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 Report
2013

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

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
The Landmark
11 Pedder Street, Central
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 509, 5th Floor
Town Health Technology Centre
10-12 Yuen Shun Circuit, Siu Lek Yuen
Shatin, New Territories, Hong Kong

PRINCIPAL BANKERS

Dah Sing Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
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 have great pleasure to present to you the annual report for the year ended 31 December 2013. During the reporting period, by managing the complex and ever-changing photovoltaic ("PV") market, Jun Yang Solar focused on the operations of current projects and strengthened the strategies of its core business, thereby achieving the revenue growth of approximately 257% and approximately 96% drop in loss.

RESULTS PERFORMANCE

For the year ended 31 December 2013, Jun Yang Solar recorded revenue of approximately HK$63,003,000 (2012: approximately HK$17,659,000). Loss attributable to owners of the Company amounted to approximately HK$18,049,000 (2012: approximately HK$418,000,000).

IMPROVEMENT OF ENVIRONMENT

To contain the worsening pollution problem, the People's Republic of China (the "PRC") government has set the PV industry as the key leading the development direction of the new energy industry in future. Since 2013, the PRC government has started to promulgate a series of policies to encourage the development of the PV power generation industry, a move which in turn is beneficial to the PV industry.

BUSINESS PERFORMANCE

In 2013, Jun Yang Solar continued to focus on the development of downstream solar power generation business, and made solid achievements in project operations.

– The 10-megawatt large-scale solar PV ground-mounted grid-connected power station in Golmud, Qinghai Province was completed and put into operation. The total power generation for 2013 was 13,120,000 kilowatt-hour ("kWh") and is expected to further increase to 15,000,000 kWh in 2014;

– The 20-megawatt rooftop power station project in Xuchang and the 1.5-megawatt rooftop power station project in Zhengzhou, both in Henan Province, under the "Golden Sun Demonstration Project" of the government, received the final approval of the Golden Sun Projects from the Ministry of Finance in the first half of 2013, and completed the grid supervision and grid connection procedures in the second half of the year. The total power generation of the two projects for 2013 was 2,090,000 kWh and strives to achieve power generation of 12,000,000 kWh in 2014.

On 20 May 2013, the board of directors of the Company announced that 北京君陽投資有限公司 (in English, for identification purpose only, Beijing Jun Yang Investment Company Limited), a non wholly-owned subsidiary of the Company, had entered into a memorandum of understanding (the "Memorandum") with 北京三吉利能源股份有限公司 (in English, for identification purpose only, Beijing Sanjili Energy Co., Ltd.) in relation to the possible cooperation in developing new energy projects (including gas-based and solar PV power projects) in the PRC. Pursuant to the Memorandum, both parties agreed to cooperate in developing new energy projects in three aspects, namely distributed gas-based power generating projects, distributed solar PV power generating projects and other potential new energy projects.

CHAIRMAN'S STATEMENT

On 11 October 2013, Top Sense Worldwide Ltd, a wholly-owned subsidiary of the Company, entered into a joint venture ("JV") agreement pursuant to which the JV parties have conditionally agreed to set up a JV Company, through which a Hong Kong company and a wholly foreign-owned enterprise will be set up separately in the PRC. It is the intention of the JV Parties that the JV Company will, indirectly through the wholly foreign-owned enterprise, engage in the money lending business in the PRC subject to compliance with the relevant legal/regulatory requirements. Through expanding into the money lending business, the Group has effectively utilized its cash reserves. With the money lending business in Hong Kong and the PRC, the Group has formed a complete business chain for its financial money lending business. As such, the Group has diversified its income sources and, as more resources are available for the PV business, enhanced its competitiveness.

BUSINESS PROSPECTS

Looking forward, in the light of the complete and supportive government policies for the promotion of PV power generation business, the Group will continue to focus on the development of solar PV power generation business with the aim of becoming a globally-leading independent solar power generation company on top of its excellent foundation of existing projects. The management is confident that, with the Group's strategic development vision, diversified business model and a seasoned management and operation team, the Group will fortify its leading position in the industry, contributing to development of clean energy in the PRC and improvement of the living environment for human beings.

Last but not least, on behalf of the board of directors of the Company, I would like to take this opportunity to express heartfelt thanks to all fellow colleagues of Jun Yang Solar for their dedication and diligence, and to our partners, shareholders and investors for their loyalty. In 2014, by taking solid business moves, Jun Yang Solar will secure opportunities aggressively to create sustainable and stable returns for our supporting shareholders and investors.

I hereby extend sincere thanks to all of you!

Bai Liang
Chairman
24 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2013, the Company and its subsidiaries (the "Group") recorded revenue of approximately HK$63,003,000 (2012: approximately HK$17,659,000), increased by approximately 257% year over year. Of it, approximately HK$42,288,000, or approximately 67% was from the solar power main business. However, there was a substantial drop in the market price of the main components of the photovoltaic ("PV") power stations construction in recent years. It reduced the construction costs of new power stations while also led to the impairment loss of property, plant and equipment in the built-up power stations. For the year ended 31 December 2013, the Company recorded a total impairment loss on property, plant and equipment of approximately HK$59,020,000. This non-cash impairment loss has had no significant adverse impact on the Company's business operations. For the year ended 31 December 2013, loss attributable to owners of the Company amounted to approximately HK$18,049,000 (2012: approximately HK$418,000,000). The Company has stable cash flows and holds pledged bank deposits and cash and cash and cash equivalents of approximately HK$212,547,000 (2012: approximately HK$260,411,000). In addition, the Group holds loan receivables of approximately HK$226,342,000 (2012: approximately HK$67,300,000) and held-for-trading investments of approximately HK$366,313,000 (2012: approximately HK$286,982,000).

Continuous growth in energy demand propelled by the economic growth in the PRC

Against the macro-environment of lingering financial crisis around the globe, the People's Republic of China (the "PRC") managed to sustain a relatively strong economic growth momentum in 2013. According to the figures released by the National Bureau of Statistics of the PRC in early January 2014, the PRC achieved an economic growth of 7.7% in 2013, meeting the planned growth target.

The constant economic growth and accelerated urbanisation of the PRC are interdependent with its energy development. The energy demand is mainly reflected by consumption of electricity. The National Energy Administration announced that in 2013 the social consumption of electricity in the PRC totalled approximately 5.32 trillion kilowatt-hour ("kWh"), representing a year-on-year growth of 7.5%, which was much higher than that of 2012. Such growth rate showed the demand for energy, as represented by electricity, for supporting people's production and livelihood had been on the rise.

However, in pace with energy consumption, the severe pollution brought by traditional forms of energy is endangering people's lives and health. Smog, the main concern of the PRC government, mainly caused by the high concentration of air pollutants which can hardly spread in heavy fog, leads to visibility reduction. In 2013, the average number of smoggy days hit its highest record in 52 years. Not only becoming more persistent, the smog also affected more extensive areas.

MANAGEMENT DISCUSSION AND ANALYSIS

The development of new energy sources becomes irresistible

To foster sustainable development and to solve the pollution problem from its roots, the PRC government promulgated a series of policies favourable to new energy sources, including continuous support for solar PV and wind power generation projects etc. The State Council clearly stated the PV industry was going to be the major direction of the new energy industry in the future. Throughout the year of 2013, the government has promulgated more than a dozen policy initiatives for the PV industry, at a frequency and enthusiasm exceeding the expectation of the industry, showing the determination of the government to develop the PV industry. As an indispensable source of new energy, PV power generation, distributed PV power generation in particular, will continue to be a beneficiary. Given that, the Group will strengthen its business development plan in due course to take the opportunities of the rapid development of the PV industry.

Distributed PV power generation changes the pattern of energy production and consumption

Self-generation and self-consumption is the main feature of distributed PV power generation. By installing PV equipment on the rooftops of factories, schools, hospitals, government agencies and buildings in the community, self-supply of power can be achieved, prevailing over the traditional centralised energy system, which relies on large-scale power generation plants and long-distance high voltage transmission cables. This brings solid support to the development of clean energy. Therefore, distributed PV power generation is revolutionary in the pattern of energy production and consumption.

