JUN YANG SOLAR POWER INVESTMENTS LIMITED
君陽太陽能電力投資有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code : 397)

ANNUAL 2014 REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Bai Liang *(Chairman)*
Mr. Jiang You *(Chief Executive Officer)*
Mr. Siu Kam Chau
Mr. Peng Libin
Mr. Liu Guangdian

Independent Non-executive Directors
Mr. Chan Chi Yuen
Mr. Chik Chi Man
Mr. Lam Wing Tai

AUDIT COMMITTEE

Mr. Chan Chi Yuen *(Chairman)*
Mr. Chik Chi Man
Mr. Lam Wing Tai

REMUNERATION COMMITTEE

Mr. Lam Wing Tai *(Chairman)*
Mr. Chan Chi Yuen
Mr. Chik Chi Man

NOMINATION COMMITTEE

Mr. Chik Chi Man *(Chairman)*
Mr. Chan Chi Yuen
Mr. Lam Wing Tai

COMPANY SECRETARY

Mr. Siu Kam Chau

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
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11 Pedder Street, Central
Hong Kong

REGISTERED OFFICE

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Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wing On Plaza, 62 Mody Road
Tsim Sha Tsui East, Kowloon
Hong Kong

PRINCIPAL BANKER

Dah Sing Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.junyangsolar.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Jun Yang Solar Power Investments Limited ("Jun Yang Solar" or the "Company", together with its subsidiaries, the "Group"), I am pleased to present to you the annual report for the year ended 31 December 2014. During the year, Jun Yang Solar continued to focus on its core business operations – the development, construction and operation of distributed solar power stations in order to capture new market opportunities brought about the latest wave of environmental protection policies.

STRONG SUPPORTING POLICIES

During 2014, China experienced moderate but stable economic growth, with an emphasis on the development of a green and low-carbon society to combat the worsening pollution problems throughout the country. The Central Government has initiated a number of favorable policies that support the photovoltaic ("PV") industry and help the distributed solar power generation. All of these incentives have helped the Group to enhance its overall business development.

BUSINESS PERFORMANCE

In 2014, Jun Yang Solar continued to focus on strengthening its downstream solar power generation business, and to this end the operations of our various solar projects have been on the right track:

- In 2014, the 10-megawatt large-scale solar PV ground-mounted power station project in Golmud, Qinghai Province has generated a total of approximately 13,230,000 kilowatt hour ("kWh") power; the 20-megawatt rooftop power station in Xuchang, Henan Province and the 1.5-megawatt rooftop power station in Zhengzhou, Henan Province have generated total power of approximately 12,903,000 kWh and approximately 360,000 kWh respectively.

- A new 10-megawatt rooftop power station in Rongcheng, Shandong Province has been constructed and connected to the grid in early 2015. This will indeed further expand our capacity and drive sharp profit growth.

Rongcheng distributed solar power station stars to generate electricity

In terms of investing activities, the Group reported the gains arising from a change in fair value for held-for-trading investments came to approximately HK$350 million. Business operations as well saw impressive profits which helped the Group to expand its revenue portfolio.

In addition, the Group's money-lending business continued to generate solid revenues for the Group. In 2014, this segment provided aggregated loan sum of approximately HK$407,154,000 (2013: approximately HK$ 336,250,000), achieved interest income from loan financing approximately HK$32,204,000 (2013: approximately HK$19,318,000) and served as a solid rock for the core PV business.

BUSINESS PROSPECTS

As we look ahead, we see air pollution has become a particularly pressing concern for people over the past several years. In response the government is expected to roll out more favorable policies to address the issue. This is coupled with the good news that major commercial banks such as Industrial & Commercial Bank of China, China Merchants Banks and Agricultural Bank of China are offering clearer credit policies for industry players. This implies that we can expect the greater availability of bank loans for construction of solar projects, thus improving the overall operating environment for clean energy companies.

At the same time, the electricity retail market will soon be open to private and foreign investors as a result of reforms directed at China's power industry. With a ready-to-use client database, this marks a new business opportunity for Jun Yang Solar to expand its business into electricity retailing.

Bolstered by remarkable developments in the domestic market, the Group is actively exploring opportunities in overseas markets.

On behalf of the board of directors of the Company, I would like to take this opportunity to thank everyone at Jun Yang Solar for their sincere contributions, and to our partners, shareholders and investors for their continuous warm support. Jun Yang Solar pledges to develop our business in a healthy, prudent manner and to create sustainable as well as stable returns for our supporting shareholders and investors.

I extend my sincere gratitude to you all.

Bai Liang
Chairman
26 March 2015

FINANCIAL REVIEW

For the year ended 31 December 2014, Jun Yang Solar Power Investments Limited (the "Company") and its subsidiaries (the "Group") recorded revenue of approximately HK$63,016,000 (2013: approximately HK$63,003,000). The increase was mainly attributable to the increase in the interest income from money lending business. Profit attributable to owners of the Company amounted to approximately HK$255,398,000 (2013: loss of approximately HK$18,049,000). The increase in profit for the year is mainly attributable to the gain arising on change in fair value of held-for-trading investments of approximately HK$350 million, which is partly off-set by the loss as a result of dilution of interests in associates of approximately HK$30 million. All such items do not have any impact on the cash flow of the Group. The Company has pledged bank deposits and cash and cash equivalent of approximately HK$314,940,000 (2013: approximately HK$212,547,000). The Group held loan receivables of approximately HK$316,737,000 (2013: approximately HK$226,342,000) and held-for-trading investments of approximately HK$863,883,000 (2013: approximately HK$366,313,000) respectively.

BUSINESS REVIEW

Strong Policy Support for Distributed Solar Power Generation in China

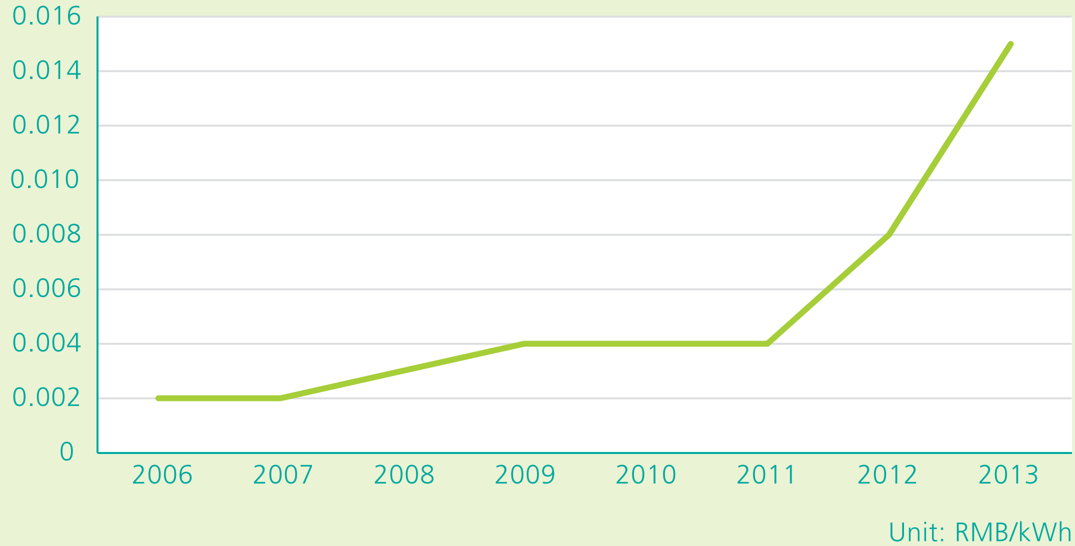
Due to the Central Government's implementation of a series of favorable polices to facilitate the distributed solar power generation in the past years, laying a sound foundation for the continuous development of distributed solar power generation in China. The National Energy Administration ("NEA") announced on 9 March 2015 that the total installation of solar power generation reached 10.6 Gigawatts ("GW") in China in 2014, accounting for one fifth of global total installation in 2014.

– **Stable National and Local Subsidy**

  From July 2013, subsidy for every kilowatt hour ("kWh") electricity produced by distributed photovoltaic ("PV") power stations was introduced in replace of subsidy for investment in distributed solar power generation projects. This ensured that projects were completed and generated solar power. For these distributed solar projects, the National Development and Reform Commission ("NDRC") and the Ministry of Finance set the subsidy at RMB0.42/kWh for 20 years, whether the power is consumed internally or sold to the grid (in which case the generators also sell electricity to the end-users or the grid company and being paid for).

  To facilitate the subsidy's need for fund, the Chinese government has set up the Renewable Energy Surcharge System and the rate has been raised in the last few years to finance the continuously enlarged subsidy for solar installation.

Surcharge for Renewable Energy (2006 - 2013)



Source: NDRC Announcements

On top of national subsidies for distributed solar power generation, local governments in Zhejiang, Jiangsu, Shandong, Anhui, Jilin, Shaanxi Provinces, and Shanghai Municipal at provincial, county and city levels, all provide additional subsidies to distributed solar power at the rate range from RMB0.05-0.2/kWh for 5 to 20 years respectively. Shaanxi Province, Hefei Municipal (Anhui Province) and Tongxiang City (Zhejiang Province) also provide investment subsidies.

With the subsidies from central and local governments, the profitability and sustainability of solar power generation was improved significantly.

– **Great Improvements in Grid Connection**

Grid connection is a prerequisite for any power generation. Since the State Grid Corporation of China issued《關於做好分布式光伏發電併網服務工作的意見》*("Opinions on Improving Services for Grid-connected Distributed PV Power Generation")*, the grid connection has been improving steadily. In 2014, a total of 10.6 GW solar power have been connected to the grid. In September 2014, the NDRC planning agency approved the NEA's proposal to introduce a quota system for the use of power generated from renewable sources.《可再生能源電力配額考核辦法(試行)》*("Renewable Energy Quota Trial Assessment Method")* has been submitted to the State Council for final approval and details are expected to be released soon.

According to media reports (Xinhua), the draft included:

- Making grid companies responsible for acquiring power from renewable energy sources. Local governments will monitor the execution.

- Establishing two sets of power purchasing targets for grid companies and provinces/ municipalities (basic and advanced); set a slightly higher target for eastern China and other prosperous areas.

- The NEA will suspend or reduce the scale of new thermal capacity installation of fossil energy for provinces that fail to meet the targets.

The management believes the implementation of Renewable Quota System will boost the grid connection of solar power.

– **Distributed PV Power Generation Project Financing**

In addition, the great improvements in financing of PV power generation project also contributed to the growth of the industry. In September 2014, The NEA issued new initiative《關於進一步落實分布式光伏發電有關政策的通知》(國能新能[2014] 406號) *("Notice regarding the Further Implementation of Distributed PV Power Generation Policy") (Guo Neng Xin Neng [2014] No.406)* calling for banks to provide preferential loans for distributed PV power generation projects with power purchasing agreements ("PPA") as the collateral. To follow the direction, China Development Bank and other commercial banks in China released clearer guidelines to loan to distributed PV power generation. In the second half of 2014, bank loans to distributed PV power generation has been granted. The Group was the first batch to be granted RMB50,000,000 bank facility with PPA as the collateral.

Moreover,《關於印發能效信貸指引的通知》*("The Energy Efficiency Credit Guidelines")*, a government document published in January 2015 by the China Banking Regulatory Commission and NDRC encourages banks to provide commercial loans to PV firms based on reasonable risk control and explores innovative ways to secure business guarantees. Chinese state-owned lenders including China Development Bank, Industrial & Commercial Bank of China ("ICBC") and China Construction Bank started to provide more credit for new solar projects, which removes the blocks impeding the growth solar projects.

– **Other Supportive Measures to Distributed Solar Power Generation**

The measures formulated in《關於進一步落實分布式光伏發電有關政策的通知》(國能新能[2014] 406號) *("Notice regarding the Further Implementation of Distributed PV Generation Policy") (Guo Neng Xin Neng [2014] No.406)* further cleared other hurdles facing distributed solar power generation, such as lack of roofs to erect solar system, bill collection for electricity sold and the subsidy payments.

- Government coordination for roof resources: Beijing, Shaanxi, Jiangxi, Zhejiang governments required all enterprises to install solar power generation system on their roofs if they consume certain amount of energy; Anhui, Henan, Jiangsu, Jiangxi, Shanxi and Zhejiang governments required all enterprises with factory roof areas more than 1,000 square meters to install solar power generation systems.

- Grid companies are asked to collect all electricity bills for distributed solar power located in the distributed solar demonstration zone.

- Grid companies are also responsible to pay the subsidy of distributed solar power timely.

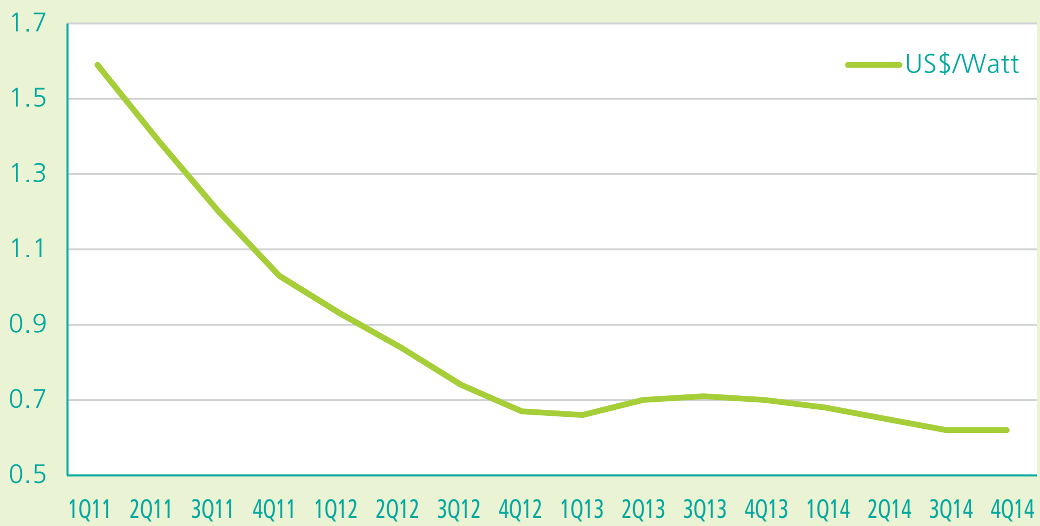
- Distributed solar power generators could opt to sell (or switch to sell at their wish) all the power generated to the grid and entitled to the Feed-in-Tariff rate for ground-mounted solar farms.

Industry Profitability of Distributed Solar Power Generation is in Sight

As mentioned above, Chinese government offered top up subsidies, provinces and municipalities including Shandong, Jiangsu, Anhui, Jiangxi, Shanxi, Shanghai, Jilin, Hunan, Zhejiang, would receive subsidies on their ground power generation and/or distributed solar power generation while some provinces also enjoyed subsidies on investment project, therefore solar projects can secure better returns based on the new rules.

Coupled with the supportive policies, distributed solar power generation is also benefiting from the declines of costs. The cost for modules, accounting for the biggest share in construction investment, have dropped from US$1.59 per Watt to US$0.62 per Watt since 2011. The average selling price of mountings has dropped 33% in the last two years in line with the drop of steel price while the average selling price of inverters has fallen more than 30%. All these lowered the investment cost of distributed solar power generation that resulted in better project returns.

Modules Prices Changes 2011 - 2014



Source: PV Insights

Among the different kinds of solar power projects, distributed solar power generation yields higher return because of its main feature of self-generation and self-consumption. Distributed solar power projects are typically the installation of distributed solar panels on rooftops, which generates electricity for their host buildings. In China, the power tariff for commercial and industrial end users is relatively higher, especially in more affluent provinces such as Shandong, Jiangsu, Zhejiang, etc. (it can be as high as RMB1.0/kWh when comparing with national average around RMB0.8/kWh). Therefore, higher usage of the power generated from the rooftop, lower the power consumed from utility grid, which the owners of the buildings will benefit from significant cost savings in terms of electricity bills. Meanwhile, solar power generators can enjoy higher profit margins because they can charge more than selling the electricity to the grid.

Acquisition of Entire Equity Interest in Solar Power Business

On 7 April 2014, the Company entered into a sale and purchase agreement with Sun Reliant International Limited ("Sun Reliant"), pursuant to which the Company has conditionally agreed to acquire approximately 32.10% of the issued share capital of Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Holdings"), a non wholly-owned subsidiary of the Company as at the date of the said agreement, at the consideration of HK$109,105,267. The completion of this acquisition marks the completion of acquisition of the entire equity interest of solar business, which demonstrates the Group's confidence and determination on the development of downstream solar energy projects.

Money Lending Business Continued Contribution to the Profitability of the Group

Since the Group entering into the money lending business in Hong Kong through the acquisition of E Finance Limited in 2012, the business has been well on track and become one of the Group's principal business focuses which enables the Group to diversify its income sources. In October 2013, Top Sense Worldwide Ltd, a wholly-owned subsidiary of the Company, entered into a joint venture agreement and also further set up a Hong Kong company and a wholly foreign-owned enterprise in the People's Republic of China (the "PRC") to conduct money lending business in the PRC indirectly through the wholly foreign-owned enterprise. The Group's lending business achieved outstanding performance, as noted from the aggregated sum of approximately HK$407,154,000 for the year ended 31 December 2014 (2013: approximately HK$336,250,000), which laid a solid capital foundation for the core PV business. Closely monitoring the progress of this business, the management is well poised for seizing any opportunities that would immensely facilitate its development.

Trading in Hong Kong Listed Shares Achieved Good Performance

For investing activities, the Group reported the gain arising on change in fair value of held-for-trading investments of approximately HK$350 million.

On 13 August 2014, the Company entered into a subscription agreement with China Culiangwang Beverages Holdings Limited ("China Culiangwang"), the Company has subscribe for 395,328,000 subscription shares of China Culiangwang at the subscription price of HK$0.25 per subscription share. All the subscription shares are subject to a lock-up period of two months from the completion date. The subscription was completed on 24 October 2014, and the shares have been disposed in January and February 2015 in the market.

