



12 October 2015

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Attn: Mr. Ben Tippet

Market Update

The Company remains suspended following its delayed submission of its 30 June 2015 Annual Report and pending discussions with ASX in respect of its announcement on 1 October 2015. These discussions relate to whether the withdrawal from the Hanhong transaction is a significant change to the Company's business plans expressed in its Prospectus of 2 April 2015. The Company's position is that it is continuing with those prospectus plans. This is discussed further below. At this stage, the Company is awaiting confirmation from ASX as to the likely date of re-instatement of trading in its securities.

Further, the Board of the Company have noted recent events regarding the issuance of a writ by ASIC to wind up Avestra Asset Management Ltd ("Avestra").

Avestra is an unlisted Public Company, the holder of an Australian financial services licence and the Responsible Entity or trustee of a number of managed investment schemes.

Bridge Global Capital Management's ("BGCM") trading arm, Bridge Global Securities Pty Ltd ("BGS"), is described in the writ as being the investment manager of some of the investment schemes mentioned in the writ by ASIC.

One of the responsible managers of Avestra, as the Responsible Entity, Mr. Paul Rowles, has been involved in the management of some of BGCM's proprietary trading and investments, and was a key part of the Company's capital raising activities.

A former Director of BGCM remains a non-executive director of Avestra.

The Company can confirm that:

- BGS has not been the investment manager of any of the Avestra funds since April 2013 when the management agreement between BGS and Avestra expired;
- Mr. Paul Rowles has resigned from all aspects of the day to day business of the Company. He remains a supportive shareholder of the Company;
- The Company will seek to change its name at the forthcoming Annual General Meeting; and



- The Company retains Corporate Authorised Representative status and is submitting application for its own AFSL.

The Board further refers to unconfirmed offshore press reports as to Avestra's management of funds from the 1Malaysia Development Fund BHD ("1MDB"). BGC has outlined its former connections with Avestra above. It is not managing any funds on behalf of Avestra or 1MDB, nor is it aware that any shareholder funds invested in BGCM are associated with any funds from 1MDB.

As a result of the above the Company has then considered all of its operational issues, perhaps most specifically its proprietary trading arm, and has reviewed all positions under its management.

The recently lodged audited annual report indicates a Profit on financial assets held at fair value of A\$1,343,020 as at 30 June 2015.

The difficult trading conditions in Asian markets in which it primarily operates have seen a diminution of the financial asset value by A\$726,689 through the price reduction of some of its core positions. This diminution is unrealised. The Board is comfortable with the underlying inherent value of its key positions.

The Company has already announced that it is not proceeding with the acquisition of 49% of Hanhong (Hong Kong) Limited (**Hanhong**) as initially planned. This decision was finally made on 30 September 2015, and announced on 1 October 2015, although the final outcome is dependent on the sale of 100% of Hanhong to a third party. By way of expansion of the previous announcement, the transaction was on track for completion during the first quarter of the new financial year. The only outstanding issue was receiving approval to the transaction from the Hong Kong Regulator – the Hong Kong Securities and Futures Exchange (HK SFC), a condition of the transaction (as previously disclosed by the Company).

However during the period awaiting the transfer, several key Hanhong personnel departed jeopardising the ongoing future of the business.

Commensurate to their departure were difficult trading conditions being experienced in global stock markets, perhaps specifically to Asia. This lead to discomfort by the Board as to continuing the acquisition. After discussions with the vendor, the Parties arrived at a mutual agreement to seek to withdraw such that the vendor would then be free to pursue a 100% trade sale.

As a result of this decision, BGC will:

- Be returned the regulatory capital of HK\$2,500,000. This has now been refunded.
- Retain the funds management platform, Hanhong Absolute Return Fund; and
- Be paid HK\$100,000 for 3 months during the proposed transition to the new owner.

BGC is conscious of its operational plan as mapped out in its April IPO, most specifically to commence Hong Kong based operations. The Board chose to agree not to complete the Hanhong transaction as it would not provide the fit for BGC that was initially anticipated and it was considered that it was in the best interests of shareholders not to complete. However the Board is working on alternative transactions and anticipate replacing that transaction in the near future.



The Company can also confirm that it retains a 49% revenue stream in capital paid to Bridge Global Asset Management Limited (“BGAM”). BGAM receives these funds through management of segregated portfolios managed by BGAM. BGAM is registered with the Cayman Islands authority.

BGAM operates independently of BGS.

The revenue stream required BGS to provides various back office services as described in the prospectus to the funds under management from BGAM. However BGS does not provide any analytical nor investment decision services to BGAM, nor is it involved in the operation or management of that Company. BGS has no ownership of BGAM.

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