The PRC government released favourable policies and gave clear direction for the development of distributed PV power generation.

《關於開展分布式光伏發電應用示範區建設的通知》("Notice regarding the Commencement of Establishment of Demonstration Areas for Application of Distributed PV Power Generation") was issued by the National Energy Administration in August last year to extend the application of distributed PV power generation. Based on the implementation proposal related to the demonstration areas given by each related province (county and city), the first list of demonstration areas for distributed PV power generation was confirmed. Following the launch of the policy of demonstration areas, the subsidy policies for Golden Sun PV Investment came to an end. The Ministry of Finance announced in June 2013 the audit of "Golden Sun Demonstration Projects". With our dedication to the development of solar PV projects and the effective use of subsidies, all the projects of the Group have successfully fulfilled all the conditions for the settlement of subsidies.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2013, the central government granted sufficient subsidies to support the development of distributed solar energy. A series of documents were issued by the State Council, the National Development and Reform Commission ("NDRC") and the Ministry of Finance, which include《關於促進光伏產業健康發展的若干意見》("Several Opinions on Promoting the Sound Development of PV Industry"),《分布式發電管理暫行辦法》("Measures for the Administration of Distributed Power Generation"), and《關於分布式光伏發電實行按照電量補貼政策等有關問題的通知》("Notice regarding the Subsidies to the Distributed PV Power Generation according to the Quantity of Power"). In August, the NDRC released《關於發揮價格槓桿作用促進光伏產業健康發展的通知》("Notice regarding the Promotion of Sound Development of PV Industry through the Leverage of Pricing") ([2013] No. 24) and《關於調整可再生能源電價附加標準與環保電價的有關事項的通知》("Notice regarding the Adjustment in the Levying Standard for Renewable Energy Surcharges and Issues in relation to Environmental Friendly Energy Tariff") ([2013] No. 1651). Pursuant to the new subsidy policies, the subsidies are granted based on every kWh of power generated, i.e. RMB0.42 per kWh for distributed PV power stations. The levying standard for renewable energy surcharge increased from RMB0.8 cent per kWh to RMB1.5 cents per kWh. These policies have clearly set out the implementation of subsidies for distributed PV power generation projects, demonstrating that the policies related to PV subsidies and grid connections of the PRC government have been improving.

Meanwhile, various tax policies favouring the development of PV industry have been promulgated. The Ministry of Finance promulgated《關於光伏發電增值税政策的通知》("Notice regarding the Value-added Tax Policies on PV Power Generation") in September 2013, and the PV power generation has enjoyed an immediate value-added tax rebate of 50% since October of the same year. In November,《關於對分布式光伏發電自發自用電量免徵政府性基金有關問題的通知》("Notice Regarding the Exemption of Governmental Charges for Self-generation and Self-consumed Electricity of Distributed PV Power Generation") issued by the Ministry of Finance further defined the policies in relation to the exemption of governmental charges and taxes for distributed PV generation which substantially reduced the tax burden of PV power generation and greatly improved its profitability, facilitating the extension of the application of distributed PV power generation.

Moreover, the National Energy Administration and China Development Bank has jointly issued《關於支持分布式光伏發電金融服務的意見》("Opinions on Financial Services to Support Distributed PV Power Generation"). The objective of which was encouraging social investment through financial leveraging so as to encourage investments in distributed PV power generation. The policy also clarified the direction, targets and conditions of financial support for distributed PV power generation, enabling a more coordinated market development.

In 2013, with the unprecedented priority given by the government to the development of PV industry and the substantial improvement in the external investment environment, the Group enjoyed an upturn in operating conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Jun Yang solar PV power stations entering the harvest era

In respect of new energy business, the Group continued to operate three PV power stations projects commenced in 2012 and generated revenue:

– **Large-scale ground-mounted grid-connected power station project in Golmud, Qinghai Province**

  The 10-megawatt large-scale solar PV ground-mounted power station project invested by the Group in Golmud, Qinghai Province was completed and put into operation to generate electricity. The total power generation for 2013 was 13,120,000 kWh and electricity loss due to power grids limit was approximately 5-6% of power generation. The Group underwent technical revamp of the project during the period to guarantee that power generation were up to standard. The electricity tariffs subsidy of the project for power generation in 2012 was received in full in August 2013, and the electricity tariffs subsidy of the project for power generation for the first six months of 2013 in an amount of RMB4.7 million was received in December 2013. Through the 2-year operation, the project team has gained extensive experience in technologies and management experience associated with large scale ground-mounted power station operation. The Group expected power generation of the project will further increase in 2014 and achieve power generation of 15,000,000 kWh.

– **20-megawatt and 1.5-megawatt rooftop power station projects in Xuchang and Zhengzhou, Henan Province**

  Both the 20-megawatt and 1.5-megawatt rooftop power station projects in Xuchang and Zhengzhou, Henan Province are demonstration projects of the government under the "Golden Sun Demonstration Project". Both projects received the final acceptance of the Golden Sun Projects from the Ministry of Finance in the first half of 2013, and completed the acceptance of grid supervision and the grid connection in the second half of the year. During the year under review, the operator, the grid company and consumers of the power station projects in Xuchang and Zhengzhou, Henan Province, have respectively entered into a tripartite agreement. Since 2013, PV power stations have been put into operation to generate electricity, and the first batch of electricity tariffs of the project has been duly received, outperformed its peers in the PRC in terms of development. As of the end of December 2013, the total power generation of the two projects was 2,090,000 kWh, of which 530,000 kWh was on-grid high voltage electricity. The project strives to achieve power generation of 12,000,000 kWh in 2014.

The Group's strategic projects reserve mainly comes from the PV investment subsidy policies under the "Golden Sun Project". In the first half of the year under review, the Chinese government halted the approval of subsidy policies under the "Golden Sun Project", and the first list of demonstration areas for distributed PV power generation was only confirmed in the second half of the year and the new subsidy policies granting subsidies based on power generation were introduced. Given the short notice of the new policy, additional time was needed for the creation and approval of subsidies for the Group's new projects. Therefore, there was no new construction of PV power station in 2013. Nevertheless, the Group has been studying the new policies actively, and will establish new projects and expand the reserve for existing projects in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

Progress of memoranda and framework agreements

In 2013, the Group has entered into various memoranda of understanding and framework agreements with a number of domestic and foreign partners in order to give fresh vigour to the development of the PV power business.

At the beginning of 2013, the Group entered into a memorandum for the development of 20-megawatt of PV power stations with 寧夏眾力科技園有限公司 (in English, for identification purpose only, Ningxia Zhongli Science & Technology Park Co., Ltd). In addition, the Group has also entered into a memorandum of understanding for the development of 60-megawatt rooftop solar PV power stations project with Xuchang Municipal People's Government in Xuchang, Henan Province. These two projects originally intended to apply the subsidies given to the National Golden Sun Projects. However, according to the new PV policy in relation to subsidy based on quantity of power, these two projects need to be carried out in accordance with government policy after the project application. In March 2013, the Group and Zhongxing Energy (Shenzhen) Company Limited entered into a framework agreement, which was conditional upon the completion of the audit of the acquisition project according to《金太陽清算示範工程財政補助金的通知》("Notice on auditing the financial subsidies given to Golden Sun Demonstration Projects").

Moreover, 北京君陽投資有限公司 (in English, for identification purpose only, Beijing Jun Yang Investment Company Limited) ("Beijing Jun Yang"), a non wholly-owned subsidiary of Jun Yang Solar, entered into a share subscription agreement with 北京三吉利能源股份有限公司 (in English, for identification purpose only, Beijing Sanjili Energy Co., Ltd.) ("Beijing Sanjili") in July 2013 pursuant to which Beijing Jun Yang agreed to subscribe for 350,000,000 shares of Beijing Sanjili at a price of RMB1.5015 per share. The Board also announced that, on 20 May 2013, Beijing Jun Yang had entered into a memorandum with Beijing Sanjili in relation to the potential cooperation in new energy projects (including gas-based and solar PV power generation projects) in the PRC.