Chairman of the Group Subscribed New Shares with One Year Lock-up

On 14 April 2014, the Company entered into a subscription agreement with the chairman of the Group, Mr. Bai Liang ("Mr. Bai"). Mr. Bai has agreed to subscribe 1.5 billion new shares of HK$0.02 each in the share capital of the Company, represent approximately 16.86% of the issued share capital of the Company as at the date of the subscription agreement, at HK$0.1 per subscription share. Mr. Bai paid the aggregate price in cash and the subscription shares are subject to a lock-up period of one year. Mr. Bai's subscription of shares of the Company further demonstrated the confidence of the management in the growth of the solar power generation business and the growing opportunity of money lending business as a whole. As at the date of this report, Mr. Bai holds approximately 9.18% of the issued share capital of the Company and becomes the biggest shareholder of the Company.

Expanding to Global Solar Business and CEO Subscribed Shares

In August 2014, Pictures Global Holdings Limited was incorporated, aiming at expending our solar business into global markets.

MANAGEMENT DISCUSSION AND ANALYSIS

On 7 October 2014, the chief executive officer of the Group, Mr. Jiang You ("Mr. Jiang") subscribed 9.9% equity interest in Pictures Global Holdings Limited, a subsidiary of the Company. With a view to developing the solar energy business in overseas regions with a focus in Australia and United State currently, the Group believed that the extensive experiences of Mr. Jiang in the overseas solar energy business would help to establish a platform for expanding and developing the solar energy business of the Group in the overseas market.

Solar Power Generation Projects are on the Right Track

During the year under review, the operations of the Group's solar projects had been on the right track. With years of experience in the power station management, better efficiency was achieved and generated stable revenue to the Group:

- The 10-megawatt large-scale solar PV ground-mounted power station project in Golmud, Qinghai Province commenced operation in 2012. The total power generation in 2014 was approximately 13,230,000 kWh.

- The 20-megawatt rooftop power station in Xuchang, Henan Province started to generate electricity in 2013 and the total power generation in 2014 amounted to approximately 12,903,000 kWh. Approximately RMB48 million investment subsidy residual was collected in December 2014.

- The 1.5-megawatt rooftop power station in Zhengzhou, Henan Province had been put into operation in 2013 and a total power of approximately 360,000kWh was generated in 2014.

Module clean in progress at Qinghai solar farm

- A new 10-megawatt rooftop power station in Rongcheng, Shandong Province has been constructed. The project was approved by the Weihai Municipal Government in September 2014 and was granted a bank facility of RMB50,000,000 by the Bank of Beijing in December 2014. It was one of the first batches of bank facility to distributed solar power generation projects with charging rights as the collateral in China. All the ground work of the construction has been finished and the installation of modules was completed in January 2015. This new project has been connected to the grid and started to generate electricity since 3 March 2015.

Rongcheng distributed solar station under construction

Acquisition of Lucky Securities Company Limited

To leverage our experiences in money lending and securities trading business, in October 2014, the Group completed the acquisition of the entire shares of Lucky Securities Company Limited, a participant of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a licensed corporation to carry out businesses in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap.571). The management believes the acquisition will broaden the Group's portfolio and strengthen our financial businesses.

Lucky Securities Company Limited has changed its name to Jun Yang Securities Company Limited with effect from 20 March 2015.

BUSINESS OUTLOOK

To address the issue of pollution and combat the wide spread of smog in China, the central government fleshed out aggressive environmental protection and clean energy plan in 2014 and the landmark new Environmental Law takes effect in 2015. The Ministry of Environmental Protection is empowered to take tighten measures against polluters. Under such circumstance, environment and clean energy plays to benefit.

On the other hand, according to the NEA, the newly installed capacity for solar power was 10.6 GW, falling short of NEA's 14 GW guidance at the year-start of 2014. Among which, the installation of grid-connected distributed solar power in 2014 was only 2.05 GW, fell far short of government yearly target of 8 GW. On 16 March 2015, NEA released《關於下達2015年光伏發電建設實施方案的通知》("*Notice on the Implementation Plan for PV Power Generation in 2015*"). According to the plan, the total capacity of installation of solar power generation was set for 17.8 GW. All projects included in this target are entitled to the subsidy from the renewable energy fund. There will be no cap for the installation of distributed solar power on roof-tops. Relevant local Energy Administration should approve these projects and the Grid companies should get these projects grid connected timely. These distributed solar power projects are entitled to the subsidy when the constructions are completed. To meet the cumulative installation target, the Company believe that the government will roll out more supportive policies. Coupled with the good news that major commercial banks such as ICBC, China Merchants Bank and Agricultural Bank of China offering clearer credit policies for industry players that implied the better availability of bank facility for construction of solar projects.


A section of Rongcheng distributed solar station

In view of the supportive environment, the Group will strengthen its investment in solar power generation, especially in distributed solar power generation in the eastern developed regions such as Shandong and Jiangsu Provinces. The management is confident that 2015 would be a year for substantial solar project ramp.

In view of the higher returns and less possibility of curtailment, the management believes the Group will have more opportunities in the booming distributed solar power generation and has formulated refined development strategies to focus on distributed solar power generation. More resources will be devoted to realize our goal to strengthen our presence in this aspect.

On 15 March 2015, the Central Committee of Communist Party of China and the State Council released the joint document《關於進一步深化電力體制改革的若干意見》("*Opinions on Deepening the Reform of Electricity System*"). It has been decided to open the distribution and retail market of electricity for private and foreign investment in an orderly manner and develop distributed power generation actively. As the Group is already selling electricity to end-users for its rooftop solar farms, the reform will likely to open a new business opportunity for the Group in the near future.

To ensure efficient utilization of fund and maximizing returns to our shareholders, the Company will continue its money lending business and assets investment to generate more profits while financial resources are available.

In March 2015, a wide spread documentary "Under the Sky" by previous CCTV journalist Ms. Chai Jing recalls national sentiment for environment protection and pressures for the government to take more actions in combating the pollution and developing renewable energy are mounting. As we have stated in the previous sections, the management believes the profitability for distributed solar power generation in China is in sight with the implementation of a series government supportive policies. This is also true for other environmental protection industry. Nevertheless, partly because they have suffered large bad debts in previous loans to upstream solar companies, partly for the specific features of distributed solar power generation, the banks in China are still reluctant to lend to solar power project. Only a very few projects have been provided bank loans with PPA as collateral. Therefore, the demand for loan financing for solar power generation and environmental protection projects has not been met.

In view of that, the management believes that the environmental protection industry including solar power generation and other renewable energy is a good niche market for the Group. Leveraging our experiences in Hong Kong for the past years and the joint venture establishment in investment in China, as well as our involvement in the development and management of solar power generation projects, the Group will actively involve in the development, investment and project financing in environmental protection that include solar power and other renewable energy business in China.

The Group will carry on its continuous strategy in investment in Hong Kong listed and unlisted securities. We will monitor the market changes close and endeavor to capture investment opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group held pledged bank deposits and cash and cash equivalents of approximately HK$314,940,000 (2013: approximately HK$212,547,000). Net current assets amounted to approximately HK$1,328,183,000 (2013: approximately HK$564,813,000). Current ratio (defined as total current assets divided by total current liabilities) was 5.77 times (2013: 3.24 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 21% (2013: 27%).

As at 31 December 2014, the Group had outstanding bank and other borrowings of approximately HK$43,582,000 (2013: approximately HK$10,957,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank and other borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 31 December 2014, the Group had shareholders' equity of approximately HK$44,465,000 (2013: approximately HK$177,888,000).

On 3 July 2014, the Company allotted and issued 1,091,052,670 new shares of HK$0.02 each in the share capital of the Company, at the price of HK$0.1 per share, to Sun Reliant pursuant to the sale and purchase agreement dated 7 April 2014 entered into between the Company as purchaser and Sun Reliant in relation to the acquisition of 11,415 shares of US$1.00 each, representing approximately 32.10% of the issued share capital of Jun Yang Holdings as at the date of the sale and purchase agreement, further details of which are set out in the announcement of the Company dated 7 April 2014.

On 11 July 2014, the Company allotted and issued 1,500,000,000 new shares of HK$0.02 each in the share capital of the Company, at the price of HK$0.1 per share, pursuant to the subscription agreement dated 14 April 2014 and entered into between the Company and Mr. Bai in relation to the subscription of 1,500,000,000 shares by Mr. Bai, further details of which are set out in the announcement of the Company dated 14 April 2014.

On 11 July 2014, the Company allotted and issued 164,600,000 new shares of HK$0.02 each in the share capital of the Company, at the price of HK$0.062 per share, pursuant to the exercise of share options under the share option scheme adopted by the Company on 4 June 2013.

On 24 June 2014, the Board proposed to implement the capital reorganisation (the "Capital Reorganisation") which involve: (i) the consolidation of every 4 issued and unissued ordinary shares of HK$0.02 each in the share capital of the Company into 1 ordinary share of HK$0.08 each (each a "Consolidated Share"); (ii) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.07 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK$0.08 to HK$0.01; and (iii) the subdivision of each authorised but unissued Consolidated Share of HK$0.08 each into 8 new shares of HK$0.01 each. The Capital Reorganisation was duly passed as a special resolution by the shareholders of the Company at the special general meeting of the Company held on 11 August 2014. The Capital Reorganisation had become effective on 12 August 2014. Further details of the Capital Reorganisation are set out in the circular of the Company dated 18 July 2014 and the announcements of the Company dated 24 June 2014 and 11 August 2014.

On 23 October 2014, the Company allotted and issued 1,090,000,000 placing shares of HK$0.01 each in the share capital of the Company (the "Shares"), at the placing price of HK$0.193 per placing share, pursuant to the placing agreement and the specific mandate granted to the Directors at the special general meeting of the Company held on 6 October 2014, details of which are disclosed in the circular of the Company dated 15 September 2014.

On 24 November 2014, the Company allotted and issued 444,000,000 placing Shares at the placing price of HK$0.186 per placing Share, pursuant to the placing agreement and the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May 2014, details of which are disclosed in the announcement of the Company dated 13 November 2014.

FUND RAISING ACTIVITIES UNDER GENERAL MANDATE

Placing of Convertible Bonds Under General Mandate

On 10 April 2014, the Company entered into a placing agreement with a placing agent for a placing of 5% coupon convertible bonds due 2016 (the "Convertible Bonds") in the aggregate principal amount of up to HK$195,676,800 (the "CB Placing"). The holders of the Convertible Bonds will be entitled to convert the whole or any part of the Convertible Bonds into conversion shares at the initial conversion price, being HK$0.11 (adjusted to HK$0.44 as a result of Capital Reorganisation and subject to further adjustments) during the conversion period. Assuming the conversion rights attached to the Convertible Bonds are exercised in full at the initial conversion price, a maximum of 1,778,880,000 conversion shares of the Company will be allotted and issued. Further details of the CB Placing are set out in the announcements of the Company dated 10 April 2014, 11 April 2014 and 29 April 2014.

The initial conversion price represent (i) a premium of approximately 8.91% over the closing price of HK$0.101 per share of the Company as quoted on the Stock Exchange on 10 April 2014, being the date of the placing agreement; and (ii) a premium of 10% over the average closing price of HK$0.1 per share of the Company as quoted on the Stock Exchange for the last five trading days immediately prior to 10 April 2014, being the date of the placing agreement. The completion of the CB Placing took place on 29 April 2014 and the Convertible Bonds have been successfully placed to not less than six placees who, and where applicable, whose ultimate beneficial owners, are independent third parties. The Directors considered that the CB Placing represents an opportunity to enlarge the equity base of the Company and provide general working capital for the Company's business expansion.

The net proceeds from the CB Placing were approximately HK$190,000,000. On such basis, the net price to the Company of each Conversion Share was approximately HK$0.1068. As at 31 December 2014, approximately HK$150 million has been used for the investment in securities; and approximately HK$40 million has been used as general working capital of the Group. Further details of the Convertible Bonds are set out in note 32 to the consolidated financial statements.

Placing of New Shares under General Mandate

On 13 November 2014, the Company entered into a placing agreement with two placing agents pursuant to which the Company has appointed the placing agents to place, on an underwritten basis, a total of 444,000,000 placing shares at the placing price of HK$0.186 per placing share. The placing shares to be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May 2014. The Directors are of the view that the placing can strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The placing also represent good opportunities to broaden the shareholders' base and the capital base of the Company.

The aggregate nominal value of the placing shares under the placing was HK$4,440,000. The placing price of HK$0.186 per placing share represents (i) a discount of approximately 18.42% to the closing price of HK$0.228 per Share as quoted on the Stock Exchange on 13 November 2014, being the date of the placing agreement; and (ii) a discount of approximately 17.77% to the average closing price of HK$0.2262 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to 13 November 2014, being the date of the placing agreement.

The completion of the placing took place on 24 November 2014. An aggregate of 444,000,000 placing shares have been successfully placed to not less than six placees who and whose ultimate beneficial owners are independent third parties. The net proceeds from the placing were approximately HK$78 million. On such basis, the net issue price per placing share was approximately HK$0.176.

It is expected that such net proceeds from the placing will be utilised for the Group's investment in solar energy and related projects and other new business opportunities (if any). If these projects do not materialise or have not been identified, the net proceeds to be used for the short-term lending business and general working capital of the Group. As at 31 December 2014, the net proceeds has not yet been utilised.

CHARGES ON GROUP ASSETS

As at 31 December 2014, certain Group's bank deposits and held-for-trading investments with carrying value of approximately HK$4,727,000 and HK$153,704,000 respectively were pledged to secure general bank facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group employed approximately 54 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

EXECUTIVE DIRECTORS

Mr. Bai Liang, aged 47, has been the Chairman and an executive director (the "Director") of Jun Yang Solar Power Investments Limited (the "Company", together with its subsidiaries, the "Group") since 24 November 2010. He is also a director and the legal representative of various subsidiaries of the Company. He graduated from Beijing Jiaotong University (formerly known as Northern Jiaotong University) in the People's Republic of China (the "PRC") with a bachelor degree in engineering in 1990. Mr. Bai had worked at the energy and electrical power sectors of the senior authority of electrical power industry in the PRC, and the Chinese Institute of Electrical Engineering of the China Electricity Council for over 8 years and was responsible for the science and technology managerial work in the electrical power industry. Mr. Bai has extensive experience and good understanding in the China electrical power and electrical equipment industry. Besides, Mr. Bai has established and participated in many energy and electrical power related enterprises and has also participated in many energy and resources related investment projects in coal and nonferrous metals, and green energy like wind power and solar energy, and has vast experience in management and coordination. Since 2006, Mr. Bai has been engaging in the solar energy industry and had involved in establishing a leading PRC enterprise principally engaged in the manufacture and sale of silicon based thin-film solar photovoltaic modules. Mr. Bai is the sole director and beneficial owner of Silver Idea Investments Limited which is shareholder of the Company as disclosed in the section headed "Interests and short positions of substantial shareholders/other persons" in the Report of Directors of this report.

Mr. Jiang You, aged 56, has been the chief executive officer of the Company and an executive Director since 22 January 2013. He is also a director of the subsidiaries of the Company. Mr. Jiang graduated from 上海立信會計學院 (Shanghai Lixin University of Commerce) in 1984 and completed a graduate course in Specialized Historical Studies of Corporate Development and Modernization of Corporate Management in 華東師範大學 (East China Normal University) in July 2002. In March 2003, he obtained a Master of Business Administration from Macau University of Science and Technology. From 1998 to 2005, Mr. Jiang was the chief executive officer of the PRC branch office of IPC Corporation Limited, a company listed on the Mainboard of the Singapore Exchange Limited. From 2005 to 2007, he served as the chief executive officer in 上海埃力生（集團）有限公司 (unofficial English translation being Shanghai Alison (Group) Company Limited). From 2007 to August 2009, he was the chief executive officer of GCL Solar Energy Technology Holdings Inc. From September 2009 to October 2012, he was the President (Solar Business) of GCL-Poly Energy Holdings Limited (stock code: 3800), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Siu Kam Chau, aged 50, has been an executive Director since 10 October 2011. He is also the company secretary of the Company and a director of various subsidiaries of the Company. Mr. Siu graduated from the City University of Hong Kong with a bachelor degree in accountancy. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Public Accountant (practising) in Hong Kong. Mr. Siu has over 25 years of working experience in auditing, accounting, company secretarial and corporate finance. He is currently an independent non-executive director of Wang On Group Limited (stock code: 1222) and Deson Development International Holdings Limited (stock code: 262), both of which are companies listed on the Stock Exchange. He was an independent non-executive director of China New Economy Fund Limited (stock code: 80) from July 2010 to October 2014 and Oriental Unicorn Agricultural Group Limited (stock code: 8120) from May 2013 to October 2014.

Mr. Peng Libin, aged 49, has been an executive Director since 14 January 2013. He is also a director of the subsidiaries of the Company and a general manager of a subsidiary of the Company. He obtained a Bachelor's Degree in Economics (Statistics) from 湖南財經學院 (Hunan College of Economics and Finance) (currently known as 湖南大學 (Hunan University)) in 1989. He has been qualified as a senior economist in the PRC since November 1999. Mr. Peng has over 20 years of experience in power generation industry in the PRC. Mr. Peng has extensive experience and knowledge in (i) the development of solar energy industry; and (ii) the management, operation, and planning of solar power generation projects. Before joining the Group, he held various positions in a number of power companies.

Mr. Liu Guangdian, aged 53, joined the Group as the investor relations director in February 2013 and was appointed as an executive Director since 6 October 2014. He is also a director of various subsidiaries of the Company. Mr. Liu obtained a degree of Doctor of Philosophy in Economics from University of Sussex in 1996. He has over 15 years of experience in investor relations and corporate management. Before joining the Group, he was the investor relations director in Apollo Solar Energy Technology Holdings Limited (currently known as Hanergy Thin Film Power Group Limited) (stock code: 566), a company listed on the Stock Exchange, from November 2009 to January 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 48, has been an independent non-executive Director since 12 January 2005. He is also the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Mr. Chan holds a bachelor degree with honours in Business Administration and a master of science degree in Corporate Governance and Directorship. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and is an associate member of The Institute of Chartered Accountants in England and Wales. He is also a practising certified public accountant and has extensive experience in financial management, corporate finance and corporate governance. Mr. Chan is currently an executive director and chief executive officer of Noble Century Investment Holdings Limited (stock code: 2322), and an executive director of South East Group Limited (stock code: 726) and Co-Prosperity Holdings Limited (stock code: 707), all of which are companies listed on the Stock Exchange. He is also an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), REX Global Entertainment Holdings Limited (formerly known as China Gamma Group Limited) (stock code: 164), Media Asia Group Holdings Limited (stock code: 8075), U-RIGHT International Holdings Limited (stock code: 627) and New Times Energy Corporation Limited (stock code: 166), all of which are companies listed on the Stock Exchange. Mr. Chan was the chairman and an executive director of Kong Sun Holdings Limited (stock code: 295) from December 2011 to September 2013. He was also an independent non-executive director of China Sandi Holdings Limited (stock code: 910) from September 2009 to July 2014.

