profit for the year		**456,113**	175,172

	Note	2017 HK$'000	2016 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**34,194**	(34,071)
Share of other comprehensive income of associates		**12,266**	(3,708)
Release of translation reserve included in profit or loss upon disposal of subsidiaries		**—**	(38,905)
Net other comprehensive income to be reclassified subsequently to profit or loss for the year		**46,460**	(76,684)
Item that will not be reclassified to profit or loss:			
Loss on revaluation of property, plant and equipment		**(3,126)**	(2,626)
Income tax effect		**783**	656
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(2,343)**	(1,970)
Other comprehensive income for the year, net of tax		**44,117**	(78,654)
Total comprehensive income for the year		**500,230**	96,518
Profit for the year attributable to:			
Owners of the Company		**456,113**	177,228
Non-controlling interests		**—**	(2,056)
		456,113	175,172
Total comprehensive income attributable to:			
Owners of the Company		**500,230**	98,534
Non-controlling interests		**—**	(2,016)
		500,230	96,518
Earnings per share	*13*		
— Basic		**HK29.92 cents**	HK15.02 cents
— Diluted		**HK28.41 cents**	HK14.92 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**271,855**	262,064
Payments for leasehold land held for own use under operating leases		**3,655**	3,551
Interests in associates		**489,496**	431,513
Rental and utility deposits		**58**	250
Available-for-sale financial assets		**984,046**	2,107
Loan receivables	*15*	**417,797**	—
Deposits paid		**6,160**	65,996
Total non-current assets		**2,173,067**	765,481
CURRENT ASSETS			
Inventories		**68,545**	78,713
Payments for leasehold land held for own use under operating leases		**128**	121
Trade receivables	*14*	**383,058**	111,549
Loan receivables	*15*	**212,679**	167,598
Notes receivables	*16*	**1,104,438**	—
Prepayments, deposits and other receivables		**341,998**	35,822
Equity investments at fair value through profit or loss	*17*	**798,508**	639,429
Bank balances and deposits		**381,203**	992,784
Total current assets		**3,290,557**	2,026,016
CURRENT LIABILITIES			
Trade payables	*18*	**134,872**	134,534
Other payables and accruals		**269,899**	101,046
Derivative financial liabilities		**53,957**	—
Tax payables		**69,124**	8,007
Amount due to an associate		—	10,440
Loan from a related company		**200,000**	200,000
Borrowings	*19*	**806,743**	843,352
Obligation under finance leases		—	545
Total current liabilities		**1,534,595**	1,297,924
NET CURRENT ASSETS		**1,755,962**	728,092
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,929,029**	1,493,573

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	*19*	**440,000**	189,944
Loans from a director		**86,619**	91,378
Deferred tax liabilities		**81,452**	44,873
Total non-current liabilities		**608,071**	326,195
NET ASSETS		**3,320,958**	1,167,378
CAPITAL AND RESERVES			
Share capital	*20*	**219,600**	144,000
Reserves		**3,101,358**	1,023,378
TOTAL EQUITY		**3,320,958**	1,167,378

Notes:

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

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, asset management services and rendering of investment and other consultancy related services.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, 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.

(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.

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

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

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

Amendments to HKAS 7 — Disclosure Initiative

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

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement of the annual report.

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

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

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

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

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

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

4. SEGMENT REPORTING

(a) Reportable segments

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

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

Manufacturing segment	—	Manufacture and sales of printed circuits boards
Treasury investments segment	—	Investment in securities and other related activities
Financial services segment	—	Advising in securities, asset management, investment and consultancy and corporation solution related service