However, Jun Yang Solar was subsequently informed by Beijing Sanjili that certain terms of the share subscription, in particular, the share subscription price and the reference date on which the share subscription price was determined shall be revised in light of the remarks made by the approving authority (the State-owned Assets Supervision and Administration Commission of the State Council). The revised subscription price might be increased to RMB2.5 per subscription share. After careful consideration on whether the subscription price was in the best interest of the shareholders of the Company, the Group did not proceed with the acquisition. The memorandum entered into by Beijing Jun Yang and Beijing Sanjili in relation to the cooperation in new energy projects was still under research and negotiation.

In November last year, the Company announced that a memorandum was entered into with Lightway Power Holdings Limited ("Lightway") in relation to the possible investment by the Company in Lightway. However, no formal agreement regarding the investment has been duly entered into by the parties thereto.

Outstanding performance of money lending business

Since large amount of cash was reserved for the investment in PV power stations, the Group made a move to money lending business through the acquisition of E Finance Limited in September 2012 with the aim of using the cash resources effectively. The Group's lending business achieved outstanding performance, as noted from the aggregated sum of approximately HK$336,250,000 for the twelve months ended 31 December 2013. The business enabled the Group to diversify the sources of income and provide additional resources to finance our core PV business, which in turn enhanced the Group's competitive edges.

In October 2013, Top Sense Worldwide Ltd, a wholly-owned subsidiary of the Company, entered into a joint venture ("JV") agreement and also further set up a Hong Kong company and a wholly foreign-owned enterprise in the PRC to conduct money lending business in the PRC indirectly through the wholly foreign-owned enterprise. The Group considered that the entering into of the JV agreement with the JV partners would allow the Group to, upon establishment of the wholly foreign-owned enterprise, invest into the money lending business in the PRC. Furthermore, by making use of the advantages of the capital contribution of the JV partners, the Group, through the strategic alliance, will be able to tap into opportunities.

In early December 2013, the Group announced that a sale and purchase agreement was entered into in relation to the proposed acquisition of 20% of the shares of Asia Credit Monitors (Holdings) Limited at a consideration of HK$40,000,000. An ordinary resolution in respect of the said acquisition was duly passed by way of poll by the shareholders of the Company at the special general meeting held on 3 March 2014. The Board will implement and take appropriate action in accordance with the relevant resolution and the sale and purchase agreement.

BUSINESS PROSPECTS

During the year under review, the PRC government has been promoting complementary policies in full swing to offer strong support to the development of solar PV in the PRC with an aim of coping with the anti-dumping duties on Chinese solar panel manufacturers imposed by Europe and America, and to step up the development of new energies to combat deteriorating pollution problems. Going ahead in 2014, the PV industry will enjoy the benefits of the advantageous policies and develop in a robust yet orderly manner.

In the National Energy Work Conference conducted earlier this year, the National Energy Administration confirmed that the newly installed PV capacity in 2014 is going to be 14 gigawatts, 17% higher than the previous target of 12 gigawatts. Within the planned capacity of 14 gigawatts, 8.4 gigawatts are for distributed power stations, accounting for 60%; and 5.6 gigawatts are for ground-mounted power stations, accounting for 40%. As the government encourages "self-generation and self-consumption", the distributed PV capacity will be used as an indicator in the appraisal of local governments and power grid enterprises. The period for implementing the feed-in-tariffs and subsidies is 20 years and the development of PV is going to be buttressed through adjustments in additional tariffs for renewable energy. The accounts of ground-mounted power stations are settled on a monthly basis by power grids and power generation enterprises and the subsidies on distributed projects are transferred by power grids on a monthly basis. Besides, the central government encourages local governments to promote the application of PV power generation by utilizing local fiscal budgets. This serves as an unquestionable sign indicating the continuous support of the PRC government towards the development of the PV industry – the PV construction in the PRC has reached its height.

In view of this, the Group has formulated refined development strategies and endeavoured to become a leading independent solar power generator in the world. To meet the target, we will focus on our solar PV business and fulfill the development goal by searching for business partners globally for joint development and construction of solar power generation projects.

– **Ongoing projects**

  In 2014, the 10-megawatt large-scale grid-connected power station project in Golmud, Qinghai Province, the 20-megawatt rooftop power station project in Xuchang, Henan Province, and the 1.5-megawatt rooftop power station project in Zhengzhou, Henan Province, which continue to be operated by the Group, will enter the stage of complete operation. United, our professional team will manage the three projects sophisticatedly. By strategic planning and operation, we ensure safety operations yet achieving an increase of power generation capacity and production capacity of the power stations, which will accelerate the recovery of capital and increase the revenue. The Group has set up a goal of power generation capacity in 2014 for these three projects, which will be implemented following the schedule.

– **Projects in the future**

  In addition, the Group will develop the existing project reserves strategically with clear planning and at the same time strive to add in new project reserves. We will consider acquiring projects with favourable conditions and satisfactory investment returns in order to expand the project portfolio and optimise the resource allocation. Apart from internal development, the Group will also seek business partners with rich resources in the country and solid experience in the industry to discuss the possibilities of joint development to create a win-win situation. Upholding the doctrine of "maintaining the foothold locally while seeking for chances globally", the Group will, if there are befitting international PV power station projects, invest in those with excellent return after progressive appraisal.

In 2014, we will continue our endeavours in drawing lessons from the experience in the ongoing projects, expanding our markets, seeking opportunities by seizing the golden chance of the state's plan of "developing clean, green energy with all efforts". Blessed with the delightful return of our existing projects, strategic development prospects, diversified business operations and an experienced management team, we believe that the Group has been at the forefront of the solar PV industry. Added with the encouraging state policies, we would be able to gather strong momentum and create stable and long-term return to our shareholders in the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group held pledged bank deposits and cash and cash equivalents of approximately HK$212,547,000 (2012: approximately HK$260,411,000). Net current assets amounted to approximately HK$564,813,000 (2012: approximately HK$479,371,000). Current ratio (defined as total current assets divided by total current liabilities) was 3.24 times (2012: 2.92 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 27% (2012: 30%).

As at 31 December 2013, the Group had outstanding bank borrowings of approximately HK$10,957,000 (2012: Nil). 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 borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 31 December 2013, the Group had shareholders' equity of approximately HK$177,888,000 (2012: approximately HK$126,180,000).

On 21 February 2013, the Company allotted and issued 841,156,626 new shares of HK$0.02 each in the share capital of the Company (the "Shares"), at the price of HK$0.133 per Share, pursuant to the sale and purchase agreement dated 16 January 2013 entered into between the Company and six individuals in relation to the acquisition of the 2015 due zero coupon convertible bonds issued by Computech Holdings Limited, further details of which are set out in the announcement of the Company dated 16 January 2013.

On 26 March 2013, the Company allotted and issued 264,281,196 new Shares, at the price of HK$0.16 per Share, pursuant to the sale and purchase agreement dated 17 January 2013 entered into between the Company and the vendors in relation to the acquisition of 4,000 shares of US$1.00 each, representing approximately 11.247% of the issued share capital of Jun Yang Solar Power Investment Holdings Limited, a non wholly-owned subsidiary of the Company, further details of which are set out in the announcement of the Company dated 17 January 2013.

On 28 November 2013, the Company allotted and issued 1,480,000,000 placing Shares at the placing price of HK$0.07 per placing Share pursuant to the placing agreement dated 14 November 2013 entered into between the Company and a placing agent, further details of which are set out in the announcement of the Company dated 14 November 2013.

Save as disclosed above, there was no movement in the issued share capital of the Company during the year ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP ASSETS

As at 31 December 2013, certain Group's bank deposits and held-for-trading investments with carrying value of approximately HK$3,947,000 and HK$10,313,000 respectively were pledged to secure general bank facilities granted to the Group.