Mr. Chik Chi Man, aged 61, has been an independent non-executive Director since 23 October 2006. He is also the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company. Mr. Chik has over 47 years of experience in the building and construction industry in Hong Kong. He is currently a co-opted member of Finance and General Affairs Committee of Sha Tin District Council, a member of the standing executive committee of Scout Association of Hong Kong New Territories East Region, the vice chairman of Sha Tin East District Scout Council and also the treasurer of the committee in Sha Tin District of the Friends of the Community Chest. In July 2006, Mr. Chik was awarded the Chief Executive's Commendation for Community Service by The Government of the Hong Kong Special Administrative Region.

Mr. Lam Wing Tai, aged 48, has been an independent non-executive Director since 2 October 2013. He is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Mr. Lam studied accounting at the Australian National University and obtained a bachelor degree in commerce in 1991. He is a member of the CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in the accounting and auditing field. Mr. Lam is currently the executive director of Ngai Shun Holdings Limited (stock code: 1246), a company listed on the Stock Exchange. He is also an independent non-executive director of Universe International Holdings Limited (stock code: 1046) and the company secretary of Gamma Logistics Corporation (stock code: 8310), both of which are companies listed on the Stock Exchange. Mr. Lam was the company secretary of Computech Holdings Limited (currently known as China Mobile Games and Cultural Investment Limited) (stock code: 8081), from November 2011 to September 2013 and an executive director of Zmay Holdings Limited (currently known as Hong Kong Life Sciences and Technologies Group Limited) (stock code: 8085), from October 2009 to November 2012, both of which are companies listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Liu Hui, aged 40, currently the vice president of a subsidiary of the Company and a director of the subsidiaries of the Company. He obtained a Master Degree of Business Administration from Beijing Institute of Technology in 2007. Mr. Liu has over 18 years of experience in the energy industry in the PRC, manufacturing solar modules, construction and operation of power station and corporate management out of which he has over 8 years of management experience in solar related industry. He joined the Group in November 2011.

Mr. Wu Yongli, aged 52, currently the technical director of a subsidiary of the Company. He is mainly responsible for construction project management and engineering technology of the subsidiaries of the Company. Mr. Wu has over 32 years of experience in the management, analysis, research and development of energy and new energy businesses in the PRC. He joined the Group in January 2010.

Mr. Xue Feng, aged 46, currently a director and the legal representative of the subsidiaries of the Company. He graduated from Beijing Jiaotong University (formerly known as Northern Jiaotong University) in the PRC with a bachelor degree in engineering in 1990. He has also passed the national examinations of the PRC and certified with intermediate qualification level of speciality and technology in finance and economics, and accounting in 1996 and 2003 respectively. Mr. Xue has many years of experience in the areas of engineering, corporate management, accounting and asset valuation. He joined the Group in December 2009.

Mr. Yu Wan Hei, aged 40, currently the financial controller of the Company. He is also a director of the subsidiaries of the Company. Mr. Yu obtained a Bachelor of Business Administration degree in Accounting from The Hong Kong University of Science and Technology and a Master of Science degree in Accounting from The Hong Kong Polytechnic University. Mr. Yu is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants. Mr. Yu has over 15 years of experience in the accounting and financial management field and previously worked in various listed and unlisted groups. Mr. Yu is an independent non-executive director of First Credit Finance Group Limited (stock code: 8215), a company listed on the Stock Exchange. He joined the Group in May 2014.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Name of Director		Details of Changes
Mr. Bai Liang	–	the total emoluments increased by approximately HK$11,286,000 to approximately HK$11,642,000 compared to the year ended 31 December 2013
Mr. Jiang You	–	the total emoluments increased by approximately HK$6,606,000 to approximately HK$9,117,000 compared to the year ended 31 December 2013
Mr. Siu Kam Chau	–	resigned as an independent non-executive director of China New Economy Fund Limited (stock code: 80), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 22 October 2014
	–	resigned as an independent non-executive director of Oriental Unicorn Agricultural Group Limited (stock code: 8120), a company listed on the Stock Exchange, with effect from 27 October 2014
	–	the total emoluments increased by approximately HK$45,000 to approximately HK$2,303,000 compared to the year ended 31 December 2013
Mr. Peng Libin	–	the total emoluments increased by approximately HK$151,000 to approximately HK$663,000 compared to the year ended 31 December 2013
Mr. Liu Guangdian	–	the total emoluments for the year ended 31 December 2014 was approximately HK$280,000 (Mr. Liu appointed as an executive director of the Company on 6 October 2014)
Mr. Chan Chi Yuen	–	appointed as an executive director of Co-Prosperity Holdings Limited (stock code: 707), a company listed on the Stock Exchange, with effect from 11 December 2014
	–	the total emoluments increased by HK$24,000 to HK$120,000 compared to the year ended 31 December 2013
Mr. Chik Chi Man	–	the total emoluments increased by approximately HK$38,000 to HK$96,000 compared to the year ended 31 December 2013
Mr. Lam Wing Tai	–	resigned as the financial controller of Astrum Capital Management Limited with effect from 28 February 2015
	–	appointed as an executive director of Ngai Shun Holdings Limited (stock code: 1246), a company listed on the Stock Exchange, with effect from 6 March 2015
	–	the total emoluments increased by HK$90,000 to HK$120,000 compared to the year ended 31 December 2013 (Mr. Lam appointed as an independent non-executive director of the Company on 2 October 2013)

REPORT OF THE DIRECTORS

The directors (the "Directors") of Jun Yang Solar Power Investments Limited (the "Company") present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 19 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance by principal activities and geographical locations of operations for the Year is set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at the Year end date are set out in the consolidated financial statements on pages 39 to 136 of this annual report.

The Directors do not recommend the payment of a final dividend for the Year.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results of the Group for the last five financial years is set out on page 136 of this annual report.

DONATIONS

Charitable donations made by the Group during the Year amounted to approximately HK$1,301,000.

SUBSIDIARIES

Details of acquisition/disposals of subsidiaries during the Year are set out in notes 38 and 39 respectively to the consolidated financial statements.

Details of the Company's principal subsidiaries as at 31 December 2014 are set out in note 19 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately HK$38,593,000 for the expansion of its business.

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 35 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

RESERVES

Details of movements in the reserves of the Group during the Year are set out on pages 44 and 45 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in note 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company had no reserves available for distribution calculated in accordance with the Companies Act 1981 of Bermuda (as amended). The contributed surplus may only be distributable in certain circumstances.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the five largest customers in aggregate accounted for approximately 33% of the turnover of the Group and the five largest suppliers in aggregate accounted for approximately 27% of purchase of the Group. The largest customer accounted for approximately 8% of the turnover of the Group while the largest supplier accounted for approximately 11% of the Group's total purchases.

As far as the Directors are aware, none of the Directors, their close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest at any time during the Year in any of the Group's five largest suppliers and customers.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group are set out in note 30 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the Year and up to the date of this report are:

Executive Directors
Mr. Bai Liang *(Chairman)*
Mr. Jiang You *(Chief Executive Officer)*
Mr. Siu Kam Chau
Mr. Peng Libin
Mr. Liu Guangdian (appointed on 6 October 2014)

Independent Non-executive Directors
Mr. Chan Chi Yuen
Mr. Chik Chi Man
Mr. Lam Wing Tai

In accordance with bye-law 99 of the Company's bye-laws and to comply with the requirements of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. Jiang You, Mr. Chik Chi Man and Mr. Lam Wing Tai will retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, offer themselves for re-election at the AGM. In addition, in accordance with bye-law 102(A) of the Company's bye-laws, Mr. Liu Guangdian shall hold office only until the AGM and, being eligible, offers himself for re-election at the AGM.

The biographical details of the Directors as at the date of this report are set out in "Profiles of Directors and Senior Management" on pages 16 to 18 of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors and the five highest paid individuals of the Group are set out in notes 13 and 14 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 43 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group during the Year.

CONNECTED TRANSACTIONS

Connected transactions undertaken by the Group during the Year and up to the date of this report are set out below:

1. On 7 April 2014, the Company entered into a sale and purchase agreement (the "SP Agreement") with Sun Reliant International Limited ("Sun Reliant") pursuant to which the Company has conditionally agreed to acquire, and Sun Reliant has conditionally agreed to sell 11,415 shares of US$1.00 each, representing approximately 32.10% of the issued share capital of Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Holdings"), a non wholly-owned subsidiary of the Company as at the date of the SP Agreement, at the consideration of HK$109,105,267. Subject to the fulfilment of the conditions precedent to the completion of the SP Agreement, the consideration would be satisfied by the allotment and issue, credited as fully paid, of 1,091,052,670 consideration shares of HK$0.02 each in the share capital of the Company at an issue price of HK$0.10 per consideration share to Sun Reliant. Upon completion of the acquisition, Jun Yang Holdings has become a wholly-owned subsidiary of the Company.

   Since Sun Reliant held approximately 32.10% interest in Jun Yang Holdings as at the date of the SP Agreement, Sun Reliant is a connected person of the Company within the meaning of Chapter 14A of the Listing Rules. As such, the acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

   The SP Agreement and the transactions contemplated thereunder were approved at the special general meeting of the Company held on 23 June 2014 and completion of the transactions took place on 3 July 2014. Details of the SP Agreement and the transactions contemplated thereunder are set out in the announcement of Company dated 7 April 2014 and the circular of the Company dated 6 June 2014.

2. On 14 April 2014, the Company entered into a subscription agreement (the "Subscription Agreement") with Mr. Bai Liang ("Mr. Bai"), the Chairman and an executive Director, pursuant to which Mr. Bai has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,500,000,000 subscription shares of HK$0.02 each in the share capital of the Company at the subscription price of HK$0.1 per subscription share (the "Subscription").

As Mr. Bai is the Chairman and an executive Director, Mr. Bai is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Therefore, the Subscription constituted a non-exempt connected transaction of the Company under the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements.

The Subscription Agreement and the transactions contemplated thereunder were approved at the special general meeting of the Company held on 16 June 2014 and completion of the transactions took place on 11 July 2014. Details of the Subscription Agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated 14 April 2014 and the circular of the Company dated 28 May 2014.

3. On 7 October 2014, the Company and Thinker Global Investments Limited ("Thinker Global") entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell and Thinker Global has conditionally agreed to purchase 99 issued shares of Pictures Global Holdings Limited ("Pictures Global"), a wholly owned subsidiary of the Company as at the date of the sale and purchase agreement, representing 9.9% of the issued share capital of Pictures Global at an aggregate cash consideration of US$1.2 million (equivalent to approximately HK$9.3 million) (the "Disposal").

   Thinker Global is a company which is wholly owned by Mr. Jiang You ("Mr. Jiang"). As Mr. Jiang, being the beneficial owner of Thinker Global, is an executive Director and the chief executive officer of the Group, each of Mr. Jiang and Thinker Global is a connected person of the Company. As the relevant percentage ratio(s) under the Listing Rules were more than 0.1% but were less than 5% in respect of the Disposal, the Disposal was only subject to the reporting and announcement requirements and was exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

   The completion of the Disposal took place on 10 October 2014. Details of the sale and purchase agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated 7 October 2014.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in shares of the Company

Name of Director	Capacity	Number of Shares	Approximate % of the issued share capital of the Company
Mr. Bai Liang	Beneficial owner	33,035,149	0.74%
	Deemed interest pursuant to section 317 of the SFO	66,070,297 *(Note 1)*	1.49%
	Interest of controlled corporation	375,000,000 *(Note 2)*	8.43%
Mr. Peng Libin	Beneficial owner	850,000	0.02%

Notes:

(1) The 66,070,297 shares of the Company (the "Shares") comprise (i) 33,035,149 Shares held by Mr. Bai Liang as beneficial owner; (ii) 16,517,574 Shares held by Mr. Duan Lun as beneficial owner; and (iii) 16,517,574 Shares held by Mr. Liu Xinglang as beneficial owner. Mr. Bai Liang being a party to the agreement, was deemed to be interested in the Shares in which the other parties to the agreement (being Mr. Duan Lun and Mr. Liu Xinglang) were interested for the purpose of Part XV of the SFO. Details of the agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated 17 January 2013.

(2) Silver Idea Investments Limited was wholly-owned by Mr. Bai Liang, Mr. Bai Liang was deemed to be interested in 375,000,000 Shares.

Long position in shares in associated corporation

Name of Director	Name of associated corporation	Capacity	Number of Shares	Approximate % of total issued shares of the associated corporation
Mr. Jiang You	Pictures Global Holdings Limited	Interest of controlled corporation	99	9.9%

Save as disclosed above, as at 31 December 2014, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

(a) 2003 Share Option Scheme

The share option scheme adopted by the Company on 17 November 2003 (the "2003 Share Option Scheme"), for the primary purpose of providing incentives to Directors and employees. Under the 2003 Share Option Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for the Shares.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 4 June 2013 (the "2013 AGM"), the Company terminated the 2003 Share Option Scheme. The share options granted under the 2003 Share Option Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the 2003 Share Option Scheme.

Particulars of the 2003 Share Option Scheme and details of movements of share options during the Year are set out in note 35 to the consolidated financial statements.

(b) 2013 Share Option Scheme

A new share option scheme was approved and adopted by the Shareholders at the 2013 AGM (the "2013 Share Option Scheme"), for the primary purpose of providing incentives to Directors and employees. Under the 2013 Share Option Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for the Shares.

Particulars of the 2013 Share Option Scheme and details of movements of share options during the Year are set out in note 35 to the consolidated financial statements.

CAPITAL REORGANISATION

On 24 June 2014, the Board proposed to implement the capital reorganization (the "Capital Reorganisation") which involve: (a) the consolidation of every 4 issued and unissued ordinary shares of HK$0.02 each in the share capital of the Company into 1 ordinary share of HK$0.08 each (each a "Consolidated Share"); (b) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.07 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK$0.08 to HK$0.01; and (c) the subdivision of each authorised but unissued Consolidated Share of HK$0.08 each into 8 new shares of HK$0.01 each. The Capital Reorganisation was duly passed as a special resolution by the shareholders of the Company at the special general meeting of the Company held on 11 August 2014. The Capital Reorganisation had become effective on 12 August 2014. Further details of the Capital Reorganisation are set out in the circular of the Company dated 18 July 2014 and the announcements of the Company dated 24 June 2014 and 11 August 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the Directors or chief executive of the Company or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/ OTHER PERSONS

So far as is known to any Director or chief executive of the Company, as at 31 December 2014, the following person (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in shares of the Company

Name of Shareholder	Capacity	Number of Shares	Approximate % of the issued share capital of the Company
Silver Idea Investments Limited	Beneficial owner	375,000,000	8.43%

Save as disclosed above, as at 31 December 2014, there was no other person (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules as at the date of this report.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the corporate governance report on pages 29 to 36 of this annual report.

AUDITORS

The consolidated financial statements for the year ended 31 December 2014 were audited by HLB Hodgson Impey Cheng Limited who will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

The consolidated financial statements for the years ended 31 December 2012 and 2013 were audited by HLB Hodgson Impey Cheng Limited. There has been no change in the auditors of the Company in any of the preceding three years.

On behalf of the Board

Bai Liang
Chairman
26 March 2015

The board of directors (the "Directors") of Jun Yang Solar Power Investments Limited (the "Company") is committed to maintaining a good corporate governance standard. The board of Directors (the "Board") believes that a good corporate governance standard will provide a framework for the Company and its subsidiaries (the "Group") to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders (the "Shareholders") and creditors of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions in the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2014 (the "Year").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises eight members, five of which are executive Directors, namely Mr. Bai Liang (the Chairman of the Board), Mr. Jiang You (Chief Executive Officer), Mr. Siu Kam Chau, Mr. Peng Libin and Mr. Liu Guangdian. The other three members are independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai. The biographical details of the Directors are set out in "Profiles of Directors and Senior Management" on pages 16 to 18 of this annual report.

The Board held four regular meetings during the Year. The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management. The executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent non-executive Directors provide their professional advices to the Group whenever necessary. The management, under the leadership of the Board, will be empowered to implement the Group's strategies and business objectives.

Composition of the Board, including names of the independent non-executive Directors, is disclosed in all corporate communications to Shareholders.

All the Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

The attendance of each Director at the Board meetings and general meetings of the Company during the Year are set out below:

Directors	Number of meetings attended/eligible to attend Board Meetings	Annual General Meeting	Special General Meetings
Executive Directors			
Mr. Bai Liang *(Chairman)*	4/4	1/1	6/6
Mr. Jiang You *(Chief Executive Officer)*	4/4	1/1	6/6
Mr. Siu Kam Chau	4/4	1/1	6/6
Mr. Peng Libin	4/4	1/1	6/6
Mr. Liu Guangdian (appointed on 6 October 2014)	1/1	0/0	0/0
Independent non-executive Directors			
Mr. Chan Chi Yuen	4/4	1/1	6/6
Mr. Chik Chi Man	4/4	1/1	6/6
Mr. Lam Wing Tai	4/4	1/1	6/6

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the Year, the Directors participated in the following trainings:

Directors	Attend seminar(s)/reading written training materials, newspapers, or updates relating to the Listing Rules, general business or other relevant topics
Executive Directors	
Mr. Bai Liang *(Chairman)*	✓
Mr. Jiang You *(Chief Executive Officer)*	✓
Mr. Siu Kam Chau	✓
Mr. Peng Libin	✓
Mr. Liu Guangdian	✓
Independent non-executive Directors	
Mr. Chan Chi Yuen	✓
Mr. Chik Chi Man	✓
Mr. Lam Wing Tai	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Bai Liang is the Chairman of the Company and Mr. Jiang You is the chief executive officer of the Company, they have segregated and clearly defined roles. The Chairman provides leadership for the Board. The chief executive officer of the Company has responsibility for the Group's business development and daily management generally.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to rule 3.10 of the Listing Rules, the Company has three independent non-executive Directors, one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received an annual written confirmation of independence from each of the independent non-executive Directors pursuant to the independence guidelines set out in rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent.