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

	Manufacturing		Treasury investments		Financial services		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)
Revenue from external customers	**560,982**	526,165	**328,880**	277,029	**457,546**	—	**1,347,408**	803,194
Reportable segment(loss)/ profit	**(33,667)**	(6,549)	**262,906**	319,108	**436,847**	(423)	**666,086**	312,136
Interest income	**69**	1,206	**100,049**	10,081	**—**	—	**100,118**	11,287
Finance costs	**(13,498)**	(14,283)	**(73,522)**	(3,805)	**—**	—	**(87,020)**	(18,088)
Depreciation of property, plant and equipment	**(12,003)**	(16,138)	**(2,532)**	(194)	**—**	—	**(14,535)**	(16,332)
Write-down of inventories	**(946)**	(3,973)	**—**	—	**—**	—	**(946)**	(3,973)
Share of results of associates	**—**	—	**11,497**	25,196	**—**	—	**11,497**	25,196
Gains on bargain purchase arising from acquisition of associates	**—**	—	**—**	28,500	**—**	—	**—**	28,500
Gain on disposal of subsidiaries, net	**—**	22,989	**5,444**	—	**—**	—	**5,444**	22,989

	Manufacturing		Treasury investments		Financial services		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)
Reportable segment assets	**733,960**	685,427	**3,820,969**	1,157,493	**591,226**	1,000	**5,146,155**	1,843,920
Interests in associates accounted for by equity method	**—**	—	**489,496**	431,513	**—**	—	**489,496**	431,513
Additions to non-current assets	**8,351**	4,101	**814**	9,919	**—**	—	**9,165**	14,020
Reportable segment liabilities	**451,534**	429,655	**1,622,008**	1,186,034	**—**	423	**2,073,542**	1,616,112

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

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

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

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

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

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

Note:

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

(c) Information about major customer

During the years ended 31 December 2017 and 2016, no individual customers accounted for 10% or more of the Group's revenue.

5. REVENUE

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

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

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

Note: Corporate solution services income mainly represent investment referral, financial services and other consultancy related services income.

6. OTHER INCOME

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

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

7. OTHER GAINS AND LOSSES

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

8. FINANCE COSTS

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

9. PROFIT BEFORE INCOME TAX EXPENSE

This is arrived at after charging:

	2017 *HK$'000*	2016 *HK$'000*
Auditor's remuneration		
— Current year	**3,576**	1,330
— Under-provision in prior years	**—**	140
— Others	**9**	469
	3,585	1,939
Cost of inventories recognised as expenses	**303,024**	217,876
Write-down of inventories (included in costs of sales)	**673**	3,973
Employee costs *(Note 10)*	**241,845**	232,432
Depreciation of property, plant and equipment	**14,535**	16,332
Release of payments for leasehold land held for own use under operating leases	**124**	321
Minimum lease payments under operating leases on land and buildings	**9,250**	8,890

10. EMPLOYEE COSTS

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

11. INCOME TAX EXPENSE

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on estimated assessable profits arising from Hong Kong during the year.

No Macau profits tax has been provided as the Macau subsidiary of the Company is exempted from Macau Complementary Tax for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Group's PRC subsidiaries is 25%.

12. DIVIDEND

The Directors recommended a final dividend of 10 Hong Kong cents per share totaling HK$219,600,000 (2016: Nil) per ordinary share based on the number of ordinary shares in issue of 2,196,000,000 as at the year ended 31 December 2017 subject to the Company's shareholders' approval at the forthcoming AGM. The final dividends proposed after the end of the reporting period are not reflected as dividend payable in these financial statements.

The actual amount of final dividend is subject to change as the result of the change of number of ordinary shares in issue up to the date of date of closure of register of members.

13. EARNINGS PER SHARE

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

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

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

14. TRADE RECEIVABLES

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

Customers of manufacturing segment are generally granted with credit terms of 30 to 120 days while no credit period will normally be granted to customers in treasury investments and financial services segments. The ageing analysis of trade receivables based on invoice date (net of allowance for doubtful debts) at the end of reporting period is as follows:

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

15. LOAN RECEIVABLES

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

Notes:

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

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

On 16 August 2017, the Group and a lending agent entered into the entrusted loan agreement pursuant to which the Group agreed to grant the entrusted loan to Weihai Guosheng Runhe Property Development Co. Ltd., a company established in the PRC with limited liability (the "Borrower II") in the amount of RMB150 million for a term of two years (the "Entrusted Loan"), which carries an expected rate of return of 18% per annum. The permitted use of the Entrusted Loan is for the development and construction in relation to a property development project in Weihai City, Shandong Province, the PRC.