As at 31 December 2012, certain Group's investment properties with carrying value of HK$121,000,000 were pledged to secure general bank facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group employed approximately 59 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.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Bai Liang, aged 46, 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 of the subsidiaries of the Company and the legal representative of a subsidiary 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. Jiang You, aged 55, has been the chief executive officer of the Company and an executive Director since 22 January 2013. He is also a director and the legal representative of a subsidiary of the Company. He 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, Mr. Jiang obtained a Master of Business Administration from Macau University of Science and Technology. From 1998 to 2005, he 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, Mr. Jiang 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, Mr. Jiang was the chief executive officer of GCL Solar Energy Technology Holdings Inc. From September 2009 to October 2012, Mr. Jiang 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 49, has been an executive Director since 10 October 2011. He is also the company secretary of the Company and a director of a number of subsidiaries of the Company. Mr. Siu graduated from the City University of Hong Kong with a bachelor degree in accountancy. Mr. Siu 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 24 years of working experience in auditing, accounting, company secretarial and corporate finance. Mr. Siu is currently an independent non-executive director of four companies whose shares are listed on the Stock Exchange, namely China New Economy Fund Limited (stock code: 0080), Wang On Group Limited (stock code: 1222), Deson Development International Holdings Limited (stock code: 262) and Oriental Unicorn Agricultural Group Limited (stock code: 8120).

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Peng Libin, aged 48, has been an executive Director since 14 January 2013. He is also a director 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. Peng was an executive director of Apollo Solar Energy Technology Holdings Limited (currently known as Hanergy Solar Group Limited) (stock code: 566), the shares of which are listed on the Stock Exchange, from 25 November 2009 to 12 December 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 47, 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. Mr. Chan is a practicing 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), both of which are companies listed on the Stock Exchange. Mr. Chan is also an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), China Gamma Group Limited (stock code: 164), China Sandi Holdings Limited (stock code: 910), 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.

Mr. Chik Chi Man, aged 59, 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 46 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, 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.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam Wing Tai, aged 47, 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 is the financial controller of Astrum Capital Management Limited. He studied accounting at the Australian National University and obtained a bachelor degree in commerce in 1991. Mr. Lam 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 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 (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 Guangdian, aged 52, currently the Investor Relations Director of the Company. He is also a director of a number of 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 and hold senior management position in Apollo Solar Energy Technology Holdings Limited (currently known as Hanergy Solar Group Limited) (stock code: 566) and GST Holdings Limited. He joined the Group in February 2013.

Mr. Liu Hui, aged 39, currently a director and the Vice President of a subsidiary of the Company. Mr. Liu has over 17 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 7 years of management experience in solar related industry. He joined the Group in November 2011.

Mr. Wu Yongli, aged 51, 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 31 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 45, currently a director and the legal representative of a subsidiary 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.

CHANGES IN INFORMATION OF DIRECTORS

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. Jiang You	– the total emoluments for the year ended 31 December 2013 was approximately HK$2,511,000
Mr. Siu Kam Chau	– appointed as the company secretary of the Company with effect from 18 February 2014
	– appointed as an independent non-executive director of Deson Development International Holdings Limited (stock code: 262), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 14 March 2014
	– the total emoluments increased by approximately HK$45,000 to approximately HK$2,258,000 compared to the year ended 31 December 2012
Mr. Chan Chi Yuen	– resigned as the chairman and an executive director of Kong Sun Holdings Limited (stock code: 295), the shares of which are listed on the Stock Exchange, with effect from 30 September 2013
	– appointed as an executive director of South East Group Limited (stock code: 726), the shares of which are listed on the Stock Exchange, with effect from 20 December 2013
Mr. Lam Wing Tai	– appointed as an independent non-executive director of Universe International Holdings Limited (stock code: 1046), the shares of which are listed on the Stock Exchange, with effect from 16 October 2013
	– appointed as the company secretary of Gamma Logistics Corporation (stock code: 8310), the shares of which are listed on the Stock Exchange, with effect from 1 April 2014

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 2013 (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 21 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 9 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 36 to 135 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$1,445,500.

SUBSIDIARIES

Details of acquisition/disposals of subsidiaries during the Year are set out in notes 37 and 38 respectively to the consolidated financial statements.

Details of the Company's principal subsidiaries as at 31 December 2013 are set out in note 21 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately HK$16,972,000 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 18 to the consolidated financial statements.

REPORT OF THE DIRECTORS

INVESTMENT PROPERTIES

Particulars of investment properties of the Group are set out in note 19 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 33 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 34 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 41 and 42 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in note 36 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2013, 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 39% of the turnover of the Group and the largest customer accounted for approximately 14% of the turnover of the Group while the largest supplier accounted for approximately 66% of the Group's total purchases.

As far as the Directors are aware, none of the Directors, their 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.

REPORT OF THE DIRECTORS

BANK BORROWINGS

Details of bank borrowings of the Group are set out in note 31 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)*	(appointed on 22 January 2013)
Mr. Siu Kam Chau	
Mr. Peng Libin	(appointed on 14 January 2013)
Mr. Lawrence Tang	(resigned with effect from 4 October 2013)
Mr. Xue Feng	(resigned with effect from 14 January 2013)
Independent Non-executive Directors	
Mr. Chan Chi Yuen	
Mr. Chik Chi Man	
Mr. Lam Wing Tai	(appointed on 2 October 2013)
Mr. Yu Chun Fai	(resigned with effect from 2 October 2013)

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. Siu Kam Chau, Mr. Peng Libin and Mr. Chan Chi Yuen 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.

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 14 to 16 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 14 and 15 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

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 17 January 2013, the Company entered into the sale and purchase agreement (the "SP Agreement") with Mr. Bai Liang, Mr. Duan Lun and Mr. Liu Xinglang as vendors (collectively, the "Vendors") pursuant to which the Company has conditionally agreed to acquire, and each of the Vendors has conditionally agreed to sell a total of 4,000 shares of US$1.00 each in the share capital of Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Holdings"), representing approximately 11.247% of the issued share capital of Jun Yang Holdings, at a consideration of HK$42,284,991.36. Subject to the fulfilment of the conditions precedent to the completion of the SP Agreement, the consideration will be satisfied by the Company allotting and issuing, credited as fully paid, of 264,281,196 consideration shares to the Vendors.

   As at the date of the SP Agreement, one of the Vendors, Mr. Bai Liang, was an executive Director and the Chairman of the Company and the other Vendors, namely Mr. Duan Lun and Mr. Liu Xinglang, were respectively, the nephew and father-in-law of Mr. Peng Libin, an executive Director. As such, all the Vendors are connected persons of the Company within the meaning of the Listing Rules and therefore, the said acquisition constituted a connected transaction for the Company and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The SP Agreement and the transactions contemplated thereunder were approved at the special general meeting of the Company held on 22 March 2013 and completion of the transactions took place on 26 March 2013. Details of the SP Agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated 17 January 2013 and the circular of the Company dated 5 March 2013.

2. On 23 January 2013, the Company entered into the subscription agreement (the "Subscription Agreement") (as varied and supplemented by the supplemental agreement dated 2 July 2013) with Sense Lights Group Limited (the "Subscriber"), a company incorporated in the British Virgin Islands with limited liability and owned as to 95% in aggregate by the executive Directors as at the date of the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 2,466,000,000 subscription shares (the "Subscription Shares") at the subscription price of HK$0.15 per Subscription Share.

As the Subscriber is beneficially owned as to 95% by the executive Directors in aggregate as at the date of the Subscription Agreement, the Subscriber is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Therefore, the subscription of the Subscription Shares by the Subscriber 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.

On 25 September 2013, the board of Directors informed to the shareholders of the Company (the "Shareholders") and potential investors that since the conditions precedent to the subscription had not been fully satisfied on or before five days prior to the extended completion date, the Subscription Agreement (as amended and varied by the supplemental agreement dated 2 July 2013) lapsed. Neither party to the Subscription Agreement should have any obligations and liabilities towards each other.