During the Year, each of the independent non-executive Directors was appointed for a specific term of one year and is subject to retirement by rotation at least once every three years. A retiring Director is eligible for re-election at the annual general meetings of the Company.

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference in accordance with the provisions set out in the CG Code. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages for the Directors and senior management of the Company to the Board for approval. The Company's remuneration policy is to provide a competitive level of remuneration in accordance with current market conditions to attract and motivate the Directors and staff for their contribution.

The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Lam Wing Tai (the chairman of the Remuneration Committee), Mr. Chan Chi Yuen and Mr. Chik Chi Man.

The Remuneration Committee held one meeting during the Year. During the Year, the Remuneration Committee reviewed the remuneration policy of the Company, assessed the performance of the executive Directors and senior management of the Company and recommended specific remuneration packages of the Directors and senior management of the Company to the Board.

The attendance of each member of the Remuneration Committee at the meeting during the Year is set out below:

Committee members	Number of meetings attended/eligible to attend
Mr. Lam Wing Tai *(Chairman)*	1/1
Mr. Chan Chi Yuen	1/1
Mr. Chik Chi Man	1/1

NOMINATION COMMITTEE

The Board has established a nomination committee (the "Nomination Committee") with specific written terms of reference in accordance with the provisions set out in the CG Code. The principal duties of the Nomination Committee are to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, to make recommendation on proposed changes to the Board, and to assess the independence of the independent non-executive Directors.

In August 2013, the Board adopted a board diversity policy (the "Board Diversity Policy") and the terms of reference of the Nomination Committee was updated. The Nomination Committee is responsible for reviewing and assessing the Board's composition. In reviewing the Board's composition, the Nomination Committee will consider a number of aspects of the Board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee comprises three independent non-executive Directors, namely Mr. Chik Chi Man (the chairman of the Nomination Committee), Mr. Chan Chi Yuen and Mr. Lam Wing Tai.

The Nomination Committee held one meeting during the Year. During the Year, the Nomination Committee reviewed the structure, size, composition and diversity of the Board, recommended to the Board on relevant matters relating to the appointment of Directors and recommended to the Board on the re-election of all retiring Directors at the forthcoming annual general meeting of the Company.

The attendance of each member of the Nomination Committee at the meeting during the Year is set out below:

Committee members	Number of meeting attended/eligible to attend
Mr. Chik Chi Man *(Chairman)*	1/1
Mr. Chan Chi Yuen	1/1
Mr. Lam Wing Tai	1/1

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with specific written terms of reference in accordance with the provisions set out in the CG Code. The principal duties of the Audit Committee is to consider the appointment and remuneration of the external auditors, to monitor the integrity of the Group's financial statements with focus on the changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern assumptions, and compliance with accounting standards, the Listing Rules and other applicable legal requirements, and to review the Group's financial reporting system and internal control procedures.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the Audit Committee), Mr. Chik Chi Man and Mr. Lam Wing Tai.

The Audit Committee held two meetings during the Year. During the Year, the Audit Committee reviewed the Group's audited financial statements for the year ended 31 December 2013 and the unaudited financial statements for the six months ended 30 June 2014 respectively, discussed audit scope and findings with the Company's independent auditors and reviewed the Group's financial reporting system and internal control procedures. In the meeting of the Audit Committee of March 2015, the Audit Committee reviewed the Group's audited financial statements for the year ended 31 December 2014 prior to recommending them to the Board for approval.

The attendance of each member of the Audit Committee at the meetings during the Year is set out below:

Committee members	Number of meetings attended/eligible to attend
Mr. Chan Chi Yuen *(Chairman)*	2/2
Mr. Chik Chi Man	2/2
Mr. Lam Wing Tai	2/2

CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties with written terms of reference which include the applicable code provisions as set out in the CG Code. During the Year, the Board reviewed the training and continuous professional development of the Directors and senior management of the Company, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report and the policy on compliance with legal and regulatory requirements.

AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's auditors, HLB Hodgson Impey Cheng Limited, for their audit services and non-audit services for the Year are set out as follows:

	Fees paid/ payable HK$'000
Services rendered	
Audit for the Year	680
Non-audit services	
Acting as reporting accountants to report on certain financial information included in the Company's circulars issued during the Year	350
Total	1,030

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of the profit and cash flows for the year ended 31 December 2014. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The auditors' responsibilities are set out in the Independent Auditors' Report on pages 37 to 38 of this annual report.

The consolidated financial statements for the year ended 31 December 2014 were audited by HLB Hodgson Impey Cheng Limited who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be re-appointed as the auditors of the Company at the forthcoming annual general meeting.

INTERNAL CONTROLS

The Board has the overall responsibility for the internal control of the Group, including risk management, and sets appropriate policies having regard to the objectives of the Group. The Board, through the Audit Committee, reviews the effectiveness of the Group's system of financial and non-financial controls. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Controls are monitored by management review.

COMMUNICATION WITH SHAREHOLDERS

The Company provides information in relation to the Group to the Shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website.

During the Year, separate resolutions were proposed at the general meetings of the Company for each substantial issue, including the re-election of Directors.

The chairman of the general meetings of the Company explained the procedures for conducting a poll at the beginning of each general meeting of the Company held during the Year. The results of the poll were published on the websites of the Stock Exchange and the Company respectively.

COMPANY SECRETARY

The company secretary (the "Company Secretary") is an employee of the Group and has day-to-day knowledge of the Group's affairs. Mr. Lam Chun Kei resigned as the Company Secretary with effect from 18 February 2014 and Mr. Siu Kam Chau was appointed as the Company Secretary on the same date. During the Year, the Company Secretary has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene a general meeting

1. The Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times may by written requisition deposit at the Company's head office at Unit 1105, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, for the attention to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

2. The written requisition must state the purposes of the meeting, and must be signed by the Shareholders concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

3. The signatures and the requisition will be verified by the Company's branch share registrar. The Board will proceed to convene a special general meeting for the transaction of any business specified in the requisition within twenty-one days from the date of deposit of such requisition.

4. If the Board does not within twenty-one days from the date of the deposit of a valid requisition, proceed duly to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. In addition, such meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Tengis Limited.

Shareholders may send written enquiries to the Company, for the attention of the Board or the Company Secretary, by email: contact@junyangsolar.com, fax: (852) 2270 6611, or mail to Unit 1105, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2270 6600 for any assistance.

Procedures for Shareholders to put forward proposals

1. The Shareholders holding not less than one-twentieth of the total voting rights of those Shareholders having the right to vote at such meeting or not less than one hundred Shareholders, at the expenses of the Shareholders concerned, can submit a written requisition to move a resolution at a general meeting.

2. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution, signed by all the Shareholders concerned and may consist of several documents in like form (which between them contain the signatures of all the Shareholders concerned).

3. The written requisition must be deposited at Unit 1105, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, the head office of the Company, for the attention of the Board or the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution and not less than one week in the case of any other requisition.

4. The signatures and the requisition will be verified by the Company's branch share registrar. Upon verification that the request is valid, the Company Secretary will ask the Board to (i) include the resolution in the agenda for the annual general meeting; or (ii) convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the Shareholders, provided that the Shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF JUN YANG SOLAR POWER INVESTMENTS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Jun Yang Solar Power Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 135, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Kin Leung
Practising Certificate Number: P05769

Hong Kong, 26 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	7	**63,016**	63,003
Cost of sales		**(29,430)**	(13,029)
Gross profit		**33,586**	49,974
Other income and gains	9	**12,575**	25,444
Employee benefits expense	12	**(32,802)**	(26,455)
Depreciation of property, plant and equipment	17	**(2,161)**	(2,493)
Gain arising on change in fair value of held-for-trading investments		**350,241**	8,996
Gain arising on change in fair value of derivative financial instruments		**97**	1,853
Gain on disposals of subsidiaries	39	**135**	14,084
Loss on dilution of interests in associates	20	**(30,208)**	–
Gain on disposals of associates	20	**–**	9,610
Impairment loss of property, plant and equipment	17	**(21,352)**	(59,020)
Impairment loss of available-for-sale investments	21	**(2,607)**	(4,317)
Impairment loss of goodwill	18	**–**	(2,941)
Loss on early redemption of convertible bonds issued by the Company		**(6,196)**	–
Finance costs	10	**(18,404)**	(155)
Other operating expenses		**(32,525)**	(39,006)
Share of results of associates	20	**1,858**	(9,132)
Profit/(loss) before tax		**252,237**	(33,558)
Income tax credit/(expense)	11	**828**	(330)
Profit/(loss) for the year	12	**253,065**	(33,888)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,636)**	7,049
Release of translation reserve upon disposal of a subsidiary		**(116)**	–
Release of translation reserve upon dilution of interests in associates		**204**	–
Share of other comprehensive (expense)/income of associates		**(1,162)**	153
Other comprehensive (expense)/income for the year, net of income tax		**(2,710)**	7,202
Total comprehensive income/(expense) for the year		**250,355**	(26,686)
Profit/(loss) for the year attributable to:			
Owners of the Company	15	**255,398**	(18,049)
Non-controlling interests		**(2,333)**	(15,839)
		253,065	(33,888)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**252,843**	(10,880)
Non-controlling interests		**(2,488)**	(15,806)
		250,355	(26,686)
Earnings/(loss) per share			(Restated)
– Basic (HK cents per share)	16	**9.08**	(0.98)
– Diluted (HK cents per share)	16	**9.05**	(0.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**386,838**	404,328
Goodwill	18	**808**	136
Interests in associates	20	**117,311**	146,619
Other assets		**225**	–
Loan receivables	23	**13,683**	45,742
Available-for-sale investments	21	**112,277**	36,432
		631,142	633,257
Current assets			
Trade and other receivables	22	**76,129**	32,307
Loan receivables	23	**303,054**	180,600
Value-added tax recoverable		**23,402**	24,675
Held-for-trading investments	24	**863,883**	366,313
Bank trust account balances	26	**25,380**	–
Pledged bank deposits	27	**4,727**	3,947
Cash and cash equivalents	28	**310,213**	208,600
		1,606,788	816,442
Current liabilities			
Other payables and accruals	29	**222,798**	232,239
Derivative financial instruments	25	**224**	385
Deferred income	31	**10,617**	7,076
Tax payable		**1,384**	972
Bank and other borrowings	30	**43,582**	10,957
		278,605	251,629
Net current assets		**1,328,183**	564,813
Total assets less current liabilities		**1,959,325**	1,198,070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000
Non-current liabilities			
Deferred income	31	**190,598**	142,842
Net assets		**1,768,727**	1,055,228
Capital and reserves			
Share capital	34	**44,465**	177,888
Reserves		**1,715,041**	818,198
Equity attributable to owners of the Company		**1,759,506**	996,086
Non-controlling interests		**9,221**	59,142
Total equity		**1,768,727**	1,055,228

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 March 2015 and are signed on its behalf by:

Bai Liang
Director

Siu Kam Chau
Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**1,544**	2,082
Interests in subsidiaries	19	**336,435**	190,452
		337,979	192,534
Current assets			
Amounts due from subsidiaries	19	**1,280,322**	799,589
Other receivables	22	**1,074**	1,438
Held-for-trading investments	24	**–**	26,954
Cash and cash equivalents	28	**23,167**	25,206
		1,304,563	853,187
Current liabilities			
Other payables and accruals	29	**6,405**	5,590
Amounts due to subsidiaries	19	**143,096**	86,961
		149,501	92,551
Net current assets		**1,155,062**	760,636
Net assets		**1,493,041**	953,170
Capital and reserves			
Share capital	34	**44,465**	177,888
Reserves	37	**1,448,576**	775,282
		1,493,041	953,170

Bai Liang
Director

Siu Kam Chau
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (Note(i))	Other reserve HK$'000	Translation reserve HK$'000 (Note(ii))	Share-based payments reserve HK$'000 (Note(iii))	Accumulated losses HK$'000	Sub total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	126,180	1,168,025	861	311,790	–	6,569	11,176	(800,413)	824,188	100,546	924,734
Total comprehensive expense for the year	–	–	–	–	153	7,016	–	(18,049)	(10,880)	(15,806)	(26,686)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	10,789	–	10,789	–	10,789
Issue of new shares for acquisition of convertible notes designed as at fair value through profit or loss	16,822	28,567	–	–	–	–	–	–	45,389	–	45,389
Issue of new shares by way of placements	29,600	74,000	–	–	–	–	–	–	103,600	–	103,600
Transaction costs attributable to issue of shares	–	(2,598)	–	–	–	–	–	–	(2,598)	–	(2,598)
Changes in ownership interests in a subsidiary without change of control	5,286	36,999	–	–	–	–	–	(16,687)	25,598	(25,598)	–
At 31 December 2013	177,888	1,304,993	861	311,790	153	13,585	21,965	(835,149)	996,086	59,142	1,055,228

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (Note (i))	Convertible bonds equity reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000 (Note (ii))	Share-based payments reserve HK$'000 (Note (iii))	Accumulated losses HK$'000	Sub total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	177,888	1,304,993	861	311,790	–	153	13,585	21,965	(835,149)	996,086	59,142	1,055,228
Total comprehensive income for the year	–	–	–	–	–	(958)	(1,597)	–	255,398	252,843	(2,488)	250,355
Issue of shares upon the acquisition of additional interests of a subsidiary	21,821	40,369	–	–	–	–	–	–	(6,345)	55,845	(55,845)	–
Issue of shares upon subscription of shares	30,000	120,000	–	–	–	–	–	–	–	150,000	–	150,000
Issue of shares upon exercise of share options	3,292	9,310	–	–	–	–	–	(2,397)	–	10,205	–	10,205
Effects of the Capital Reorganisation (Note 34(g))	(203,876)	–	–	203,876	–	–	–	–	–	–	–	–
Transfer of the credit arising from the Capital Reorganisation	–	–	–	(203,876)	–	–	–	–	203,876	–	–	–
Issue of new shares by way of placements	15,340	277,614	–	–	–	–	–	–	–	292,954	–	292,954
Transaction costs attributable to issue of shares	–	(8,975)	–	–	–	–	–	–	–	(8,975)	–	(8,975)
Change in ownership interests in a subsidiary without change of control	–	–	–	–	–	–	–	–	95	95	9,205	9,300
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(793)	(793)
Issue of convertible bonds	–	–	–	–	49,927	–	–	–	–	49,927	–	49,927
Deferred tax relating to convertible bonds	–	–	–	–	(8,238)	–	–	–	–	(8,238)	–	(8,238)
Early redemption of convertible bonds	–	–	–	–	(41,689)	–	–	–	10,453	(31,236)	–	(31,236)
Lapse of share options	–	–	–	–	–	–	–	(8,392)	8,392	–	–	–
At 31 December 2014	**44,465**	**1,743,311**	**861**	**311,790**	**–**	**(805)**	**11,988**	**11,176**	**(363,280)**	**1,759,506**	**9,221**	**1,768,727**

Notes:

(i) The contributed surplus represents reserves arising from (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the corporate reorganisation prior to the listing of the Company's shares on the Stock Exchange in 1993; and (ii) the Company's capital reorganisation exercises in current and prior financial years. Under the Companies Act of Bermuda, the contributed surplus of the Company is distributable to shareholders under certain circumstances.

(ii) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

(iii) The share-based payments reserve relates to share options granted to employees under the Company's share option scheme and other agreement. Further information about share-based payments to employees is set out in Note 36.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Operating activities		
Profit/(loss) for the year	**253,065**	(33,888)
Adjustments for:		
Income tax (credit)/expense	**(828)**	330
Gain on disposals of subsidiaries	**(135)**	(14,084)
Loss on dilution of interests in associates	**30,208**	–
Gain on disposals of associates	**–**	(9,610)
Gain on disposals of investment properties	**–**	(18,000)
Gain arising on change in fair value of derivative financial instruments	**(97)**	(1,853)
Gain arising on change in fair value of held-for-trading investments	**(350,241)**	(8,996)
Loss on disposal of property, plant and equipment	**279**	–
Amortisation of deferred income	**(10,691)**	(580)
Finance costs	**18,404**	155
Interest income	**(299)**	(1,709)
Depreciation of property, plant and equipment	**23,940**	11,379
Share of results of associates	**(1,858)**	9,132
Impairment loss of available-for-sale investments	**2,607**	4,317
Impairment loss of property, plant and equipment	**21,352**	59,020
Impairment of goodwill	**–**	2,941
Loss on early redemption of convertible bonds issued by the Company	**6,196**	–
Gain arising on change in fair value of convertible notes designated as at fair value through profit or loss	**–**	(4,836)
Equity-settled share-based payments expenses	**–**	10,789
Operating cash flows before movements in working capital	**(8,098)**	4,507
Trade and other receivables	**(30,324)**	(11,282)
Loan receivables	**(90,395)**	(159,042)
Value-added tax recoverable	**1,273**	34
Held-for-trading investments	**(147,329)**	(70,335)
Bank trust account balances	**(25,026)**	–
Other payables and accruals	**(12,769)**	(16,340)
Derivative financial instruments	**(64)**	2,877
Deferred income	**63,126**	1,549
Cash used in operations	**(249,606)**	(248,032)
Income tax (paid)/refund	**(563)**	582
Interest received	**87**	–
Net cash used in operating activities	**(250,082)**	(247,450)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Investing activities			
Interest received		**212**	1,709
Purchase of available-for-sale investments		**(78,452)**	(29,026)
Payments for property, plant and equipment		**(38,593)**	(16,311)
Prepayments for purchase of property, plant and equipment		**(11,674)**	–
Proceeds from disposals of investment properties		**–**	70,000
Proceeds from disposal of property, plant and equipment		**12**	38
Net cash outflow on acquisition of a subsidiary	38	**(1,070)**	–
Repayment from an associate		**–**	67,022
Advance to an associate		**–**	(1,000)
Proceeds from disposals of convertible notes designated as at fair value through profit or loss		**–**	53,225
Purchase of convertible notes designated as at fair value through profit or loss		**–**	(3,000)
Acquisition of interests in associates		**–**	(147,420)
Proceeds from disposals of associates	20	**–**	10,610
Net cash inflow on disposals of subsidiaries	39	**–**	83,000
Placement of pledged bank deposits		**(780)**	(3,947)
Net cash (used in)/generated from investing activities		**(130,345)**	84,900
Financing activities			
Interest paid		**(7,448)**	(155)
Proceeds from issue of shares		**453,159**	103,600
Payments for share issue expenses		**(8,975)**	(2,598)
Proceeds from issue of convertible bonds		**190,785**	–
Payments for early redemption of convertible bonds		**(195,676)**	–
Proceeds on disposal of partial interest in a subsidiary		**9,300**	–
Advance from borrowings		**82,625**	53,615
Repayment of borrowings		**(50,000)**	(42,658)
Net cash generated from financing activities		**473,770**	111,804
Net increase/(decrease) in cash and cash equivalents		**93,343**	(50,746)
Cash and cash equivalents at the beginning of the year		**208,600**	260,411
Effect of foreign exchange rate changes		**8,270**	(1,065)
Cash and cash equivalents at the end of the year		**310,213**	208,600
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**310,213**	208,600

1. GENERAL

Jun Yang Solar Power Investments Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 October 1993. The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda, and its head office and principal place of business in Hong Kong is situated at Unit 1105, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is the same as the functional currency of the Company, while the functional currencies of certain subsidiaries are Renminbi ("RMB").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 19.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Company and its subsidiaries (collectively referred to as the "Group") has applied for the first time in current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)–Int 21	Levies

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* *(Continued)*

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HK(IFRIC) – Int 21 *Levies*

The Group has applied HK(IFRIC) – Int 21 *Levies* for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 *Financial Instruments* *(Continued)*

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 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 or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 15 *Revenue from Contracts with Customers* *(Continued)*

- 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 the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* *(Continued)*

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

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

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9); or
- using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred. In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to *HKFRSs 2010 – 2012 Cycle, HKFRSs 2011 – 2013 Cycle and HKFRSs 2012 – 2014 Cycle*

The *Annual Improvements to HKFRSs 2010 – 2012 Cycle, the Annual Improvements to HKFRSs 2011 – 2013 Cycle* and the *Annual Improvements to HKFRSs 2012 – 2014 Cycle* sets out amendments to a number of HKFRSs. The directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated 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") and by the Hong Kong Companies Ordinance, which for the current financial year continues to be those disclosures required under the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are 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, a gain or loss is recognised in profit or loss and 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 interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

Property rental income from operating lease is recognised on a straight-line basis over the terms of the relevant lease.