The Entrusted Loan was secured by (a) a pledge over the entire equity interest in the Borrower II currently held by Jumbo China Investment Limited, a company established in Hong Kong and the sole equity holder of the Borrower II, in favour of the Group, and (b) a charge created on certain land use rights on a piece of a land located in Weihai City, Shandong Province, the PRC, held by the Borrower II in favour of the lending agent.

(c) Included in the loan receivables is a short-term interest free loan amounted to HK$20,000,000 which was lent to the bond issuer. The securities of the loan is the same as the bond mentioned in note 16(b).

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

16. NOTES RECEIVABLES

(a) On 12 December 2017, pursuant to a subscription agreement, the Group subscribed from a third party issuer a promissory note with principal amount of HK$900 million which carries an interest with a rate at 9% per annum and matures on 11 March 2018. The note is secured by a share charge over the 98,181,450 shares in a joint stock company incorporated in the PRC with shares listed on the Stock Exchange, a share charge over the entire issued share capital in the issuer and the personal guaranteed given by the sole shareholder of the issuer. The promissory note was subsequently redeemed in full by the Group on 6 March 2018 and the share charge has been released accordingly. Further details were set out in the Company's announcements dated 12 December 2017 and 6 March 2018.

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

17. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

Assuming the portfolio of the Group's listed equity investments has remained unchanged, the market value of the Group's listed equity investments at the date of approval of these financial statements was approximately HK$682,570,000.

18. TRADE PAYABLES

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

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

The 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.

19. BORROWINGS

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

Notes:

(a) The bank loans are secured by certain buildings and payments for leasehold land held for own use under operating leases held by the Group and corporate guarantee of the Company. As at 31 December 2017, certain bank loans were also secured by the assignment of the Group's trade receivables. As at 31 December 2017, bank loans of approximately HK$154,362,000 (2016: HK$109,498,000) carried fixed interest rate ranged from 2.48% to 4.57% (2016: 4.13% to 6.15%) per annum.

(b) As at 31 December 2017, other loans with independent third parties amounting to approximately HK$890,000,000 (2016: HK$733,854,000) are unsecured, bear interest at a rate of 3% to 7% per annum (2016: 5% per annum) and HK$450,000,000 and HK$440,000,000 of which are repayable within the next twelve months and within the next 2 to 3 years respectively. The remaining balance of other loans is secured by equity interests in certain subsidiaries of the Group's manufacturing segment, bears interest at a rate of 5% per annum (2016: 5% per annum) and repayable by 31 March 2018.

20. SHARE CAPITAL

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

Notes:

(a) On 23 October 2017, the shareholders of the Company approved, in the special general meeting held on the same date, to increase the authorised share capital of the company from HK$200,000,000 divided into 2,000,000,000 shares of par value HK$0.1 each to HK$500,000,000 divided into 5,000,000,000 shares by the creation of an addition 3,000,000,000 shares of par value HK$0.1 each.

(b) During the year, an aggregate of 24,000,000 Award Shares, representing 12,000,000 Award Shares to each of Mr. Liu Tingan ("Mr. Liu") and Mr. Zhou Huorong ("Mr. Zhou") (the then executive Directors), were allocated and issued after the vesting conditions of the Share Award Scheme of the Company have been fulfilled. Further details were set out in the Company's announcement dated 31 March 2017.

(c) On 28 November 2017, 732,000,000 rights shares of par value HK$0.1 each were issued at a price of HK$2.2 per right share on the basis of one right share per every two then existing shares. An aggregate award of HK$1,598,822,000, net of issuing expenses, out of the aggregate award of HK$73,200,000 was credited to share capital and the remaining balance of approximately HK$1,525,622,000 credited to the share premium account. Further debited were set out in the Company's prospectus and announcement dated 3 November 2017 and 27 November 2017, respectively.

21. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

(i) On 13 February 2018, the Group, through Shenzhen HKBridge an indirect wholly-owned subsidiary of the Company which is registered with the Asset Management Association of China to engage in the activities of fund management in the PRC, entered into a memorandum of understanding (the "MOU") with Zhonghong Zhuoye Group Limited ("Zhonghong"), an independent third party which is a substantial shareholder of a company listed on the Shenzhen Stock Exchange, to express its intention to set up and manage a private equity fund with a period of 3 years, extendable for 2 years and to take steps to raise funds of about RMB13 billion from qualified investors for the participation in the debt, asset and shareholding restructuring of Zhonghong. The MOU will lapse if both parties do not enter into formal agreement on or before 31 March 2018 or such later day as mutually agreed.

On 19 March 2018, the subsidiary of the Group, Zhonghong and the independent third party entered into the strategic restructuring agreement (the "Agreement"), pursuant to which the subsidiary coordinated with other independent lending General Partners, will set up a restructuring fund (the "Restructuring Fund") with the other General Partners. The total initial fund size of the Restructuring Fund is not more than RMB20 billion of which qualified domestic institutional investor(s) would be responsible for a contribution of not more than RMB7 billion, and qualified foreign institutional investor(s) would be responsible for a contribution of USD2 billion (Approximately RMB13 billion). The qualified foreign institutional investors should contribute the subscribed amount into the Restructuring Fund in the PRC in accordance with relevant regulations and clause as described in the Agreement. The subsidiary will be appointed as the manager of the Restructuring Fund and participating in the debt, asset and shareholding restructuring of Zhonghong. The duration of the Restructuring Fund is 3 years, the details of the Restructuring Fund should be governed by the final executed agreement of the Restructuring Fund.

(ii) On 8 March 2018, the Company intended to reallocate parts of the net proceeds of the Rights Issue which were originally intended to be used to finance the initial paid-up capital and future development of the Shenzhen Platform, which was disclosed in the prospectus of the Company dated 3 November 2017 in relation to the Rights Issue, to be used as seed money for launching new funds or restructuring the existing funds in Hong Kong within the next 8 months from March 2018.

Under such reallocation, of the 70% of the net proceeds of the Rights Issue, approximately 95% (instead of the originally planned two-thirds) will be used as seed money for launching new funds or restructuring the existing funds in Hong Kong, and the remaining 5% (instead of the originally planned one-third) will be used to finance the initial paid-up capital and future development of the Shenzhen Platform.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

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

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

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

Business Review

Manufacturing business

The Group's manufacturing segment's sales of good increased by approximately 6.6% from approximately HK$526.2 million in 2016 to approximately HK$561.0 million in 2017. The Group's total gross profit increased from approximately HK$333.9 million in 2016 to approximately HK$849.7 million in 2017 with the total gross profit margin increased from approximately 41.6% in 2016 to approximately 63.1% in 2017. Such a significant increase was mainly attributable to the fair value gains contributed by the treasury investments segment and corporate solution service income contributed by financial service segment. Without taking into account the contribution from treasury investments and financial service segments of approximately HK$786.4 million, the manufacturing segment's gross profit margin increased from 10.8% in 2016 to 11.3% in 2017.

Despite the slight increase in sales of goods during 2017, the Group's manufacturing segment still incurred a net loss due to the intense competition in the PCBs industry and the acute price increase in core raw materials such as copper foil, copper laminates and even prepreg.

Treasury investments

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

Financial services

Asset management

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

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

Investment and other consultancy related services

For investment and other consultancy related services, during the year under review, the Group increased its headcount with investment banking and corporate finance experience and exposures, in rendering investment referral and consultancy services to potential investors and successfully secured several investment referral and consultancy agreements. This enabled the Group to generate an additional source of revenue during the year. For the year ended 31 December 2017, the Group recorded a total amount of HK$372.0 million in referral and consultancy fee income. The Group gradually started to build its credential in the asset management business and has established a solid foundation for further development in the years to come.