Details of the Subscription Agreement and the transactions contemplated thereunder are set out in the announcements of the Company dated 23 January 2013, 5 June 2013 and 2 July 2013 respectively and the circular of the Company dated 30 April 2013.

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

As at 31 December 2013, 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	132,140,598 *(Note)*	1.49%
	Deemed interest pursuant to section 317 of the SFO	264,281,196 *(Note)*	2.97%
Mr. Peng Libin	Beneficial owner	3,400,000	0.04%

Note: Pursuant to the sale and purchase agreement dated 17 January 2013 (the "SP Agreement") entered into between the Company and Mr. Bai Liang, Mr. Duan Lun and Mr. Liu Xinglang (the "Vendors") in relation to the acquisition of 4,000 shares of US$1.00 each in the share capital of Jun Yang Solar Power Investment Holdings Limited by the Company, an aggregate of 264,281,196 shares of the Company (the "Shares") were allotted and issued to the Vendors to satisfy the consideration for such acquisition. The 264,281,196 Shares comprise (i) 132,140,598 Shares held by Mr. Bai Liang as beneficial owner; (ii) 66,070,299 Shares held by Mr. Duan Lun as beneficial owner; and (iii) 66,070,299 Shares held by Mr. Liu Xinglang as beneficial owner. Mr. Bai Liang being a party to the SP Agreement, was deemed to be interested in the Shares in which the other parties to the SP Agreement (being Mr. Duan Lun and Mr. Liu Xinglang) were interested for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2013, 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 34 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 34 to the consolidated financial statements.

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 2013, 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 as at 31 December 2013
Tam Siu Ki	Beneficial owner	740,217,830	8.32%

Save as disclosed above, as at 31 December 2013, 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.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 43 to the consolidated financial statements.

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.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the corporate governance report on pages 26 to 33 of this annual report.

AUDITORS

The consolidated financial statements for the year ended 31 December 2013 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. 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.

The consolidated financial statements for the year ended 31 December 2011 were audited by HLB Hodgson Impey Cheng. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years.

On behalf of the Board

Bai Liang
Chairman
24 March 2014

CORPORATE GOVERNANCE REPORT

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 2013 (the "Year"), except that under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The post of the chief executive officer of the Company was vacant during the period from 1 January 2013 to 21 January 2013 and the job responsibilities of the chief executive officer of the Company were discharged by the executive Directors collectively. The Company has appointed Mr. Jiang You as an executive Director and chief executive officer of the Company on 22 January 2013.

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 seven members, four of which are executive Directors, namely Mr. Bai Liang (the Chairman of the Board), Mr. Jiang You (Chief Executive Officer), Mr. Siu Kam Chau and Mr. Peng Libin. 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 14 to 16 of this annual report.

The Board held four 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	3/3
Mr. Jiang You *(Chief Executive Officer)* (appointed on 22 January 2013)	3/3	1/1	3/3
Mr. Siu Kam Chau	4/4	1/1	3/3
Mr. Peng Libin (appointed on 14 January 2013)	3/3	1/1	3/3
Mr. Lawrence Tang (resigned with effect from 4 October 2013)	3/3	1/1	3/3
Mr. Xue Feng (resigned with effect from 14 January 2013)	1/1	0/0	0/0
Independent non-executive Directors			
Mr. Chan Chi Yuen	4/4	1/1	3/3
Mr. Chik Chi Man	4/4	1/1	3/3
Mr. Lam Wing Tai (appointed on 2 October 2013)	1/1	0/0	0/0
Mr. Yu Chun Fai (resigned with effect from 2 October 2013)	3/3	1/1	3/3

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company has arranged a training course conducted by the professional firm in December 2013 relating to the Listing Rules. Mr. Bai Liang, Mr. Jiang You, Mr. Siu Kam Chau, Mr. Peng Libin, Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai attended this seminar.

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 meeting attended/eligible to attend**
Mr. Lam Wing Tai *(Chairman)* (appointed on 2 October 2013)	1/1
Mr. Chan Chi Yuen	1/1
Mr. Chik Chi Man	1/1
Mr. Yu Chun Fai (resigned with effect from 2 October 2013)	0/0

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 composition (including the skills, knowledge and experience) 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 and composition of the Board, recommended to the Board on relevant matters relating to the appointment of Directors and recommended to the Board on the adoption of the Board Diversity Policy and the revised terms of reference of the Nomination Committee.

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 (appointed on 2 October 2013)	0/0
Mr. Yu Chun Fai (resigned with effect from 2 October 2013)	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 2012 and the unaudited financial statements for the six months ended 30 June 2013 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 2014, the Audit Committee reviewed the Group's audited financial statements for the year ended 31 December 2013 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 (appointed on 2 October 2013)	0/0
Mr. Yu Chun Fai (resigned with effect from 2 October 2013)	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	600
Non-audit services	
Acting as reporting accountants to report on certain financial information in connection with the Company's circulars	840
Total	1,440

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 2013. 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 34 to 35 of this annual report.

The consolidated financial statements for the year ended 31 December 2013 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. During the Year, the Company Secretary has taken no less than 15 hours of relevant professional training. 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.

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 Room 509, 5th Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, 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) 2212 1117, or mail to Room 509, 5th Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong. Shareholders may call the Company at (852) 2212 1100 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 Room 509, 5th Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, 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.

INDEPENDENT AUDITORS' REPORT

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 36 to 135, which comprise the consolidated and company statements of financial position as at 31 December 2013, 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.

INDEPENDENT AUDITORS' REPORT

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 2013, and of the Group's loss 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, 24 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013 HK$'000**	2012 HK$'000
Revenue	8	**63,003**	17,659
Cost of sales		**(13,029)**	(2,247)
Gross profit		**49,974**	15,412
Other income and gains	10	**25,444**	4,043
Employee benefits expense	13	**(26,455)**	(12,234)
Depreciation of property, plant and equipment	18	**(2,493)**	(60,024)
Gain/(loss) arising on change in fair value of held-for-trading investments		**8,996**	(176,113)
Gain arising on change in fair value of derivative financial instruments		**1,853**	663
Gain on disposals of subsidiaries	38	**14,084**	29,147
Gain on disposals of associates	22	**9,610**	–
Impairment loss of property, plant and equipment	18	**(59,020)**	(315,193)
Impairment loss of available-for-sale investments		**(4,317)**	–
Impairment loss of goodwill	20	**(2,941)**	–
Gain arising on change in fair value of investment properties	19	**–**	23,100
Write-down of inventories		**–**	(2,400)
Selling and distribution expenses		**–**	(1,186)
Finance costs	11	**(155)**	(9,432)
Other operating expenses		**(39,006)**	(35,740)
Impairment loss of interests in associates	22	**–**	(28,567)
Share of results of associates	22	**(9,132)**	10,372
Loss before tax		**(33,558)**	(558,152)
Income tax expense	12	**(330)**	(336)
Loss for the year	13	**(33,888)**	(558,488)

	Notes	2013 HK$'000	2012 HK$'000
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**7,049**	5,139
Release of translation reserve upon disposals of subsidiaries		**–**	(25,976)
Share of other comprehensive income of associates		**153**	–
Other comprehensive income/(expense) for the year, net of income tax		**7,202**	(20,837)
Total comprehensive expense for the year		**(26,686)**	(579,325)
Loss for the year attributable to:			
Owners of the Company	16	**(18,049)**	(418,000)
Non-controlling interests		**(15,839)**	(140,488)
		(33,888)	(558,488)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(10,880)**	(437,823)
Non-controlling interests		**(15,806)**	(141,502)
		(26,686)	(579,325)
Loss per share			
– Basic (HK cents per share)	17	**(0.23)**	(6.63)
– Diluted (HK cents per share)	17	**(0.23)**	(6.63)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	18	**404,328**	444,964
Investment properties	19	**–**	121,000
Goodwill	20	**136**	3,077
Interests in associates	22	**146,619**	8,178
Loan receivables	25	**45,742**	–
Available-for-sale investments	23	**36,432**	11,723
		633,257	588,942
Current assets			
Trade and other receivables	24	**32,307**	21,218
Loan receivables	25	**180,600**	67,300
Value-added tax recoverable		**24,675**	24,709
Amount due from an associate	22	**–**	67,022
Held-for-trading investments	26	**366,313**	286,982
Derivative financial instruments	27	**–**	940
Tax recoverable		**–**	75
Pledged bank deposits	28	**3,947**	–
Cash and cash equivalents	29	**208,600**	260,411
		816,442	728,657
Current liabilities			
Other payables and accruals	30	**232,239**	248,985
Derivative financial instruments	27	**385**	301
Deferred income	32	**7,076**	–
Tax payable		**972**	–
Bank borrowings	31	**10,957**	–
		251,629	249,286
Net current assets		**564,813**	479,371
Total assets less current liabilities		**1,198,070**	1,068,313