Revenue from the sales of electricity is recognised when electricity has been delivered on grid and is measured based on the tariff rates determined by the relevant local government authority.

Revenue from the provision of green energy related consultancy services is recognised when services are rendered.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset and interest income on loans are recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "translation reserve" (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Equity-settled share-based payment transaction

Share options granted to employees

For grants of share options that are conditional upon satisfying vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payments reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit of loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to disposal and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" ("FVTPL"), "held-to-maturity investments", "available-for-sale" ("AFS") financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and interests paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL *(Continued)*

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 6.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, loan receivables, other assets and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through 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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability and is included in the consolidated statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities (including trade and other payables and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Financial guarantee contracts

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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 employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities when the next financial year.

Estimated impairment loss on property, plant and equipment

Property, plant and equipment of the Group are reviewed by management for possible impairment when events or changes in operating environment indicate that the carrying amounts of such assets may not be fully recoverable. In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant level of estimates relating to sales volume, selling prices and manufacturing and other operating costs. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

Impairment loss on trade and other receivables

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability of accounts and on management's estimate. In determining whether impairment is required, the Group takes into consideration the likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and the carrying value.

Impairment allowances on loan receivables

The Group reviews its loan portfolios to assess impairment at least on monthly basis. In determining whether an impairment loss should be recorded in the consolidated statement of profit or loss and other comprehensive income, the Group make judgements as to whether there is any observable data indicating that there is a measuring decrease in the estimated future cash flows. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment allowances on loan receivables *(Continued)*

Management uses estimates based on historical loss experience when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

A subsidiary of the Group is licensed with Securities and Futures Commission of Hong Kong ("SFC"). The Group's licensed subsidiary is subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF(FR)R") (Chapter 571N of the Laws of Hong Kong) adopted by the SFC. The management closely monitors, on a daily basis, the liquid capital level of that licensed subsidiary to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group seeks to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. For the licensed subsidiary, the Group ensures it will maintain a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities.

The capital structure of the Group consists of net debt (which include borrowings net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital and reserves).

5. CAPITAL RISK MANAGEMENT *(Continued)*

Net debt-to-equity ratio

The net debt-to-equity ratio at the end of the reporting period was as follows:

	2014 HK$'000	2013 HK$'000
Debt (Note (i))	43,582	10,957
Cash and cash equivalents	(310,213)	(208,600)
Net debt	(266,631)	(197,643)
Equity (Note (ii))	1,759,506	996,086
Net debt-to-equity ratio	N/A	N/A

Notes:

(i) Debt comprised bank and other borrowings as detailed in Note 30.

(ii) Equity includes all capital and reserves attributable to owners of the Company.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables:				
– Other assets	**225**	–	**–**	–
– Trade and other receivables	**46,257**	21,408	**195**	250
– Loan receivables	**316,737**	226,342	**–**	–
– Amounts due from subsidiaries	**–**	–	**1,280,322**	799,589
– Bank trust account balances	**25,380**	–	**–**	–
– Pledged bank deposits	**4,727**	3,947	**–**	–
– Cash and cash equivalents	**310,213**	208,600	**23,167**	25,206
Fair value through profit or loss:				
– Held-for-trading investments	**863,883**	366,313	**–**	26,954
AFS financial asset:				
– Available-for-sale investments	**112,277**	36,432	**–**	–

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Amortised cost:				
– Other payables and accruals	**215,164**	225,650	**4**	8
– Amounts due to subsidiaries	**–**	–	**143,096**	86,961
– Bank and other borrowings	**43,582**	10,957	**–**	–
Fair value through profit or loss:				
– Derivative financial instruments	**224**	385	**–**	–

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include other assets, available-for-sale investments, trade and other receivables, loan receivables, bank balances and cash, held-for-trading investments, derivative financial instruments, trade and other payables and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign currency risk

The Group operates mainly in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank deposits and bank borrowings. It is the Group's policy to keep its borrowings at floating interest rate so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of bank deposit interest rate arising from the Group's variable-rate bank deposits and on the fluctuation of lending rate arising from the Group's HK$, United States Dollars ("USD") and RMB denominated borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been prepared based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2013: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis point (2013: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would decrease/increase by approximately HK$551,000 (2013: increase/decrease in post-tax loss by approximately HK$521,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings (2013: its variable-rate bank deposits and borrowings).

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Equity price risk

The Group's held-for-trading investments and derivative financial instruments are measured at fair value at the end of reporting period. Therefore, the Group is exposed to price risk. The management manages this exposure by closely monitoring the price risk and maintaining a portfolio of investments with different risks profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk of held-for-trading investments and derivative financial instruments at the end of the reporting period.

If the prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would increase/decrease by approximately HK$36,058,000 (2013: decrease/increase in post-tax loss by approximately HK$15,277,000) as a result of the changes in fair value of held-for-trading investments and derivative financial instruments.

Credit risk

At 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge 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.

In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For the loan receivables, prior to the lending of loan, the Group will review the financial strength, purpose of the borrowing, repayment ability of the borrower to ensure that the borrower has sound financial repayment ability. The Group assesses the credit profiles of each individual debtors by analysing many factors that influence the default probability, including (but not limited to) the counterparty's financial profile, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. The Group also meets quarterly and reviews from time to time the financial conditions of the borrowers or the guarantors.

Further quantitative data in respect of the Group's exposure to credit risk arising from loan receivables are disclosed in Note 23 to the financial statements.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Other than above, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 98% (2013: 96%) of the total trade and loan receivables as at 31 December 2014. As at 31 December 2014, the Group has certain concentrations of credit risk as 10% (2013: 53%) of the Group's loan receivables were due from the Group's largest customer, and 47% (2013: 95%) were due from the five largest customers determined on the same basis.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At 31 December 2014, the Group had available unutilised short and medium term bank loan facilities of approximately RMB 46,000,000 (equivalent to HK57,960,000) (2013: Nil).

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1 - 2 years HK$'000	2 - 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2014							
Non-derivative financial liabilities							
Other payables and accruals	–	215,164	–	–	–	215,164	215,164
Bank and other borrowings	2.03%	43,943	–	–	–	43,943	43,582
		259,107	–	–	–	259,107	258,746
Derivative							
Call/put options in listed equity securities	–	224	–	–	–	224	224

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables *(Continued)*

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1 - 2 years HK$'000	2 - 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2013							
Non-derivative financial liabilities							
Other payables and accruals	–	225,650	–	–	–	225,650	225,650
Bank and other borrowings	1.24%	10,991	–	–	–	10,991	10,957
		236,641	–	–	–	236,641	236,607
Derivative							
Call/put options in listed equity securities	–	385	–	–	–	385	385

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and significant input(s)	Relationship of unobservable input(s) to fair value
Held-for-trading non-derivative financial assets	Listed equity securities in Hong Kong, and listed debt securities outside Hong Kong – approximately HK$856,065,000 (2013: HK$356,000,000) (Note 24)	Level 1	Quoted bid prices in an active market	N/A
Held-for-trading non-derivative financial assets	Unlisted investment funds – approximately HK$7,818,000 (2013: HK$10,313,000) (Note 24)	Level 2	Broker's quoted bid prices	N/A
Private equity investments classified as available-for-sale investments	10 per cent equity investment in AP Asset Limited engaged in property agent – approximately HK$8,000,000 (2013: Nil) (Note 21)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees	The higher the discount rate, the lower the fair value. The lower the amount of revenue and profits, the lower the fair value.
Derivative financial instruments	Call/put options in listed equity securities – net liabilities of approximately HK$224,000 (2013: net liabilities of approximately HK$385,000) (Note 25)	Level 1	Quoted market premium prices in an active market	N/A

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value hierarchy

	At 31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Available-for-sale investments	**–**	**–**	**8,000**	**8,000**
Held-for-trading investments:				
– listed securities	**853,627**	**–**	**–**	**853,627**
– unlisted investment funds	**–**	**7,818**	**–**	**7,818**
– listed debt securities	**2,438**	**–**	**–**	**2,438**
	856,065	**7,818**	**8,000**	**871,883**
Financial liabilities				
Derivative financial instruments	**224**	**–**	**–**	**224**

	At 31 December 2013			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Held-for-trading investments:				
– listed securities	356,000	–	–	356,000
– unlisted investment funds	–	10,313	–	10,313
Financial liabilities				
Derivative financial instruments	385	–	–	385

There were no transfers between level 1 and 2, and no transfers into or out of Level 3 during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Reconciliation of Level 3 fair value measurements

	2014 HK$'000	2013 HK$'000
Available-for-sale investments		
Unlisted securities		
At the beginning of year	–	–
Purchases (Note 21)	8,000	–
At the end of year	8,000	–

7. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year.

An analysis of the Group's revenue from operations for the year is as follows:

	2014 HK$'000	2013 HK$'000
Rental income from investment properties	–	1,397
Income from the provision of green energy related consultancy services	7,399	14,154
Income from sales of electricity	23,413	28,134
Interest income from loan financing	32,204	19,318
	63,016	63,003

8. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of allocating resources to segments and assessing their performance.

The Group's reportable and operating segments under HKFRS 8 are as follows:

- Assets investment segment – Investment in listed and unlisted securities, investment funds and investment properties;
- Green energy segment – Provision of green energy related consultancy services and sales of electricity in the People's Republic of China (the "PRC"); and
- Money lending segment – Provision for loan financing in Hong Kong.

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

REVENUE AND RESULTS

	Assets investment segment		Green energy segment		Money lending segment		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
Segment revenue	**–**	1,397	**30,812**	42,288	**32,204**	19,318	**63,016**	63,003
Results								
Segment results	**343,287**	24,144	**(21,572)**	(49,349)	**29,111**	18,772	**350,826**	(6,433)
Unallocated income							**1,884**	1,709
Unallocated corporate expenses							**(47,523)**	(43,241)
Gain on disposals of subsidiaries							**–**	14,084
Loss on dilution of interests in associates							**(30,208)**	–
Gain on disposals of associates							**–**	9,610
Loss on early redemption of convertible bonds issued by the Company							**(6,196)**	–
Finance costs							**(18,404)**	(155)
Share of results of associates							**1,858**	(9,132)
Profit/(loss) before tax							**252,237**	(33,558)
Income tax credit/(expense)							**828**	(330)
Profit/(loss) for the year							**253,065**	(33,888)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2014 (2013: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of central administration costs including directors' emoluments, gain on disposals of subsidiaries and associates, loss on dilution of interests in associates, share of results of associates, loss on early redemption of convertible bonds issued by the Company, other income and gains other than government grant and gains on disposal of an investments property, finance costs and income tax (credit)/expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2014 HK$'000	2013 HK$'000
Segment assets		
Assets investment segment	**978,810**	406,320
Green energy segment	**431,993**	446,373
Money lending segment	**329,001**	236,189
Total segment assets	**1,739,804**	1,088,882
Unallocated	**498,126**	360,817
Consolidated total assets	**2,237,930**	1,449,699
Segment liabilities		
Assets investment segment	**6,772**	6,070
Green energy segment	**389,398**	375,997
Money lending segment	**146**	–
Total segment liabilities	**396,316**	382,067
Unallocated	**72,887**	12,404
Consolidated total liabilities	**469,203**	394,471

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than other assets, current tax recoverable, bank trust account balances, pledged bank deposits, cash and cash equivalents, goodwill and other assets not allocated to segment assets and interests in associates; and

- all liabilities are allocated to operating segments other than bank and other borrowings, current tax payable and other liabilities not allocated to segment liabilities.

8. SEGMENT INFORMATION *(Continued)*

Other Segment Information

	Assets investment segment		Green energy segment		Money lending segment		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Capital addition (including available-for-sale investments, excluding goodwill)	**78,452**	30,327	**36,841**	15,671	**863**	–	**1,438**	–	**117,594**	45,998
Addition of goodwill	**–**	–	**–**	–	**–**	–	**672**	–	**672**	–
Gain arising on change in fair value of held-for-trading investments	**350,241**	8,996	**–**	–	**–**	–	**–**	–	**350,241**	8,996
Gain arising on change in fair value of derivative financial instruments	**97**	1,853	**–**	–	**–**	–	**–**	–	**97**	1,853
Depreciation of property, plant and equipment	**538**	508	**23,311**	10,871	**22**	–	**69**	–	**23,940**	11,379
Impairment loss of property, plant and equipment	**–**	–	**21,352**	59,020	**–**	–	**–**	–	**21,352**	59,020
Impairment loss of available-for-sale investments	**2,607**	4,317	**–**	–	**–**	–	**–**	–	**2,607**	4,317
Impairment loss of goodwill	**–**	–	**–**	2,941	**–**	–	**–**	–	**–**	2,941

Geographical Information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**30,812**	42,288	**383,033**	401,918
Hong Kong	**32,204**	20,715	**130,798**	84,720
	63,016	63,003	**513,831**	486,638

Non-current assets excluding interests in associates.

Information about major customers

For the year ended 31 December 2014, there was no (2013: one) customer with revenue (2013: approximately HK$8,844,000) which accounted for more than 10% of the total revenue related to green energy segment.

9. OTHER INCOME AND GAINS

	2014 **HK$'000**	2013 HK$'000
Commission income from securities brokerage	**598**	–
Interest income from:		
– Authorised financial institutions	**212**	1,709
– Clients in relation to securities brokerage	**87**	–
Government grant (Note 31)	**10,691**	744
Gain on disposals of investment properties	**–**	18,000
Gain arising on change in fair value of convertible notes designated as at fair value through profit or loss	**–**	4,836
Sundry income	**987**	155
	12,575	25,444

Note:

The government grant represented the amount received from the local government by operating subsidiaries of the Group to encourage activities carried out by the Group in green energy business.

10. FINANCE COSTS

	2014 **HK$'000**	2013 HK$'000
Interest on:		
– Bank and other borrowings wholly repayable within five years	**2,506**	134
– Bank overdraft	**10**	21
– Convertible bonds issued by the Company	**15,888**	–
	18,404	155

11. INCOME TAX (CREDIT)/EXPENSE

	2014 HK$'000	2013 HK$'000
Current tax:		
– Hong Kong Profits Tax	**738**	414
– PRC Enterprise Income Tax ("EIT")	**–**	613
– Under/(over) provision in prior years	**241**	(697)
	979	330
Deferred tax:		
– Current year (Note 33)	**(1,807)**	–
Tax (credit)/expense for the year	**(828)**	330

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the year.

Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary, GS-Solar (Qinghai) Company Limited ("GS-Solar") was entitled to exemption from the PRC EIT for the first three years commencing from its first revenue generated from operation and thereafter, it is entitled to a 50% relief from the PRC EIT for the following three years. The first revenue generated year of GS-Solar was the year ended 31 December 2011. Accordingly, GS-Solar was exempted from EIT for the years ended 31 December 2011, 2012 and 2013, followed by a 50% reduction for the years ended 31 December 2014, 2015 and 2016.