Fund Raising Activities

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

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

Intended use of the net proceeds as stated in the Company's Listing Documents	Change of uses/ Ultimately used	Amount used (including those used in 2018 up to the date of this announcement)	Amount remains unused
Approximately 70% to support and develop the Group's existing asset management businesses and the platform in Shenzhen amounting to approximately HK$1,109.4M. For the Group's existing asset management and financial service business in Hong Kong and in China (approximately two-third of such 70% of the net proceeds intends to use as seed money for launching new funds in Hong Kong within the next 12 Months and the remaining one-third will be used to finance the initial paid-up capital and future development of the platform in Shenzhen)	Changed to subscribe the promissory note issued by Ascend Trade Limited, further details will be set out in the Directors' Report in the company's annual report 2017 to be included	HK$900 million	Fully used
	Used as seed money for the launch of a new fund by the Group	HK$209.4 million	
Approximately 25% for the Repayment of the existing Indebtedness to a non-financial institution, which amounts to approximately HK$406.3M	Used to repay the indebtedness as stated in the Company's Listing Documents	HK$406.3 million	Fully used
Approximately 5% as the Group's general working capital (including operating expenses such as staff costs, professional fees, marketing expenses), for maintaining the minimum liquid capital to carry out regulated activities and/or for future investment opportunities	Used to purchase listed securities	HK$70.0 million	Fully used
	Used to repay the indebtedness as stated in the company's listing document	HK$9.77 million	

Business Updates

Licensed business

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

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

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

Subscription of listed securities

Huarong Investment Shares

On 8 December 2017, the Group acquired a total number of 88,000,000 shares in Huarong Investment Stock Corporation Limited ("Huarong Investment Shares") (whose shares are listed on the Stock Exchange (HKSE: 2277)) through a broker from an independent third party at a price of HK$0.90 per share. The total consideration of HK$79,200,000 for the acquisition of Huarong Investment Shares was financed by the net proceeds received from the exercise of a put option during the year. The acquisition of Huarong Investment Shares constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of such acquisition were set out in the Company's announcement dated 8 December 2017.

Crown International Shares

On 28 December 2017, the Group acquired a total number of 80,000,000 shares in Crown International Corporation Limited ("CIC") (whose shares are listed on the Stock Exchange (HKSE: 727)) from an independent third party at a price of HK$0.875 per share. Such acquisition did not constitute a notifiable transaction on the part of the Company. The total consideration of HK$70,000,000 for the acquisition of CIC shares was financed by the net proceeds received from the Rights Issue during the year as mentioned in the paragraph headed "Funding Raising Activities". On the same date, the Group entered into a put option arrangement pursuant to which the grantor of the put option agreed to purchase this bulk of CIC shares from the Group at a predetermined agreed exercise price at the exercise periods.

North Mining Shares

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

Subsequent to the disposal of the subsidiary of the Group, 20% of the consideration have been received on 31 January 2018. On 15 February 2018, the Purchaser and the indirect wholly-owned subsidiary of the Company entered into a supplemental sales and purchase agreement to extend the repayment date of the remaining 80% of the consideration from 15 February 2018 to 30 April 2018.

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

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

Name of Securities	Number of shares held	Market value at 31 December 2017 per share	Carrying value at 31 December 2017 value	Carrying value at 31 December 2016/Costs of purchases	Change in fair value gain/(loss)
		HK$	*HK$'million*	*HK$'million*	*HK$'million*
SuperRobotics Limited (formerly known as Skynet Group Limited) (HKSE 8176)	41,666,666	12.88	536.7	391.6	145.0
Huarong Investment Shares (HKSE 2277)	88,000,000	1.62	142.5	79.2	63.4
CIC Shares (HKSE 727)	80,000,000	1.43	114.4	70.0	44.4
Qudian Inc. (NYSE)	50,000	97.81	4.9	9.4	(4.5)
Total			798.5	550.2	248.3

Subscription of interest in a fund

Huarong International Fortune Innovation Limited Partnership ("Huarong International Fund")

On 10 April 2017, the Group contributed HK$340 million in Huarong International Fund as one of the limited partners. Huarong International Fund is managed by Huarong International Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability. The money raised by Huarong International Fund was used to acquire no more than HK$2.23 billion of shares in Fullshare Holdings Limited, a company of which the shares are listed on the Stock Exchange (HKSE: 607) and such other assets with mutual consent by all limited partners of Huarong International Fund. The contribution made to Huarong International Fund constituted a discloseable transaction by that time under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 23 December 2016.