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	**2013 HK$'000**	2012 HK$'000
Non-current liabilities			
Deferred income	32	**142,842**	143,579
		142,842	143,579
Net assets		**1,055,228**	924,734
Capital and reserves			
Share capital	33	**177,888**	126,180
Reserves		**818,198**	698,008
Equity attributable to owners of the Company		**996,086**	824,188
Non-controlling interests		**59,142**	100,546
Total equity		**1,055,228**	924,734

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 March 2014 and are signed on its behalf by:

Bai Liang
Director

Siu Kam Chau
Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	18	**2,082**	1,289
Interests in subsidiaries	21	**190,452**	148,167
Interest in an associate	22	**–**	8,178
		192,534	157,634
Current assets			
Amounts due from subsidiaries	21	**799,589**	444,823
Amount due from an associate	22	**–**	67,022
Other receivables	24	**1,438**	800
Held-for-trading investments	26	**26,954**	51,615
Cash and cash equivalents	29	**25,206**	70,245
		853,187	634,505
Current liabilities			
Other payables and accruals	30	**5,590**	1,815
Amounts due to subsidiaries	21	**86,961**	–
Derivative financial instruments	27	**–**	14
		92,551	1,829
Net current assets		**760,636**	632,676
Net assets		**953,170**	790,310
Capital and reserves			
Share capital	33	**177,888**	126,180
Reserves	36	**775,282**	664,130
		953,170	790,310

Bai Liang
Director

Siu Kam Chau
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	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))	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 2012	126,180	1,168,025	861	311,790	26,392	27,444	(383,125)	1,277,567	64,476	1,342,043
Total comprehensive expense for the year	–	–	–	–	(19,823)	–	(418,000)	(437,823)	(141,502)	(579,325)
Lapse of share option previously recognised in share-based payments	–	–	–	–	–	(16,268)	16,268	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	75,269	75,269
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	86,747	86,747
Changes in ownership interests in a subsidiary without change of control	–	–	–	–	–	–	(15,556)	(15,556)	15,556	–
At 31 December 2012	126,180	1,168,025	861	311,790	6,569	11,176	(800,413)	824,188	100,546	924,734

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	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 designated 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**

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 35.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Operating activities		
Loss for the year	**(33,888)**	(558,488)
Adjustments for:		
Income tax expense	**330**	336
Gain on disposals of subsidiaries	**(14,084)**	(29,147)
Gain on disposals of associates	**(9,610)**	–
Gain on disposals of investment properties	**(18,000)**	–
Gain on disposals of assets classified as held for sale	**–**	(2,000)
Gain arising on change in fair value of investment properties	**–**	(23,100)
Gain arising on change in fair value of derivative financial instruments	**(1,853)**	(663)
(Gain)/loss arising on change in fair value of held-for-trading investments	**(8,996)**	176,113
Loss on disposal of property, plant and equipment	**–**	19
Amortisation of deferred income	**(580)**	–
Finance costs	**155**	9,432
Interest income	**(1,709)**	(495)
Depreciation of property, plant and equipment	**11,379**	60,024
Share of results of associates	**9,132**	(10,372)
Impairment loss of available-for-sale investments	**4,317**	–
Impairment loss of interests in associates	**–**	28,567
Impairment loss of property, plant and equipment	**59,020**	315,193
Impairment of goodwill	**2,941**	–
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**	–
Write-down of inventories	**–**	2,400
Operating cash flows before movements in working capital	**4,507**	(32,181)
Inventories	**–**	2,804
Trade and other receivables	**(11,282)**	10,693
Loan receivables	**(159,042)**	(67,300)
Value-added tax recoverable	**34**	(17,846)
Held-for-trading investments	**(70,335)**	131,285
Derivative financial instruments	**2,877**	24
Other payables and accruals	**(16,340)**	89,045
Deferred income	**1,549**	–
Cash (used in)/generated from operations	**(248,032)**	116,524
Income tax refund/(paid)	**582**	(1,966)
Net cash (used in)/generated from operating activities	**(247,450)**	114,558

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Investing activities			
Interest received		**1,709**	495
Purchase of available-for-sale investments		**(29,026)**	(11,723)
Payments for property, plant and equipment		**(16,311)**	(118,501)
Proceeds from disposals of investment properties		**70,000**	54,500
Proceeds from disposal of property, plant and equipment		**38**	8
Net cash outflow on acquisition of a subsidiary	37	**–**	(150)
Repayment from an associate		**67,022**	37,116
Advance to an associate		**(1,000)**	(12,500)
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	22	**10,610**	–
Net cash inflow on disposals of subsidiaries	38	**83,000**	49,903
Placement of pledged bank deposits		**(3,947)**	–
Net cash generated from/(used in) investing activities		**84,900**	(852)
Financing activities			
Interest paid		**(155)**	(9,432)
Proceeds from issue of shares		**103,600**	–
Payments for share issue expenses		**(2,598)**	–
Capital contribution from non-controlling interests		**–**	86,747
Advance from non-controlling interests		**–**	6,017
Advance from borrowings		**53,615**	40,000
Repayment of borrowings		**(42,658)**	(122,185)
Net cash generated from financing activities		**111,804**	1,147
Net (decrease)/increase in cash and cash equivalents		**(50,746)**	114,853
Cash and cash equivalents at beginning of the year		**260,411**	146,272
Effect of foreign exchange rate changes		**(1,065)**	(714)
Cash and cash equivalents at end of the year		**208,600**	260,411
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**208,600**	260,411

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 Room 509, 5th Floor, Town Health Technology Centre, 10 – 12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), while the functional currencies of certain subsidiaries are presented in Renminbi ("RMB"). The Company has selected Hong Kong dollars as its presentation currency because the management considered it is more beneficial to the user of the consolidated financial statements.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in solar energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and assets investment.

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle

Except for as described below, the application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "*Consolidated Financial Statements*", HKFRS 11 "*Joint Arrangements*", HKFRS 12 "*Disclosure of Interests in Other Entities*", HKAS 27 (as revised in 2011) "*Separate Financial Statements*" and HKAS 28 (as revised in 2011) "*Investments in Associates and Joint Ventures*", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deals with consolidated financial statements and HK(SIC) Int-12 "*Consolidation – Special Purpose Entities*". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 as to whether or not the Group has control over the investees in accordance with the new definition of control and the related guidance set out in HKFRS 10, and concluded that the application of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

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

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are within the scope of HKAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 "*Presentation of Items of Other Comprehensive Income*". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income *(Continued)*

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for first annual periods beginning on or after 1 January 2016.

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 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

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.

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)*

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the 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.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

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

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 regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

The directors of the Company anticipate that the application of the above new or revised HKFRSs have been issued but not yet effective will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

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

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 item 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

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 their fair value or, when applicable, on the basis specified in another HKFRS.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business 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 indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. 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 amount of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) 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.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, 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 sales of products is recognised on the transfer of risks and rewards of ownership which generally coincide with the time when goods are delivered and title has passed.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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 the 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 as an expense 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 on 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 prevailing 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 transactions

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.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred 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 or loss and other comprehensive income because 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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 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, and interests in joint arrangements, 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 rate (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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property 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 sell 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).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions *(Continued)*

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.