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

	2014 HK$'000	2013 HK$'000
Profit/(loss) before tax	**252,237**	(33,558)
Tax at the Hong Kong Profits Tax rate of 16.5%	**41,619**	(5,537)
Tax effect of expenses not deductible for tax purpose	**25,851**	18,619
Tax effect of income not taxable for tax purpose	**(66,454)**	(11,372)
Effect of different tax rates of subsidiaries operating in other countries	**(1,834)**	(4,677)
Under/(over) provision in prior years	**241**	(697)
Utilisation of tax losses previously not recognised	**(251)**	–
Tax effect of tax losses not recognised	**–**	3,994
Income tax (credit)/expense for the year	**(828)**	330

12. PROFIT/(LOSS) FOR THE YEAR

	2014 HK$'000	2013 HK$'000
Profit/(loss) for the year has been arrived at after charging/(crediting):		
Staff costs:		
– Directors' emoluments (Note 13)	**24,341**	6,439
– Other staff costs	**8,335**	9,125
– Other staff retirement benefits scheme contributions	**126**	102
– Equity-settled share-based payments	**–**	10,789
	32,802	26,455
Auditors' remuneration	**680**	600
Dividend income from listed securities (included in gain arising on change in fair value of held-for-trading investments)	**8,555**	8,357
Depreciation of property, plant and equipment (Note)	**23,940**	11,379
Loss on disposals of property, plant and equipment	**279**	–
Operating lease rentals in respect of land and buildings	**5,025**	3,950
Net foreign exchange gain/(loss)	**427**	(3,569)
Gross rental income from investment properties	**–**	1,397
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**–**	(85)
	–	1,312

Note: Depreciation of property, plant and equipment of approximately HK$21,779,000 (2013: approximately HK$8,886,000) was included in cost of sales during the year ended 31 December 2014.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to every director of the Company were as follows:

For the year ended 31 December 2014	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive directors					
Mr. Bai Liang	–	1,536	10,000	106	11,642
Mr. Siu Kam Chau	–	2,071	215	17	2,303
Mr. Jiang You	–	3,600	5,500	17	9,117
Mr. Peng Libin	–	528	40	95	663
Mr. Liu Guangdian (Appointed on 6 October 2014)	–	196	80	4	280
Independent non-executive directors					
Mr. Chan Chi Yuen	120	–	–	–	120
Mr. Chik Chi Man	96	–	–	–	96
Mr. Lam Wing Tai	120	–	–	–	120
	336	7,931	15,835	239	24,341

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2013	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive directors					
Mr. Bai Liang	–	356	–	–	356
Mr. Siu Kam Chau	–	2,071	172	15	2,258
Mr. Jiang You (Appointed on 22 January 2013)	–	1,188	1,312	11	2,511
Mr. Peng Libin (Appointed on 14 January 2013)	–	512	–	–	512
Mr. Lawrence Tang (Resigned with effect from 4 October 2013)	–	562	–	13	575
Mr. Xue Feng (Resigned with effect from 14 January 2013)	–	–	–	–	–
Independent non–executive directors					
Mr. Chan Chi Yuen	96	–	–	–	96
Mr. Chik Chi Man	58	–	–	–	58
Mr. Lam Wing Tai (Appointed on 2 October 2013)	30	–	–	–	30
Mr. Yu Chun Fai (Resigned on 2 October 2013)	43	–	–	–	43
	227	4,689	1,484	39	6,439

Mr. Jiang You is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as chief executive officer of the Company.

During the year ended 31 December 2014, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil). None of the directors waived or agreed to waive any remuneration during the year (2013: Nil).

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2013: two) were directors of the Company whose emoluments are included in the disclosures in note 13 above. The emolument of the remaining one (2013: three) individual was as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	693	2,469
Performance bonus	–	211
Equity-settled share-based payments	–	2,397
Contributions to retirement benefits scheme	11	44
	704	5,121

Their emoluments fell within the following bands:

	2014	2013
Nil – HK$1,000,000	1	–
HK$1,000,001 – HK$1,500,000	–	1
HK$1,500,001 – HK$2,000,000	–	1
HK$2,000,001 – HK$2,500,000	–	1
	1	3

During the year ended 31 December 2014, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

15. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit/(loss) for the year attributable to owners of the Company includes profit of approximately HK$23,044,000 (2013: loss of approximately HK$36,605,000) which has been dealt with in the financial statements of the Company.

16. EARNINGS/(LOSS) PER SHARE

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

	2014 HK$'000	2013 HK$'000
Earnings/(loss) for the purpose of basic earnings/(loss) per share		
Profit/(loss) for the year attributable to owners of the Company	**255,398**	(18,049)
Effect of dilutive potential ordinary shares:		
– Interest expenses on convertible bonds issued by the Company	**15,888**	–
– Loss on early redemption of convertible bonds issued by the Company	**6,196**	–
– Deferred tax effect	**(1,807)**	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**275,675**	(18,049)

	2014 '000	2013 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (as adjusted for the share consolidation which became effective on 12 August 2014 (Note 34(g)))	**2,813,263**	1,843,483
Effect of dilutive potential ordinary shares:		
– Share options issued by the Company	**9,532**	–
– Convertible bonds issued by the Company	**224,188**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share (as adjusted for the share consolidation which became effective on 12 August 2014 (Note 34(g)))	**3,046,983**	1,843,483
Basic earnings/(loss) per share (HK cents per share)	**9.08**	(0.98)
Diluted earnings/(loss) per share (HK cents per share)	**9.05**	(0.98)

The computation of diluted loss per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares for the years ended 31 December 2013 and 2014 for the purpose of basic and diluted earnings/(loss) per share has been adjusted and restated respectively resulting mainly from the share consolidation completed on 12 August 2014.

17. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2013	319	179,400	2,146	421	3,028	261,290	446,604
Additions	–	14,852	346	311	1,425	38	16,972
Disposals	–	–	(18)	(29)	–	–	(47)
Transferred from construction in progress	–	249,123	–	–	–	(249,123)	–
Exchange realignment	–	9,512	38	19	145	4,337	14,051
At 31 December 2013	319	452,887	2,512	722	4,598	16,542	477,580
Additions	586	19,413	405	4	799	17,386	38,593
Acquisition of subsidiaries	221	–	186	142	–	–	549
Disposals	(318)	–	(65)	(29)	–	–	(412)
Transferred from construction in progress	–	16,555	–	–	–	(16,555)	–
Exchange realignment	–	(11,601)	(6)	(6)	(28)	(156)	(11,797)
At 31 December 2014	808	477,254	3,032	833	5,369	17,217	504,513
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	29	527	275	162	647	–	1,640
Provided for the year	32	10,161	434	155	597	–	11,379
Impairment provided for the year	–	56,335	–	–	–	2,685	59,020
Eliminated on disposals	–	–	(4)	(5)	–	–	(9)
Exchange realignment	–	1,081	21	9	68	43	1,222
At 31 December 2013	61	68,104	726	321	1,312	2,728	73,252
Provided for the year	38	22,525	515	174	688	–	23,940
Impairment provided for the year	–	21,352	–	–	–	–	21,352
Transferred from construction in progress	–	2,717	–	–	–	(2,717)	–
Eliminated on disposals	(78)	–	(28)	(15)	–	–	(121)
Exchange realignment	–	(720)	(3)	(3)	(11)	(11)	(748)
At 31 December 2014	21	113,978	1,210	477	1,989	–	117,675
CARRYING AMOUNTS							
At 31 December 2014	**787**	**363,276**	**1,822**	**356**	**3,380**	**17,217**	**386,838**
At 31 December 2013	258	384,783	1,786	401	3,286	13,814	404,328

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST			
At 1 January 2013	1,388	–	1,388
Additions	218	1,083	1,301
At 31 December 2013	1,606	1,083	2,689
Additions	–	–	–
At 31 December 2014	1,606	1,083	2,689
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2013	99	–	99
Provided for the year	309	199	508
At 31 December 2013	408	199	607
Provided for the year	322	216	538
At 31 December 2014	730	415	1,145
CARRYING AMOUNTS			
At 31 December 2014	**876**	**668**	**1,544**
At 31 December 2013	1,198	884	2,082

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	:	10% to 20%
Plant, machinery and equipment	:	5% to 20%
Office equipment	:	10% to 40%
Furniture and fixtures	:	10% to 40%
Motor vehicles	:	20%

During the year ended 31 December 2014, depreciation of property, plant and equipment of approximately HK$21,779,000 (2013: HK$8,886,000) was included in cost of sales.

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment losses recognised in the current year

The Group carried out a review of the recoverable amount of the manufacturing plants and the related equipment. These assets are used in the Group's green energy reportable segments. The review led to the recognition of an impairment loss of approximately HK$21,352,000 (2013: HK$59,020,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of market approach.

The valuation was carried out by an independent professional valuer.

18. GOODWILL

	HK$'000
COST	
At 1 January 2013, 31 December 2013 and 1 January 2014	3,586
Acquisition of Jun Yang Securities (Note 38)	672
At 31 December 2014	4,258
IMPAIRMENT	
At 1 January 2013	509
Impairment loss recognised during the year ended 31 December 2013	2,941
At 31 December 2013, 1 January 2014 and 31 December 2014	3,450
CARRYING AMOUNTS	
At 31 December 2014	**808**
At 31 December 2013	136

18. GOODWILL *(Continued)*

Impairment testing on goodwill

After recognition of impairment losses, the carrying amount of goodwill was allocated to groups of cash-generating units as follows:

	2014 **HK$'000**	2013 HK$'000
E Finance – money lending business	**136**	136
Jun Yang Securities – dealing in securities	**672**	–
	808	136

(a) For the purposes of impairment testing at 31 December 2014, goodwill has been allocated to two cash-generating units ("CGUs") representing (i) the operating activity of Jun Yang Securities Company Limited (formerly known as "Lucky Securities Company Limited") ("Jun Yang Securities") which is engaged in the carry on regulated activity in connection with dealing in securities and (ii) the operating activity of E Finance Limited ("E Finance") which is engaged in the money lending business.

The recoverable amount of the CGUs were determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period are extrapolated using growth rate of 3% for Jun Yang Securities and 3% for E Finance. The cash flow projections of Jun Yang Securities and E Finance are discounted at pre-tax discount rates of 15.29% and 10% per annum respectively which reflects the specific risks relating to these CGUs.

The key assumptions for the value-in-use calculation are those regarding the discount rates, the budgeted revenue and budgeted expenses during the forecasting periods, which are determined by management based on past performance and managements' expectations for the market development.

18. GOODWILL *(Continued)*

Impairment testing on goodwill *(Continued)*

(b) For the purposes of impairment testing at 31 December 2013, goodwill has been allocated to two cash-generating units ("CGUs") representing (i) the operating activities of GS-Solar (Qinghai) Company Limited ("GS-Solar") which is engaged in construction and operation of 10 megawatt grid-connected silicon based thin-film solar photovoltaic power plant in Geermu, Qinghai Province, the PRC; and (ii) the operating activity of E Finance which is engaged in money lending business.

The recoverable amount of the CGUs were determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period are extrapolated using growth rate of 3.01% for the GS-Solar and 3.00% for E Finance. The cash flow projections of the GS-Solar and E Finance are discounted at pre-tax discount rates of 15.43% and 13.33% per annum respectively which reflects the specific risks relating to these CGUs.

The key assumptions for the value-in-use calculation are those regarding the discount rates, the budgeted revenue and budgeted expenses during the forecasting periods, which are determined by management based on past performance and managements' expectations for the market development. The directors of the Company were of the opinion that, based on value in use calculation, the goodwill was impaired at 31 December 2013 and recognised approximately HK$2,941,000 in profit or loss during the year ended 31 December 2013.

19. INTERESTS IN SUBSIDIARIES

	2014 **HK$'000**	2013 HK$'000
Company		
Unlisted shares at cost, net of provision for impairment losses	**336,435**	190,452

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company Directly		Indirectly		Proportion of voting power held by the Company	
				2014	2013	**2014**	2013	**2014**	2013
Classictime Investments Limited	British Virgin Islands	Ordinary share US$1	Investment holding and securities trading	**100%**	100%	**–**	–	**100%**	100%
Colour Brave Limited	British Virgin Islands	Ordinary share US$1	Investment	**100%**	100%	**–**	–	**100%**	100%
Hong Kong Gogreen Management Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Hong Kong Jun Yang Management Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Jun Yang Power Investments Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Jun Yang Energy Investments Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Jun Yang Investment Group Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Jun Yang International Solar Power Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Fast Choice Limited	Hong Kong	Ordinary share HK$1	Personnel management	**–**	–	**100%**	100%	**100%**	100%
Top Sense Worldwide Ltd	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company				Proportion of voting power held by the Company	
				Directly		Indirectly			
				2014	2013	**2014**	2013	**2014**	2013
Value Trend Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Plenty Cash Investment Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Talent Link Holdings Limited	British Virgin Islands	Ordinary share US$100	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Vanta (Hong Kong) Management Limited	Hong Kong	Ordinary share HK$10,000	Property investment	**–**	–	**100%**	100%	**100%**	100%
Speedway Profit Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Superior Control Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Profitsway Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Favour Brightness Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
E Finance Limited	Hong Kong	Ordinary share HK$100	Provision for money lending	**–**	–	**100%**	100%	**100%**	100%
Jun Yang Solar Power Investment Limited	Hong Kong	Ordinary share HK$1	Investment holding	**100%**	67.90%	**–**	–	**100%**	67.90%
Wink Sky Company Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**–**	–	**100%**	67.90%	**100%**	67.90%
Jun Yang Solar Power Investment Holdings Limited	Cayman Islands	Ordinary share US$35,566	Investment holding	**–**	–	**100%**	67.90%	**100%**	67.90%

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company				Proportion of voting power held by the Company	
				Directly		Indirectly			
				2014	2013	**2014**	2013	**2014**	2013
北京君陽投資有限公司 (Notes (a) and (c))	PRC	Registered and paid up capital US$30,000,000	Investment holding	**–**	–	**100%**	67.90%	**100%**	67.90%
河南君陽電力有限公司 (Notes (a) and (c))	PRC	Registered and paid up capital US$3,400,000	Operation of amorphous silicon thin-film solar photovoltaic power station	**–**	–	**100%**	67.90%	**100%**	67.90%
許昌君陽電力有限公司 (Note (c))	PRC	Registered and paid up capital RMB20,000,000	Operation of solar photovoltaic power station	**–**	–	**100%**	67.90%	**100%**	67.90%
青海鈞石能源有限公司 (translated as GS-Solar (Qinghai) Company Limited) (Notes (b) and (c))	PRC	Registered and paid up capital RMB38,167,939	Operation of amorphous silicon thin-film solar photovoltaic power station	**–**	–	**99.97%**	67.88%	**99.97%**	67.88%

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company				Proportion of voting power held by the Company	
				Directly		Indirectly			
				2014	2013	**2014**	2013	**2014**	2013
榮成吉君電力有限公司 (Notes (a) and (c))	PRC	Registered capital US$6,000,000 (of which US$3,000,000 has been paid up At 31 December 2014)	Operation of amorphous silicon thin-film solar photovoltaic power station	**–**	–	**100%**	–	**100%**	–
上海君陽康宏太陽能有限公司 (Notes (a) and (c))	PRC	Registered and paid up capital HK$20,000,000	Not yet commence business	**–**	–	**100%**	100%	**100%**	100%
Golden Moral Investments Limited	British Virgin Islands	Ordinary share US$2	Investment holding	**100%**	–	**–**	–	**100%**	–
Jun Yang Securities	Hong Kong	Ordinary share HK$50,000,000	Licensed to carry on regulated activity in connection with dealing in securities	**–**	–	**100%**	–	**100%**	–
Power Plan Developments Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	–	**–**	–	**100%**	–
Red Metro Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	–	**–**	–	**100%**	–
Green Profit Investments Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	–	**–**	–	**100%**	–
Pictures Global Holdings Limited	British Virgin Islands	Ordinary share HK$93,000,000	Investment holding	**90.10%**	–	**–**	–	**90.10%**	–

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Attributable equity interest held by the Company				Proportion of voting power held by the Company	
				Directly		Indirectly			
				2014	2013	**2014**	2013	**2014**	2013
Pictures Global Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**90.10%**	–	**90.10%**	–
Energy Management Contract Pty Ltd	Australia	Ordinary share AUS$100	Investment holding	**–**	–	**90.10%**	–	**90.10%**	–

Note:

(a) The subsidiaries are registered as a wholly-foreign owned enterprise under the PRC law.

(b) The subsidiaries are registered as a Sino-foreign equity joint venture under the PRC law.

(c) The subsidiaries are limited companies under the PRC law.

Change in ownership interest in subsidiaries

(a) During the year, the Group disposed of 9.90% of its equity interests in Pictures Global Holdings Limited and its subsidiaries ("Picture Global Group"), reducing its continuing interests in these subsidiaries to 90.10%. The proceeds on disposal of approximately HK$9,300,000 were received in cash. An amount of approximately HK$9,205,000 (being the proportionate share of the carrying amount of the net assets of Picture Global Group) has been transferred to non-controlling interests. The difference of approximately HK$95,000 between the increase in the non-controlling interests and the consideration received has been credited to accumulated losses.

(b) During the year, the Group acquired additional 32.10% equity interests in Jun Yang Solar Power Investment Holdings Limited and its subsidiaries ("Jun Yang Solar Power Group"), increasing its continuing interests in these subsidiaries to 100%, except for interest in GS-Solar to 99.97%. The payment for the acquisition was satisfied by the issue of 1,091,052,670 ordinary shares of HK$0.02 each in the share capital of the Company at a price of HK$0.057 per share. An amount of approximately HK$55,845,000 (being the proportionate share of the carrying amount of the net assets of Jun Yang Solar Power Group) has been transferred from non-controlling interests. The difference of approximately HK$6,345,000 between the decrease in the non-controlling interests and the consideration paid has been debited to accumulated losses.

Amounts due from/(to) subsidiaries

The amounts due from subsidiaries are unsecured, interest bearing ranging from 3% to 13.5% per annum (2013: ranging from 5% to 12% per annum) and have no fixed terms of repayment.

The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

20. INTERESTS IN ASSOCIATES

	Group 2014 HK$'000	Group 2013 HK$'000
Cost of investment in associates:		
– Unlisted associates	**147,420**	147,420
Dilution of equity interests in associates	**(30,208)**	–
Share of post-acquisition results and other comprehensive income, net of dividend received	**99**	(801)
	117,311	146,619

At 31 December 2014, the Group had interest in the following associates:

Name of entity	Form of business structure	Place/country of establishment/ incorporation	Principal place of operation	Proportion of ownership interest held by the Group 2014	Proportion of ownership interest held by the Group 2013	Proportion of voting rights held by the Group 2014	Proportion of voting rights held by the Group 2013	Principal activities
Trillion Epoch Limited ("Trillion Epoch") (Note (a))	Incorporated	British Virgin Islands	Hong Kong	**31.2% (directly)**	39% (directly)	**31.2%**	39%	Investment holdings
Bravo Star Holdings Limited	Incorporated	Hong Kong	Hong Kong	**31.2% (indirectly)**	39% (indirectly)	**31.2%**	39%	Investment holdings
重慶市北部新區利亨小額貸款有限公司	Incorporated	PRC	PRC	**31.2% (indirectly)**	39% (indirectly)	**31.2%**	39%	Provision of money lending in the PRC
Modern Blue Inc. Ltd ("Modern Blue") (Note (b))	Incorporated	Hong Kong	Hong Kong	**40% (directly)**	–	**40%**	–	Investment holdings

Note:

(a) During the year ended 31 December 2014, Trillion Epoch, an associate of the Company, issued new shares to other shareholders in March 2014 and resulted in dilution of the Group's equity interests in the associates from 39% to 31.2%. The Group's share of net assets in Trillion Epoch and its subsidiaries was decreased and the loss on dilution of interests in the associates of approximately HK$30,208,000 was recognised in profit and loss during the year ended 31 December 2014 (2013: Nil).