On 8 December 2017, the Group entered into a call option arrangement with an independent third party pursuant to which the Group agreed to grant a call option to that independent third party at a call option premium of HK$32,300,000 (the "Option Premium") and that independent third party has the right to exercise the call option at an exercise price of HK$356,150,000 on 31 March 2018 to acquire the Group's interests in Huarong International Fund. Subsequent to the balance sheet date as at 31 December 2017, the Group collected the Option Premium from that independent third party.

Partners Special Opportunities Fund I ("PSOF")

On 23 January 2017, the Group contributed HK$200 million into PSOF. PSOF is managed by Partners Investment Management Limited, an exempted company incorporated in the Cayman Islands with limited liability, with the objective of generating long term capital appreciation for its investors. For the year ended 31 December 2017, the rate of return generated by the PSOF was approximately 15.8%. The subscription of the PSOF constituted a discloseable transaction by that time under Chapter 14 of the Listing Rules and further details of which are set out in the Company's announcement dated 23 January 2017.

One Belt One Road Funds ("OBORFs")

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

Subsequent to the date of this announcement, the Group through two indirect wholly-owned subsidiaries contributed additional HK$375 million each into above two OBORFs as the Second-tier Limited Partner on 12 March 2018. The further subscription constituted a discloseable transaction under Chapter 14 of the Listing Rules. Further details in relation of these two further subscriptions were set out in the Company's announcement dated 12 March 2018.

HKBridge Fund

On 2 August 2017, the Group contributed HK$1 to one HKBridge Fund which is managed by the general partner of the Group. The majority scope of the fund is generating the returns by investing all or substantially all its assets in the Portfolio Investment, entering into options, futures and derivatives contract for the purpose of hedging the equity, currency and interest rate exposure.

On 27 December 2017, the Group contributed HK$220 million to one HKBridge Fund whereas the Group also acted as the general partner of the HKBridge Fund. The purpose of the activities to be conducted by the partnership is primarily to achieve long-term capital appreciation, principally through investing in convertible debts, equity or equity-related securities, debt securities and loans.

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

Provision of financial assistance

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

Zhanjiang Advance

On 22 March 2017, the Group entered into a loan facility agreement with 湛江市鼎盛房地產開發有限公司 (the "Borrower I"), a company established in the PRC with limited liability which is owned as to 97.66% by 深圳市方鼎實業投資發展有限公司 ("Shenzhen Fangding") and as to 2.34% owned by one of the equity holders of Shenzhen Fangding. Pursuant to the loan facility agreement, the Group agreed to grant a facility of not more than RMB200 million to the Borrower I. The loan amount carries interest at the rate of 18% per annum for the first two years commencing from the actual date of drawdown of the principal amount (the "Term") and then 20% per annum for the third year of the Term (if so extended). The loan amount was secured by a pledge on the 55% equity interests in the Borrower I as provided by Shenzhen Fangding, of which the Borrower I holds a project located at Zhanjiang, Guangdong Province, the PRC and personal guarantees provided by the only two equity holders of Shenzhen Fangding.

The provision of financial assistance to the Borrower I constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 22 March 2017.

Weihai Advance

On 16 August 2017, the Group and a lending agent entered into the entrusted loan agreement pursuant to which the Group agreed to grant the entrusted loan to Weihai Guosheng Runhe Property Development Co. Ltd. (威海國盛潤禾置業有限公司), a company established in the PRC with limited liability (the "Borrower II") in the amount of RMB150 million for a term of two years (the "Entrusted Loan"), which carries an expected rate of return of 18% per annum. The permitted use of the Entrusted Loan is for the development and construction in relation to a property development project in Weihai City, Shandong Province, the PRC.