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 financial asset 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 financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

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 includes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, amount due from an associate, pledged bank deposits and cash and cash equivalents) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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
- 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 of 60 days, 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

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 other payables and accruals and bank borrowings) are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 associated 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.

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

Key sources of estimation uncertainty *(Continued)*

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.

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 entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

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

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

5. CAPITAL RISK MANAGEMENT *(Continued)*

Net debt-to-equity ratio

The Group reviews the capital structure on a semi-annual basis and considers the cost of capital and the risks associated with each class of capital.

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

	2013 **HK$'000**	2012 HK$'000
Debt (Note (i))	**10,957**	–
Cash and cash equivalents	**(208,600)**	(260,411)
Net debt	**(197,643)**	(260,411)
Equity (Note (ii))	**996,086**	824,188
Net debt-to-equity ratio	**N/A**	N/A

Notes:

(i) Debt comprised bank borrowings as detailed in Note 31.

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

6. CATEGORIES OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables:				
– Trade and other receivables	**21,408**	20,070	**250**	9
– Loan receivables	**226,342**	67,300	**–**	–
– Amounts due from subsidiaries	**–**	–	**799,589**	444,823
– Amount due from an associate	**–**	67,022	**–**	67,022
– Pledged bank deposits	**3,947**	–	**–**	–
– Cash and cash equivalents	**208,600**	260,411	**25,206**	70,245
Fair value through profit or loss:				
– Held-for-trading investments	**366,313**	286,982	**26,954**	51,615
– Derivative financial instruments	**–**	940	**–**	–
Available-for-sale investments	**36,432**	11,723	**–**	–

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Amortised cost:				
– Other payables and accruals	**225,650**	239,760	**8**	1,815
– Amounts due to subsidiaries	**–**	–	**86,961**	–
– Bank borrowings	**10,957**	–	**–**	–
Fair value through profit or loss:				
– Derivative financial instruments	**385**	301	**–**	14

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, trade and other receivables, loan receivables, amount due from an associate, pledged bank deposits, cash and cash equivalents, held-for-trading investments, derivative financial instruments, other payables and accruals and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it to market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity 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 rates arising from the Group's variable-rate bank deposits and the fluctuation of lending rates arising from the Group's United States Dollars ("USD") denominated borrowings.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Market risk *(Continued)*

(ii) Interest rate risk *(Continued)*

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 (2012: 50 basis point) increase or decrease in the bank deposits interest rates and the lending rates 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 (2012: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2013 would decrease/increase by approximately HK$521,000 (2012: decrease/increase by approximately HK$208,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings (2012: its variable-rate bank deposits).

(iii) 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 loss for the year ended 31 December 2013 would decrease/increase by approximately HK$15,277,000 (2012: decrease/increase by approximately HK$12,008,000) as a result of the changes in fair value of held-for-trading investments and derivative financial instruments.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk

As at 31 December 2013, 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 trade 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 25 to the financial statements.

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 and Mainland China, which accounted for 100% (2012: 100%) of the total trade receivables as at 31 December 2013. As at 31 December 2013, the Group has certain concentrations of credit risk as 53% (2012: 27%) of the Group's loan receivables were due from the Group's largest customer, and 95% (2012: 100%) were due from the five largest customers determined on the same basis.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

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.

As at 31 December 2013, the Group had a bank borrowings with carrying amount of approximately HK$10,957,000 (2012: Nil). The Group did not have any other available unutilised facilities (2012: HK$40,000,000).

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial assets and 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 2013							
Non-derivative financial assets							
Trade and other receivables		21,408	–	–	–	21,408	21,408
Loan receivables	8.6%	194,798	45,319	1,270	–	241,387	226,342
Pledged bank deposits		3,947	–	–	–	3,947	3,947
Cash and cash equivalents		208,600	–	–	–	208,600	208,600
		428,753	45,319	1,270	–	475,342	460,297
Non-derivative financial liabilities							
Other payables and accruals		225,650	–	–	–	225,650	225,650
Bank borrowings	1.24%	10,991	–	–	–	10,991	10,957
		236,641	–	–	–	236,641	236,607

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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 2012							
Non-derivative financial assets							
Trade and other receivables		20,070	–	–	–	20,070	20,070
Loan receivables	7.8%	74,001	–	–	–	74,001	67,300
Cash and cash equivalents		260,411	–	–	–	260,411	260,411
		354,482	–	–	–	354,482	347,781
Non-derivative financial liabilities							
Other payables and accruals		239,760	–	–	–	239,760	239,760

Fair value measurements of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use-of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Fair value measurements of financial instruments *(Continued)*

The following table presents the Group's financial assets/(liabilities) that are measured at fair value as at 31 December 2013 and 2012.

	At 31 December 2013			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'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**

	At 31 December 2012			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Held-for-trading investments				
– listed securities	275,043	–	–	275,043
– unlisted investment funds	–	11,939	–	11,939
Derivative financial instruments	940	–	–	940
Financial liabilities				
Derivative financial instruments	301	–	–	301

There were no transfers between level 1, 2, and 3 during the year.

8. 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:

	2013 HK$'000	2012 HK$'000
Rental income from investment properties	**1,397**	2,849
Income from the provision of green energy related consultancy services	**14,154**	9,065
Income from sales of electricity	**28,134**	4,315
Interest income from loan financing	**19,318**	595
Sales of silicon based thin-film solar photovoltaic modules	**–**	835
	63,003	17,659

9. 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 and investment properties;
- Green energy segment – Production of silicon based thin-film solar photovoltaic modules, 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.

9. 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
Segment revenue	**1,397**	2,849	**42,288**	14,215	**19,318**	595	**63,003**	17,659
Results								
Segment results	**24,144**	(152,570)	**(49,349)**	(390,469)	**18,772**	649	**(6,433)**	(542,390)
Unallocated income							**1,709**	495
Unallocated corporate expenses							**(43,241)**	(17,777)
Gain on disposals of subsidiaries							**14,084**	29,147
Gain on disposals of associates							**9,610**	–
Finance costs							**(155)**	(9,432)
Impairment loss of interests in associates							**–**	(28,567)
Share of results of associates							**(9,132)**	10,372
Loss before tax							**(33,558)**	(558,152)
Income tax expense							**(330)**	(336)
Loss for the year							**(33,888)**	(558,488)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2013 (2012: Nil).

9. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

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 earned by or loss from each segment without allocation of central administration costs including directors' emoluments, share of results of associates, interest income on bank deposits, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2013	2012
	HK$'000	HK$'000
Segment assets		
Assets investment segment	**406,320**	489,786
Green energy segment	**446,373**	486,398
Money lending segment	**236,189**	68,045
Total segment assets	**1,088,882**	1,044,229
Unallocated	**360,817**	273,370
Consolidated total assets	**1,449,699**	1,317,599
Segment liabilities		
Assets investment segment	**6,070**	2,705
Green energy segment	**375,997**	390,148
Money lending segment	**–**	1
Total segment liabilities	**382,067**	392,854
Unallocated	**12,404**	11
Consolidated total liabilities	**394,471**	392,865

9. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

- all assets are allocated to operating segments other than current tax recoverable, pledged bank deposits, cash and cash equivalents and interests in associates; and
- all liabilities are allocated to operating segments other than bank borrowings and current tax payable.