(b) During the year ended 31 December 2014, the Group acquired 40% equity interests in Modern Blue at a cash consideration of HK$40.

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Trillion Epoch and its subsidiaries

	2014 **HK$'000**	2013 HK$'000
Current assets	**347,079**	377,084
Non-current assets	**31,426**	40
Current liabilities	**(2,510)**	(1,179)
Non-current liabilities	**–**	–
Revenue	**73,179**	552
Profit/(loss) for the year	**3,023**	(2,447)
Other comprehensive (expense)/income for the year	**(2,580)**	392
Total comprehensive income/(expense) for the year	**442**	(2,055)
Dividends received from the associate during the year	**–**	–

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

Trillion Epoch and its subsidiaries *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements:

	2014 **HK$'000**	2013 HK$'000
Net assets of Trillion Epoch and its subsidiaries	**375,995**	375,945
Proportion of the Group's ownership interest in Trillion Epoch	**31.2%**	39%
Carrying amount of the Group's interest in Trillion Epoch	**117,311**	146,619

Information of an associate that is not individually material

	2014 **HK$'000**	2013 HK$'000
The Group's share of loss	**–**	–
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**–**	–
Carrying amount of the Group's interest in this associate	**–**	–

Unrecognised share of losses of an associate

	2014 **HK$'000**	2013 HK$'000
The unrecognised share of loss of an associate for the year	**(5)**	–
Cumulative share of loss of an associate	**(5)**	–

20. INTERESTS IN ASSOCIATES *(Continued)*

Disposals of associates

For the year ended 31 December 2013

(a) Disposal of Luck Key Investment Limited

In the prior year, the Group held 47.89% equity interest in Luck Key Investment Limited ("Luck Key") and accounted for the investment as an associate. In April 2013, the Group entered into a sale and purchase agreement to dispose of its 47.89% equity interest in Luck Key and the shareholders' loan advanced by the Group to Luck Key to an independent third party at a total cash consideration of HK$75,631,000. The disposal was completed on 30 September 2013. The disposal had resulted in the recognition of a gain in profit or loss, calculated as follows:

	HK$'000
Proceeds of disposal	75,631
Less: carrying amount of 47.89% equity interest in Luck Key on the date of loss of significant influence	–
amount due from an associate	(67,021)
Gain recognised	8,610

(b) Disposal of Island Best Developments Limited

In the prior year, the Group held a 50% equity interest in Island Best Developments Limited ("Island Best") and accounted for the investment as an associate. In March 2013, the Group enter into sale and purchase agreement to dispose of its 50% equity interest in Island Best and the shareholders' loan advanced by the Group to Island Best to an independent third party at a total cash consideration of HK$2,000,000. The disposal was completed on 21 March 2013. The disposal had resulted in the recognition of a gain in profit or loss, calculated as follows:

	HK$'000
Proceeds of disposal	2,000
Less: carrying amount of 50% equity interest in Island Best on the date of loss of significant influence	–
amount due from an associate	(1,000)
Gain recognised	1,000

21. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted investment funds outside Hong Kong (Note (i))	**104,277**	36,432	**–**	–
Unlisted equity securities in Hong Kong, at fair value (Note (ii))	**8,000**	–	**–**	–
	112,277	36,432	**–**	–

Note:

(i) The above unlisted investment funds represents the investments in private funds established in the Cayman Islands. The unlisted investments are held for an identified long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. It is measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that fair values cannot be measured reliably. During the year ended 31 December 2014, impairment loss of approximately HK$2,607,000 (2013: HK$4,317,000) was recognised in profit or loss.

(ii) The above unlisted equity securities represents the investment in a private company incorporated in the Hong Kong. The investment is measured at fair value at the end of the reporting period.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables				
Trade receivables arising from green energy business	**7,183**	9,439	**–**	–
Other receivables				
Amounts receivables arising from securities broking	**14,296**	–	**–**	–
Prepayments, deposits and other receivables	**43,332**	22,868	**1,074**	1,438
Prepayments for purchase of property, plant and equipment	**11,674**	–	**–**	–
	76,485	32,307	**1,074**	1,438
Less: provision for impairment of other receivables	**(356)**	–	**–**	–
Total trade and other receivables	**76,129**	32,307	**1,074**	1,438

Notes:

(i) The Group allows an average credit period of 30 to 90 days to its trade customers.

The following is an analysis of trade receivables by age, presented based on the invoice date, or the revenue recognition date:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
0-60 days	**7,183**	9,439	**–**	–
61-90 days	**–**	–	**–**	–
Over 90 days	**–**	–	**–**	–
	7,183	9,439	**–**	–

(ii) At 31 December 2014, the Group's trade and other receivables included an amount of approximately HK$26,641,000 (2013: HK$20,835,000) that is denominated in RMB.

23. LOAN RECEIVABLES

	Group 2014 HK$'000	2013 HK$'000
Fixed-rate loan receivables	**316,737**	226,342
Analysed as:		
Current	**303,054**	180,600
Non-current	**13,683**	45,742
	316,737	226,342

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	2014 HK$'000	2013 HK$'000
Fixed-rate loan receivables:		
Within one year	**303,054**	180,600
In more than one year but not more than two years	**12,500**	44,500
In more than two years but not more than five years	**1,183**	1,242
	316,737	226,342

Notes:

(i) The loan receivables were neither past due nor impaired at the end of the reporting period.

(ii) The Group seeks to maintain tight control over its loan receivables in order to minimise credit risk.

(iii) Loan receivables are interest-bearing at rates mutually agreed with the contracting parties, ranging from 5% to 13.5% (2013: 5% to 12%) per annum.

24. HELD-FOR-TRADING INVESTMENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Hong Kong, at fair value	**853,627**	356,000	**–**	26,954
Unlisted investment funds outside Hong Kong, at fair value	**7,818**	10,313	**–**	–
Listed debt securities outside Hong Kong, at fair value	**2,438**	–	**–**	–
	863,883	366,313	**–**	26,954

The fair values of the held-for-trading investments including listed equity securities and listed debt securities were determined with reference to the quoted market prices in an active market. The debt securities bear interest at rates which ranging 2.45% to 6.68% (2013: Nil) per annum. These debt securities are all non-callable by the respective issuers on some specific dates during the year 2015 to 2022 (2013: Nil). Fair value of unlisted investment funds was determined with reference to broker's quoted bid price.

At 31 December 2014, held-for-trading investments with fair value of approximately HK$153,704,000 (2013: HK$10,313,000) were pledged to secure a bank and other borrowings of approximately HK$38,542,000 (2013: HK$10,957,000) (Note 30).

At 31 December 2014, the carrying amount of the Group's investments in each of the following companies exceeded 10% of the total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
Tech Pro Technology Development Limited	Cayman Islands	Investment holding	Ordinary shares listed on the Main Board of the Stock Exchange	2.49%
Town Health International Medical Group Limited	Bermuda	Investment holding	Ordinary shares listed on the Main Board of the Stock Exchange	4.49%

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Call/put options in listed equity securities	**–**	–	**224**	385

Call and put options represents right to purchase or sell listed equity securities with predetermined prices on maturity. Duration of these contracts ranges from one to three months.

The fair values of the call and put options were determined based on quoted market premium prices.

26. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business licensed by the SFC. The Group has classified these clients' monies as bank trust account balances under the current assets section of the consolidated statement of financial position and recognised the corresponding amounts payable to the respective clients. The Group is not permitted to use the clients' monies to settle its own obligations.

27. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK$4,727,000 (2013: HK$3,947,000) have been pledged to secure a bank loan and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of the bank loan.

28. CASH AND CASH EQUIVALENTS

Bank balances and cash comprises cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.01% to 2.00% (2013: 0.01% to 2.00%) per annum and have original maturity of three months or less.

Bank balances and cash of the Group include an amount of approximately RMB46,202,000 (equivalent to approximately HK$58,214,000) (2013: RMB14,240,000 (equivalent to approximately HK$18,085,000)) that is denominated in RMB. An aggregate amount of bank balances and cash of approximately HK$137,040,000 (2013: HK$134,508,000) is kept in Mainland China and the remittance of these funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2014, the Group's cash and cash equivalents represent deposits of approximately HK$100,666,000 (2013: approximately HK$36,135,000) placed with securities brokers and bank balances and cash of approximately HK$209,547,000 (2013: approximately HK$172,465,000) and the Company's cash and cash equivalents represent deposits of approximately HK$31,000 (2013: approximately HK$46,000) placed with securities brokers and bank balances and cash of approximately HK$23,136,000 (2013: approximately HK$25,160,000).

29. OTHER PAYABLES AND ACCRUALS

	Group		**Company**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable arising from securities broking	**27,574**	–	**–**	–
Other payables	**187,590**	225,650	**4**	8
Accruals	**7,634**	6,589	**6,401**	5,582
Total other payables and accruals	**222,798**	232,239	**6,405**	5,590

30. BANK AND OTHER BORROWINGS

	Group	
	2014	2013
	HK$'000	HK$'000
Bank loan, secured (Notes (a) and (b))	**16,144**	10,957
Other loan from a financial institution, secured (Note (c))	**27,438**	–
	43,582	10,957
Carrying amount repayable:		
Within one year	**43,582**	10,957

Notes:

(a) At 31 December 2014, the Group has outstanding principal of bank loan of approximately HK$11,104,000 (2013: HK$10,957,000). The bank loan is secured by the Group's held-for-trading investments with fair value of approximately HK$11,021,000 (2013: HK$10,313,000) (Note 24) and pledged bank deposits of approximately HK$4,727,000 (2013: HK$3,947,000) (Note 27). The effective interest rate of the bank loan at the reporting date is 1.48% (2013: range from 1.24% to 1.29%). The bank loan was denominated in USD.

(b) At 31 December 2014, the Group has outstanding principal of bank loan of approximately HK$5,040,000 (2013: Nil). The bank loan is secured by pledged rights of receiving income from sales of electricity generated by the subsidiaries. The effective interest rate of the bank loan at the reporting date is 6.765% (2013: Nil). The bank loan was denominated in RMB.

(c) At 31 December 2014, the Group has outstanding principal of other loan of approximately HK$27,438,000 (2013: Nil). The loan is secured by the Group's held-for-trading investments with fair value of approximately HK$142,683,000 (2013: Nil) (Note 24). The effective interest rate of the loan at the reporting date is 1.38% (2013: Nil). The loan was denominated in HK$.

31. DEFERRED INCOME

	Group 2014 HK$'000	Group 2013 HK$'000
Amount credited to profit or loss during the year:		
Incentive subsidies (Note (i))	–	164
Subsidies related to property, plant and equipment (Note (ii))	**10,691**	580
	10,691	744
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note (ii))	**201,215**	149,918
Total deferred income	**201,215**	149,918
Less: current portion	**(10,617)**	(7,076)
Non-current portion	**190,598**	142,842

Note:

(i) Incentive subsidies were received from the relevant PRC government authorities for improvement of working capital and financial assistance to the operating activities to enhance the competitiveness in the industry.

(ii) The Group received government subsidies from the relevant PRC government authorities for the compensation of capital expenditure incurred for the plant and machinery. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

32. CONVERTIBLE BONDS

On 29 April 2014, the Company placed convertible bonds in an aggregate principal amount of HK$195,676,800 bore interest at 5% per annum and is payable on the maturity date or the date on which the Company early redeems the convertible bonds, with a maturity date of 29 April 2016. The convertible bonds were, at the option of the holders, convertible into ordinary shares of the Company at an initial conversation price of HK$0.44 per share (subject to adjustments including the Share Consolidation (Note 34(g))) at any time between at the date of issue and the maturity date. The Company had the option to redeem the convertible bonds at any time between the date of issue and the maturity date at the amount as equal to 100% of the principal amount of the convertible bonds then outstanding together with the interest accrued by at least 14 days prior written notice to bondholders.

On 30 October 2014, the convertible bonds with aggregate principal amount of HK$195,676,800 were early redeemed by the Company at a consideration of HK$195,676,800.

32. CONVERTIBLE BONDS *(Continued)*

The convertible bonds contain two components: liability and equity elements. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component on initial recognition is 23.64%.

	Group and Company HK$'000
Net proceeds of issue	190,785
Liability component at date of issue	(140,858)
Equity component	49,927
Liability component at date of issue	140,858
Interest expenses charged to profit or loss	15,888
Interest expenses paid	(4,932)
Early redemption of convertible bonds	(151,814)
Liability component at 31 December 2014	–

33. DEFERRED TAXATION

Deferred tax liabilities

	Group and Company Convertible bonds HK$'000
At 1 January 2014	–
Recognised directly in equity	(8,238)
Credited to profit or loss	1,807
Eliminated on redemption of convertible bonds	6,431
At 31 December 2014	–

At 31 December 2014, the Group has unused tax losses of approximately HK$538 million (2013: HK$539 million) available for offset against future profits to be generated by certain Hong Kong subsidiaries that may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Inland Revenue Department of Hong Kong. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits streams.

34. SHARE CAPITAL

	Number of shares	Total value HK$'000
Authorised:		
Ordinary shares of HK$0.02 each at 1 January 2013, 31 December 2013 and 1 January 2014	15,000,000,000	300,000
Consolidation of shares (Note (g))	(11,250,000,000)	–
Sub-division of consolidated shares (Note (g))	26,250,000,000	–
Ordinary shares of HK$0.01 each at 31 December 2014	**30,000,000,000**	**300,000**

	Number of shares	Total value HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.02 each at 1 January 2013	6,308,982,430	126,180
Issue of shares upon the acquisition of convertible notes designated as at fair value through profit or loss (Note (a))	841,156,626	16,822
Issue of shares upon the acquisition of additional interests of a subsidiary (Note (b))	264,281,196	5,286
Issue of shares upon by way of placements (Note (c))	1,480,000,000	29,600
Ordinary shares of HK$0.02 each at 31 December 2013 and 1 January 2014	8,894,420,252	177,888
Issue of shares upon the acquisition of additional interests of a subsidiary (Note (d))	1,091,052,670	21,821
Issue of shares upon subscription of shares (Note (e))	1,500,000,000	30,000
Issue of shares upon exercise of share options (Note (f))	164,600,000	3,292
Capital reorganisation (Note (g))	(8,737,554,692)	(203,876)
Issue of shares upon by way of placements (Notes (h) and (i))	1,534,000,000	15,340
Ordinary shares of HK$0.01 each at 31 December 2014	**4,446,518,230**	**44,465**

34. SHARE CAPITAL *(Continued)*

Notes:

The movements of the ordinary share capital for the years ended 31 December 2013 and 2014 were as follows:

(a) In January 2013, the Company entered into a sale and purchase agreement with six independent parties ("Vendors") in relation to acquisition of zero interest rate convertible notes with an aggregate principal amount of HK$50,000,000 issued by Computech Holdings Limited (currently known as China Mobile Games and Cultural Investment Limited), the share of which is listed on the Growth Enterprise Market of The Stock Exchange Hong Kong Limited, satisfied by the issue of 841,156,626 ordinary shares of HK$0.02 each in the share capital of the Company to the Vendors.

(b) In March 2013, the Company completed the acquisition of 11.24% equity interest in its non-wholly owned subsidiary, Jun Yang Solar Power Investment Holdings Limited. The consideration was satisfied by the issue of 264,281,196 ordinary shares of HK$0.02 each in the share capital of the Company.

(c) In November 2013, the Company placed, through the placing agents, 1,480,000,000 ordinary shares of HK$0.02 each in the share capital of the Company to independent investors at a price of HK$0.07 per share.

(d) In July 2014, the Company completed the acquisition of 32.10% equity interest of its non-wholly owned subsidiary, Jun Yang Solar Power Investment Holdings Limited. The consideration was satisfied by the issue of 1,091,052,670 ordinary shares of HK$0.02 each in the share capital of the Company at a price of HK$0.057 per share.

(e) In July 2014, the Company issues 1,500,000,000 ordinary shares of HK$0.02 each in the share capital of the Company to Mr. Bai Liang, an executive director of the Company, at a price of HK$0.1 per share.

(f) In July 2014, 164,600,000 share options were exercised, resulting in the issue of 164,600,000 ordinary shares of HK$0.02 each in the share capital of the Company at a exercise price of HK$0.062 per share.

(g) Capital reorganisation

On 24 June 2014, the Company proposed to put forward for approval by the shareholders of the Company a capital reorganisation (the "Capital Reorganisation") which involved the following:

(i) Consolidation (the "Share Consolidation") of every four existing ordinary shares of HK$0.02 each in the issued and unissued share capital of the Company into one consolidated share of HK$0.08 each (the "Consolidated Share") and where applicable, round down the total number of the Consolidated shares in the issued and unissued share capital of the Company to a whole number by cancelling any fraction in the issued and unissued share capital of the Company as result of the Share Consolidation;

(ii) Reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.07 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share would be reduced from HK$0.08 to HK$0.01 (the "Capital Reduction");

34. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(iii) Sub-division of each of the authorised but unissued Consolidated Shares of HK$0.08 each into eight new ordinary shares of HK$0.01 each; and

(iv) The transfer of the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation and (ii) the Capital Reduction to the contributed surplus account of the Company.

The special resolution approving the Capital Reorganisation was duly passed by the shareholders of the Company at the special general meeting held on 11 August 2014 and the Capital Reorganisation became effective on 12 August 2014.

(h) In October 2014, the Company placed, through the placing agents, 1,090,000,000 ordinary shares of HK$0.01 each in the share capital of the Company to independent investors at a price of HK$0.193 per share.

(i) In November 2014, the Company placed, through the placing agents, 444,000,000 ordinary shares of HK$0.01 each in the share capital of the Company to independent investors at a price of HK$0.186 per share.