The Entrusted Loan was secured by (a) a pledge over the entire equity interest in the Borrower II currently held by Jumbo China Investment Limited (奧華投資有限公司), a company established in Hong Kong and the sole equity holder of the Borrower II, in favour of the Group, and (b) a charge created on certain land use rights on a piece of a land located in Weihai City, Shandong Province, the PRC, held by the Borrower II in favour of the lending agent.

The provision of financial assistance to the Borrower II constituted a discloseable transaction under Chapter 14 of the Listing Rules and further details of which were set out in the Company's announcement dated 16 August 2017.

Material acquisitions or disposals completed during 2017

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

Outlook

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

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

Liquidity and Financial Resources

The Group generally finances its operations through a combination of internally generated cash flows, shareholders' equity and borrowings from banks and others.

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

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

As at 31 December 2017, the Group's current assets consisted of approximately HK$381.2 million (31 December 2016: HK$992.8 million) held as bank balances and deposits, of which 62.1% was in Hong Kong dollars ("HKD"), 14.1% was in RMB and 23.8% was in other currencies.

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

As at 31 December 2017, the Group's inventories decreased from HK$78.7 million in 2016 to approximately HK$68.5 million in 2017. Inventory turnover days in the Group's manufacturing segment was 50.2 days (31 December 2016: 61 days). Trade payables increased from approximately HK$134.5 million in 2016 to approximately HK$134.9 million in 2017. Creditors turnover days was approximately 99 days (31 December 2016: 89 days).

Interest-bearing Borrowings

Apart from described in Note 19 under the paragraph headed "CONSOLIDATED STATEMENT OF FINANCIAL POSITION", there were loans advanced by Mr. Cheok Ho Fung ("Mr. Cheok") at an effective interest rate of 7% (2016: 7%) per annum during 2017. This financial assistance provided by Mr. Cheok is a connected transaction under Chapter 14A of the Listing Rules. However, it is fully exempted from the reporting, announcement and independent shareholders' approval requirements (the "Exemption").

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

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

Foreign Exchange Exposure

Sales of the Group's products in manufacturing segment are principally denominated in USD and the purchases of materials and payments of operational expenses are mainly denominated in USD, HKD and RMB. Most of the Group's purchases and expenses during the year are denominated in RMB. As such, the Group had incurred a net exchange loss of HK$16.1 million (2016: HK$17.3 million gain) due to the appreciation of RMB in 2017.

As at 31 December 2017, the Group has not entered into any financial instrument for hedging purpose. Nevertheless, the Board will continue to monitor foreign exchange exposure in the future and will consider hedging such exposure to minimise exchange risk should the need arise.

Number and Remuneration of Employees

As at 31 December 2017, excluding those employed by the associates, the Group had approximately 1,500 employees (31 December 2016: 1,645). For the year ended 31 December 2017, our total staff costs (including provision for employee termination benefits) amounted to HK$241.8 million (31 December 2016: HK$232.4 million). Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates. Employees are also granted discretionary bonus subject to the individual's performance and business results of the Group.

The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are related directly or indirectly to the Group's businesses.

Share option scheme

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

Share award scheme

On 17 May 2016, the Company adopted a share award scheme (the "Share Award Scheme"), which is not subject to the provisions of Chapter 17 of the Listing Rules. The purpose of the share award scheme are (i) to provide those eligible persons with an opportunity to acquire a proprietary interest in the Company, (ii) to encourage and retain such individual to work with the Company; and (iii) to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of those eligible persons directly to shareholders of the Company through their ownership of shares in the Company.