35. SHARE OPTION SCHEME

(a) The Old Share Option Scheme

The Company's share option scheme (the "Old Share Option Scheme") was adopted pursuant to an ordinary resolution passed by the Company's shareholders at the special general meeting of the Company held on 17 November 2003.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Old Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. No options may be granted under the Old Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

The total number of shares which may be issued upon exercise of all options to be granted under the Old Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 17 November 2003 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Old Share Option Scheme provided that options lapsed in accordance with the terms of the Old Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

35. SHARE OPTION SCHEME *(Continued)*

(a) The Old Share Option Scheme *(Continued)*

The Old Share Option Scheme will remain in force for a period of 10 years commencing from 17 November 2003. Options complying the provisions of the Listing Rules which are granted during the duration of the Old Share Option Scheme and remain unexercised immediately prior to the end of the 10 year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such options are granted, notwithstanding the expiry of the Old Share Option Scheme.

The subscription price for shares under the Old Share Option Scheme shall be a price determined by the board of directors of the Company (the "Board"), but shall not be lower than the highest of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the Board approves the making of the offer for the grant of options (the "Date of Grant"), which must be a trading day; (ii) the average closing price of shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a share. The time of acceptance of an offer for the grant of options shall not be later than 28 days from the Date of Grant.

The Old Share Option Scheme adopted by the Company on 17 November 2003 had expired on 16 November 2013. The Company has adopted the New Share Option Scheme (the "New Share Option Scheme") on 4 June 2013.

(b) The New Share Option Scheme

The Company's new share option scheme (the "New Share Option Scheme") was adopted pursuant to an ordinary resolution passed by the Company's shareholders at the annual general meeting of the Company held on 4 June 2013.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of shares in issue on 4 June 2013 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the New Share Option Scheme provided that options lapsed in accordance with the terms of the Old Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

The New Share Option Scheme will remain in force for a period of 10 years commencing from 4 June 2013. Options complying the provisions of the Listing Rules which are granted during the duration of the New Share Option Scheme and remain unexercised immediately prior to the end of the 10 year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such options are granted, notwithstanding the expiry of the New Share Option Scheme.

35. SHARE OPTION SCHEME *(Continued)*

(b) The New Share Option Scheme *(Continued)*

The subscription price for shares under the New Share Option Scheme shall be a price determined by the Board, but shall not be lower than the highest of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the Board approves the making of the offer for the grant of options (the "Date of Grant"), which must be a trading day; (ii) the average closing price of shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a share. The time of acceptance of an offer for the grant of options shall not be later than 21 days from the Date of Grant.

For the year ended 31 December 2014

The following table discloses the movements of the share options granted under the New Share Option Scheme during the year ended 31 December 2014:

			Number of share options					
Grant date	Exercise price (after adjustment for the Capital Reorganisation) (Note 34(g)) HK$	Exercise period	Outstanding at 1 January 2014	Exercised during the year ended 31 December 2014	Share Consolidation (Note 34(g))	Granted during the year ended 31 December 2014	Lapsed during the year ended 31 December 2014	Outstanding at 31 December 2014
Employees								
27 December 2013	0.248	27 December 2013 to 27 December 2014	*740,700,000	*(164,600,000)	(432,075,000)	–	(144,025,000)	–
Exercisable at the end of the year								–
Weighted average exercise price								–

35. SHARE OPTION SCHEME *(Continued)*

For the year ended 31 December 2014 *(Continued)*

The following table discloses the movements of the share options granted under the Old Share Option Scheme during the year ended 31 December 2014:

Grant date	Exercise price (after adjustment for the Capital Reorganisation) (Note 34(g)) HK$	Exercise period	Number of options Outstanding at 1 January 2014	Share Consolidation (Note 34(g))	Granted during the year ended 31 December 2014	Exercised during the year ended 31 December 2014	Lapsed during the year ended 31 December 2014	Outstanding at 31 December 2014
Employees								
9 October 2007	30.67	9 October 2007 to 8 October 2017	*7,357,308	(5,517,981)	–	–	–	1,839,327
18 April 2008	17.81	18 April 2008 to 17 April 2018	*387,363	(290,523)	–	–	–	96,840
Total			*7,744,671	(5,808,504)	–	–	–	1,936,167
Exercisable at the end of the year								1,936,167
Weighted average exercise price								30.03

Note

* Numbers of shares options presented above have not been adjusted for the Capital Reorganisation as described in Note 34(g).

35. SHARE OPTION SCHEME *(Continued)*

For the year ended 31 December 2013

The following table discloses the movements of the share options granted under the New Share Option Scheme during the year ended 31 December 2013. The numbers of share options presented in the following table has not been adjusted and restated for the Capital Reorganisation:

Grant date	Exercise Price HK$	Exercise period	Number of options: Outstanding at 1 January 2013	Granted during the year ended 31 December 2013	Exercised during the year ended 31 December 2013	Lapsed during the year ended 31 December 2013	Outstanding at 31 December 2013
Employees							
27 December 2013	0.062	27 December 2013 to 27 December 2014	–	740,700,000	–	–	740,700,000
Exercisable at the end of the year							740,700,000
Weighted average exercise price							0.062

The following table discloses the movements of the share options granted under the Old Share Option Scheme during the year ended 31 December 2013. The numbers of share options presented in the following table has not been adjusted and restated for the Capital Reorganisation:

Grant date	Exercise Price HK$	Exercise period	Number of options: Outstanding at 1 January 2013	Granted during the year ended 31 December 2013	Exercised during the year ended 31 December 2013	Lapsed during the year ended 31 December 2013	Outstanding at 31 December 2013
Employees							
9 October 2007	7.6672	9 October 2007 to 8 October 2017	7,357,308	–	–	–	7,357,308
18 April 2008	4.4532	18 April 2008 to 17 April 2018	387,363	–	–	–	387,363
Total			7,744,671	–	–	–	7,744,671
Exercisable at the end of the year							7,744,671
Weighted average exercise price							7.51

35. SHARE OPTION SCHEME *(Continued)*

For the year ended 31 December 2013 *(Continued)*

Note:

During the year ended 31 December 2014 and before the effective of the Capital Reorganisation, 164,600,000 (2013: Nil) share options exercised resulted in the issue of 164,600,000 (2013: Nil) ordinary shares of the Company and the increase in the share capital of approximately HK$3,292,000 (2013:Nil) and share premium of approximately HK$9,310,000 (2013: Nil). The related weighted average share price at the time exercise was HK$0.059 per share (not adjusted for the Capital Reorganisation) (2013: Nil).

At 31 December 2014, after the effective of the Capital Reorganisation, the Company had no share options outstanding for the share options granted under the New Share Option Scheme and had 1,936,167 share options outstanding for the share options granted under Old Share Option Scheme (2013: 740,700,000 and 7,744,671 share options respectively (before the effective of the Capital Reorganisation)). The exercise in full of the remaining share options would, under the present capital structure of the Company, result in issue of 1,936,167 additional shares of HK$0.01 each in the capital of the Company and additional share capital of approximately HK$19,000 and share premium of approximately HK$58,118,000.

36. SHARE-BASED PAYMENTS

Employee share options

Detail of the Share Option Scheme is disclosed in Note 35.

The fair value of 740,700,000 share options granted under the New Share Option Scheme on 27 December 2013 was determined by the directors to be approximately HK$10,789,000 with reference to a valuation performed by an independent firm of professional valuers using a binomial model. The inputs into the model included grant date share price of HK$0.062, exercise price of HK$0.062 per share, expected volatility of 65.534%, expected option life of 1 year, no expected dividend and estimated risk-free interest rate of 0.212%.

The expected volatilities of the share prices were estimated by the best available average annualised standard deviations of the continuously compounded rates of return on the Company's share prices since the date of business transformation of the Group.

For the year ended 31 December 2013, the Group recognised equity-settled share-based payments expenses in aggregate of approximately HK$10,789,000 in respect of the New Share Option Scheme.

37. RESERVES

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share-based payments reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
At 1 January 2013	1,168,025	861	311,790	11,176	(827,722)	664,130
Recognition of equity-settled share-based payments	–	–	–	10,789	–	10,789
Issue of new shares for acquisition of convertible notes designated as at fair value through profit or loss	28,567	–	–	–	–	28,567
Changes in ownership interests in a subsidiary without loss of control	36,999	–	–	–	–	36,999
Issue of new shares by way of placements	74,000	–	–	–	–	74,000
Transaction costs attributable to issue of shares	(2,598)	–	–	–	–	(2,598)
Loss for the year and total comprehensive expense for the year	–	–	–	–	(36,605)	(36,605)
At 31 December 2013	1,304,993	861	311,790	21,965	(864,327)	775,282

37. RESERVES *(Continued)*

Company *(Continued)*

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Convertible bonds equity reserve HK$'000	Share-based payments reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
At 1 January 2014	1,304,993	861	311,790	–	21,965	(864,327)	775,282
Issue of shares upon the acquisition of additional interest of a subsidiary	40,369	–	–	–	–	–	40,369
Issue of shares upon subscription of shares	120,000	–	–	–	–	–	120,000
Issue of shares upon exercise of share options	9,310	–	–	–	(2,397)	–	6,913
Effects of the Capital Reorganisation	–	–	203,876	–	–	–	203,876
Transfer of the credit arising from the Capital Reorganisation	–	–	(203,876)	–	–	203,876	–
Issue of new shares by way of placements	277,614	–	–	–	–	–	277,614
Transaction costs attributable to issue of shares	(8,975)	–	–	–	–	–	(8,975)
Issue of convertible bonds	–	–	–	49,927	–	–	49,927
Deferred tax relating to convertible bonds	–	–	–	(8,238)	–	–	(8,238)
Early redemption of convertible bonds	–	–	–	(41,689)	–	10,453	(31,236)
Lapse of share options	–	–	–	–	(8,392)	8,392	–
Profit for the year and total comprehensive expense for the year	–	–	–	–	–	23,044	23,044
At 31 December 2014	**1,743,311**	**861**	**311,790**	**–**	**11,176**	**(618,562)**	**1,448,576**

38. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2014

Acquisition of Jun Yang Securities

On 31 October 2014, the Group acquired entire equity interest of Jun Yang Securities at a cash consideration of approximately HK$19,223,000.

Consideration transferred

	HK$'000
Cash	19,223

Acquisition-related cost amounting to HK$1,030,000 have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 December 2014, within the "other operating expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Non-current assets	
Property, plant and equipment	549
Other assets	225
Current assets	
Trade and other receivables	2,598
Bank trust account balances	354
Cash and cash equivalents	18,153
Current liabilities	
Trade and other payables	(3,328)
Net assets	18,551

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2014 *(Continued)*

Acquisition of Jun Yang Securities *(Continued)*

Goodwill arising on acquisition

	HK$'000
Consideration transferred	19,223
Less: fair value of net assets acquired – shown as above	(18,551)
Goodwill arising on acquisition (Note 18)	672

The consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth, future market development and the assembled workforce of Jun Yang Securities and these benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Such goodwill is not deductible for tax purposes.

Net cash outflow on acquisition of a subsidiary:

	HK$'000
Consideration paid in cash	19,223
Less: cash and cash equivalents acquired	(18,153)
Net cash outflow	1,070

Impact of acquisition on the results of the Group

Jun Yang Securities contributed revenue and profit of approximately HK$Nil and HK$299,000 respectively to the Group's revenue and profit for the year ended 31 December 2014.

Had the acquisition been affected at 1 January 2014, the revenue of the Group would have been approximately HK$63,016,000, and the profit of the year would have been approximately HK$252,011,000. The directors of the Company consider this "pro forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

39. DISPOSALS OF SUBSIDIARIES

For the year ended 31 December 2014

(a) Deregistration of subsidiaries:

On 13 January 2014, the Group disposed of its entire equity interest in 廣東國華君陽電力有限公司 (transliterated as Guangdong Guohua Jun Yang Electricity Company Limited) ("Guangdong Guohua") upon the deregistration of the subsidiary.

On 31 May 2014, the Group disposed of its entire equity interest in Easy Connect Investments Limited ("Easy Connect") upon the deregistration of the subsidiary.

(b) Analysis of assets and liabilities over which control was lost:

	Guangdong Guohua HK$'000	Easy Connect HK$'000	Total HK$'000
Current assets			
Other receivables	774	–	774
Net assets disposed of	774	–	774

Gain on disposals of subsidiaries:

	Guangdong Guohua HK$'000	Easy Connect HK$'000	Total HK$'000
Consideration received	–	–	–
Net assets disposed of	(774)	–	(774)
Non-controlling interest at disposal date	793	–	793
Cumulative translation gain released from translation reserve	116	–	116
Gain on disposal	135	–	135

39. DISPOSALS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2014 *(Continued)*

(b) Analysis of assets and liabilities over which control was lost: *(Continued)*

Net cash inflow/(outflow) on disposals of subsidiaries:

	Guangdong Guohua HK$'000	Easy Connect HK$'000	Total HK$'000
Cash consideration received	–	–	–
Less: bank balances and cash disposed of	–	–	–
	–	–	–

For the year ended 31 December 2013

(c) Disposals of equity interests in subsidiaries

In March 2013, the Group disposed of its entire equity interest in Funa Assets Limited ("Funa Assets") at a cash consideration of HK$40,000,000.

In February 2013, the Group disposed of its entire equity interest in Dragon Oriental Investment Limited ("Dragon Oriental") at a cash consideration of HK$43,000,000.

Consideration received

	Funa Assets HK$'000	Dragon Oriental HK$'000	Total HK$'000
Consideration received in cash and cash equivalents	40,000	43,000	83,000

39. DISPOSALS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2013 *(Continued)*

(c) Disposals of equity interests in subsidiaries *(Continued)*

Analysis of assets and liabilities over which control was lost:

	Funa Assets HK$'000	Dragon Oriental HK$'000	Total HK$'000
Current assets			
Other receivables	4	–	4
Tax recoverable	129	–	129
Amount due from immediate holding company	8	181	189
Non-current assets			
Investment property	39,000	30,000	69,000
Current liabilities			
Other payables	(252)	(154)	(406)
Net assets disposed of	38,889	30,027	68,916

Gain on disposals of subsidiaries:

	Funa Assets HK$'000	Dragon Oriental HK$'000	Total HK$'000
Consideration received	40,000	43,000	83,000
Net assets disposed of	(38,889)	(30,027)	(68,916)
Gain on disposal	1,111	12,973	14,084

Net cash inflow on disposals of subsidiaries:

	Funa Assets HK$'000	Dragon Oriental HK$'000	Total HK$'000
Cash consideration received	40,000	43,000	83,000
Less: bank balances and cash disposed of	–	–	–
	40,000	43,000	83,000

40. COMMITMENTS

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

	2014 **HK$'000**	2013 HK$'000
Within one year	**5,400**	4,569
In the second to fifth years inclusive	**3,604**	3,123
	9,004	7,692

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated and rentals are fixed for terms ranging from 1 to 2 years.

(b) The Group had the following significant capital commitments contracted but not provided for in the consolidated financial statements:

	2014 **HK$'000**	2013 HK$'000
Acquisition of property, plant and equipment (including construction in progress)	**132,607**	–

41. PLEDGE OF ASSETS

At 31 December 2014, the bank loan is secured by the Group's held-for-trading investments with fair value of approximately HK$153,704,000 (2013: HK$10,313,000) (Note 24) and pledged bank deposits of approximately HK$4,727,000 (2013: HK$3,947,000) (Note 27).

42. RETIREMENT BENEFITS SCHEMES

For the operations in Hong Kong, the Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees including Directors in Hong Kong. The assets of the Scheme are held separately from those of the Group in funds under the control of the independent trustee. Both the Group and the employees contribute a fixed percent to the Scheme based on their monthly salary in accordance with government regulations. The Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the Scheme. Where there are employees who leave the Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group.

For the operations in the PRC, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

During the year ended 31 December 2014, the total amount contributed by the Group to the Scheme and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$164,000 (2013: HK$141,000). At 31 December 2014, there were no forfeited contributions available for the Group to offset contributions payable in future years (2013: Nil).

43. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into the following significant related party transactions during the current and prior years:

(a) During the year, the Company issues 1,500,000,000 ordinary shares of HK$0.02 each in the share capital of the Company to Mr. Bai Liang, an executive director of the Company at a price of HK$0.1 per share.

(b) During the year, the Company disposed of 9.9% equity interests in Pictures Global Group to Thinker Global Investments Limited (which is wholly-owned by Mr. Jiang You, an executive director and the chief executive officer of the Company) at a cash consideration of US$1.2 million (equivalent to approximately HK$9.3 million).

(c) Compensation of key management personnel (Note 13)

	2014 **HK$'000**	2013 HK$'000
Short-term employee benefits	**24,102**	6,400
Post-employment benefits	**239**	39
	24,341	6,439

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2014

	Year ended 31 December 2014 HK'000	Year ended 31 December 2013 HK'000	Year ended 31 December 2012 HK'000	Year ended 31 December 2011 HK'000	Year ended 31 December 2010 HK'000
Revenue	**63,016**	63,003	17,659	92,775	2,314
Profit/(loss) before tax	**252,237**	(33,558)	(558,152)	(597,460)	111,910
Income tax (expense)/ credit	**828**	(330)	(336)	(1,687)	(269)
Loss from discontinued operation	**–**	–	–	–	(74,263)
Profit/(Loss) for the year	**253,065**	(33,888)	(558,488)	(599,147)	37,378
Profit/(Loss) for the year attributable to:					
Owners of the Company	**255,398**	(18,049)	(418,000)	(522,537)	56,233
Non-controlling interests	**(2,333)**	(15,839)	(140,488)	(76,610)	(18,855)
	253,065	(33,888)	(558,488)	(599,147)	37,378

	As at 31 December 2014 HK'000	As at 31 December 2013 HK'000	As at 31 December 2012 HK'000	As at 31 December 2011 HK'000	As at 31 December 2010 HK'000
Assets and liabilities					
Total assets	**2,237,930**	1,449,699	1,317,599	1,790,348	2,346,209
Total liabilities	**(469,203)**	(394,471)	(392,865)	(448,305)	(388,240)
Net assets	**1,768,727**	1,055,228	924,734	1,342,043	1,957,969
Capital and reserves					
Total equity attributable to equity shareholders of the Company	**1,759,506**	996,086	824,188	1,277,567	1,818,663
Non-controlling interests	**9,221**	59,142	100,546	64,476	139,306
Total Equity	**1,768,727**	1,055,228	924,734	1,342,043	1,957,969