On 20 July and 27 October 2016, ordinary resolutions were passed at the respective special general meetings held to grant the relevant special mandate to the Directors to exercise all the powers of the Company to allot and issue an aggregate of 60,000,000 new Shares (the "Awarded Shares") to each of Mr. Liu and Mr. Zhou, respectively, pursuant to the Share Award Scheme and the fulfillment of vesting conditions specified therein. Since both Mr. Liu and Mr. Zhou were the executive Directors, they were connected persons under Chapter 14A of the Listing Rules. As such, the grant of the Awarded Shares at the relevant time to each of Mr. Liu and Mr. Zhou constituted connected transactions to the Company.

Upon all vesting conditions under the first batch of the Awarded Shares were fulfilled, a total of 24,000,000 new Shares were issued on 3 January 2017 to Computershare Hong Kong Trustees Limited to hold on trust for both Mr. Liu and Mr. Zhou, each was entitled to receive 12,000,000 Awarded Shares for 2016.

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

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

Capital Commitments

As at 31 December 2017, the Group's capital commitments under the manufacturing segment contracted but not provided was Nil (31 December 2016: HK$2.2 million) and there was no capital commitment authorised but not contracted for outstanding for both years. All these outstanding capital commitments were related to construction of factory buildings and acquisition of plant and machinery.

On the other hand, the Group's capital commitments under the treasury investments segment contracted but not provided for amounted to Nil (31 December 2016: HK$340 million) and there was no capital commitment authorised but not contracted for outstanding for both years. The outstanding commitments under the treasury investments segment were related to the Fund Subscription activities mentioned above.

FINAL DIVIDEND

At a meeting of the Board held on 22 March 2018, the Board has resolved to recommend the payment of a final dividend of 10 Hong Kong cents per ordinary share in cash to shareholders for the year ended 31 December 2017 (2016: nil). The proposed final dividend, if approved by the shareholders of the Company at the forthcoming AGM, will be paid on or about 2 August 2018 (Thursday) to the shareholders whose names appear on the register of members of the Company on 11 July 2018 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 June 2018 (Monday) to 29 June 2018 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming AGM of the Company to be held on 29 June 2018 (Friday), share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 22 June 2018 (Friday).

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year of 2017.

CORPORATE GOVERNANCE CODE (THE "CG CODE")

The Directors confirm that, for the financial year ended 31 December 2017, the Company was in compliance with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules save for the deviation mentioned below:

Since 22 March 2016, Mr. Liu Tingan has acted as an executive Director, the chairman as well as the chief executive officer of the Company up to the date of this announcement. This arrangement deviates from the provision of A.2.1 of the CG Code, which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Directors are of the opinion that the current arrangement can enable the Group to have a more efficient and effective management and can enable the Group to have a solid business and strategic planning. The Directors believe that it does not have a material adverse impact on the corporate governance of the Company.

The Board will carry out a regular review and propose any amendment, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

The Company has in practice complied with the new requirements under the amendments to C.3.3 of the CG Code relating to risk management and internal control during the year 2017. The Board has complied with the existing terms of reference for the audit committee of the Board (the "Audit Committee") so as to fulfill the requirements under C.3.3 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted its own code of conduct (the "Own Dealing Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code in Appendix 10 of the Listing Rules.

The Company, having made specific enquiries, confirms that members of the Board complied with the Own Dealing Code throughout 2017. Members of the Company's management, who, due to their positions in the Company, are likely to be in possession of inside information, also complied with the provisions of the Own Dealing Code.

AUDIT COMMITTEE

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

Publication of Annual Report on the website of the Stock Exchange

The 2017 annual report of the Company containing all the information required by the Listing Rules will be published on the Company's (www.hkbridge.com.hk) and the Stock Exchange's (www.hkex.com.hk) websites in due course.

Appreciation

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all senior management and staff members for their diligence and dedication, and also to our business partners and the Company's shareholders for their continuing support.

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

Hong Kong, 22 March 2018

As at the date of this announcement, the Board of directors of the Company comprises Mr. Liu Tingan and Mr. Cheok Ho Fung, being executive Directors; Mr. Mao Yumin being non-executive Director; and Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence being independent non-executive Directors.