OTHER SEGMENT INFORMATION

	Assets investment segment		Green energy segment		Money lending segment		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Capital addition (including available-for-sale investments, excluding goodwill)	**30,327**	13,111	**15,671**	254,873	**–**	–	**45,998**	267,984
Addition of goodwill	**–**	–	**–**	–	**–**	136	**–**	136
Gain arising on change in fair value of investment properties	**–**	(23,100)	**–**	–	**–**	–	**–**	(23,100)
(Gain)/loss arising on change in fair value of held-for-trading investments	**(8,996)**	176,113	**–**	–	**–**	–	**(8,996)**	176,113
Gain arising on change in fair value of derivative financial instruments	**(1,853)**	(663)	**–**	–	**–**	–	**(1,853)**	(663)
Depreciation of property, plant and equipment	**508**	99	**10,871**	59,925	**–**	–	**11,379**	60,024

9. SEGMENT INFORMATION *(Continued)*

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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**42,288**	14,215	**401,918**	446,252
Hong Kong	**20,715**	3,444	**84,720**	134,512
	63,003	17,659	**486,638**	580,764

Non-current assets excluding interests in associates.

Information about major customers

For the year ended 31 December 2013, there was one customers with revenue of approximately HK$8,844,000 which accounted for more than 10% of the total revenue related to green energy segment.

For the year ended 31 December 2012, there was one customer with revenue of approximately HK$9,065,000 which accounted for more than 10% of the total revenue related to green energy segment.

10. OTHER INCOME AND GAINS

	2013 HK$'000	2012 HK$'000
Interest income on bank deposits	1,709	495
Government grant (Note 32)	744	901
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	–
Gain on disposal of assets classified as held for sale	–	2,000
Sundry income	155	647
	25,444	4,043

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. No specific conditions are attached to the grant.

11. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on:		
– Bank borrowings wholly repayable within five years	134	6,917
– Amounts due to non-controlling interests	–	2,515
– Bank overdraft	21	–
	155	9,432

12. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Current tax:		
– Hong Kong Profits Tax	**414**	321
– PRC Enterprise Income Tax ("EIT")	**613**	55
– Over provision in prior years	**(697)**	(40)
Total income tax recognised in profit or loss	**330**	336

Hong Kong Profits Tax is calculated at 16.5% (2012: 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 charge for the year can be reconciled to loss before tax per the consolidated statement of profit of loss and other comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
Loss before tax	**(33,558)**	(558,152)
Tax at the Hong Kong Profits Tax rate of 16.5%	**(5,537)**	(92,095)
Tax effect of expenses not deductible for tax purpose	**18,619**	106,958
Tax effect of income not taxable for tax purpose	**(11,372)**	(5,021)
Effect of different tax rates of subsidiaries operating in other countries	**(4,677)**	(33,732)
Over provision in prior years	**(697)**	(40)
Tax effect of tax losses not recognised	**3,994**	24,266
Income tax expense for the year	**330**	336

13. LOSS FOR THE YEAR

	2013	2012
	HK$'000	HK$'000
Loss for the year has been arrived at after charging/(crediting):		
Staff costs:		
– Directors' emoluments (Note 14)	**6,439**	3,654
– Other staff costs	**9,125**	8,498
– Other staff retirement benefits scheme contributions	**102**	82
– Equity-settled share-based payments	**10,789**	–
	26,455	12,234
Dividend income from listed securities	**(8,357)**	(4,537)
Cost of inventories recognised as an expense	**13,029**	2,247
Depreciation of property, plant and equipment (Note)	**11,379**	60,024
Loss on disposal of property, plant and equipment	**–**	19
Auditors' remuneration	**600**	1,020
Operating lease rentals in respect of land and buildings	**3,950**	2,348
Net foreign exchange loss	**3,569**	527
Gross rental income from investment properties	**1,397**	2,849
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**(85)**	(148)
	1,312	2,701

Note: Depreciation of property, plant and equipment of approximately HK$8,886,000 (2012: Nil) have been included in cost of sales during the year ended 31 December 2013.

14. 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 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 with effect from 2 October 2013)	43	–	–	–	43
	227	4,689	1,484	39	6,439

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

For the year ended 31 December 2012	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	–	341	–	–	341
Mr. Siu Kam Chau	–	2,030	169	14	2,213
Mr. Lawrence Tang (Resigned with effect from 4 October 2013)	–	647	54	14	715
Mr. Xue Feng (Resigned with effect from 14 January 2013)	–	173	–	–	173
Independent non-executive directors					
Mr. Chan Chi Yuen	96	–	–	–	96
Mr. Chik Chi Man	58	–	–	–	58
Mr Yu Chun Fai (Appointed on 4 June 2012)	33	–	–	–	33
Mr. Lo Chun Nga (Retired on 4 June 2012)	25	–	–	–	25
	212	3,191	223	28	3,654

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

During the year, 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 (2012: Nil). None of the directors waived or agreed to waive any remuneration during the year (2012: Nil).

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2012: two) were directors of the Company whose emoluments are included in the disclosures in note 14 above. The emoluments of the remaining three (2012: three) individuals were as follows:

	2013 **HK$'000**	2012 HK$'000
Salaries and other benefits	**2,469**	2,108
Performance bonus	**211**	83
Equity-settled share-based payments	**2,397**	–
Contributions to retirement benefits scheme	**44**	39
	5,121	2,230

Their emoluments fell within the following bands:

	2013 **HK$'000**	2012 HK$'000
Nil – HK$1,000,000	**–**	2
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,000,001 – HK$2,500,000	**1**	–
	3	3

During the years ended 31 December 2013 and 2012, 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.

16. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company includes loss of approximately HK$36,605,000 (2012: HK$531,285,000) which has been dealt with in the financial statements of the Company.

17. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 December 2013 of HK$18,049,000 (2012: HK$418,000,000) by the weighted average number of 7,860,973,947 (2012: 6,308,982,430) ordinary shares in issue during the year.

Diluted

The computation of diluted loss per share for the years ended 31 December 2012 and 2013 did not assume the exercise of the Company's share options outstanding during the years ended 31 December 2012 and 2013 as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

18. 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 2012	18,489	655,280	1,953	829	4,053	180,829	861,433
Additions	318	–	1,562	25	271	254,085	256,261
Disposals of subsidiaries	(18,640)	(655,110)	(1,352)	(429)	(1,330)	(958)	(677,819)
Disposals	–	–	(32)	(11)	–	–	(43)
Transferred from construction in progress	–	173,961	–	–	–	(173,961)	–
Exchange realignment	152	5,269	15	7	34	1,295	6,772
At 31 December 2012	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
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2012	1,487	138,995	411	150	585	–	141,628
Provided for the year	1,543	57,210	488	186	597	–	60,024
Disposals of subsidiaries	(3,019)	(511,746)	(617)	(172)	(542)	–	(516,096)
Impairment provided for the year	–	315,193	–	–	–	–	315,193
Eliminated on disposals	–	–	(12)	(4)	–	–	(16)
Exchange realignment	18	875	5	2	7	–	907
At 31 December 2012	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
CARRYING AMOUNTS							
At 31 December 2013	**258**	**384,783**	**1,786**	**401**	**3,286**	**13,814**	**404,328**
At 31 December 2012	290	178,873	1,871	259	2,381	261,290	444,964

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

Company	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST			
At 1 January 2012	–	–	–
Addition	1,388	–	1,388
At 31 December 2012	1,388	–	1,388
Additions	218	1,083	1,301
At 31 December 2013	1,606	1,083	2,689
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2012	–	–	–
Provided for the year	99	–	99
At 31 December 2012	99	–	99
Provided for the year	309	199	508
At 31 December 2013	408	199	607
CARRYING AMOUNTS			
At 31 December 2013	**1,198**	**884**	**2,082**
At 31 December 2012	1,289	–	1,289

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%

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

Impairment losses recognised in the current year

During the years ended 31 December 2013 and 2012, 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$59,020,000 (2012: HK$315,193,000), 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.

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2012	97,900
Gain arising on change in fair value	23,100
At 31 December 2012 and 1 January 2013	121,000
Disposals of subsidiaries (Note 38(a) and 38 (b))	(69,000)
Disposals (Note (i))	(52,000)
At 31 December 2013	**–**

Note:

(i) In March 2013, the Group entered into a sale and purchase agreement with an independent third party in connection with the disposals of investment properties situated in Hong Kong at a cash consideration of HK$70,000,000. The disposals of investment properties resulted a gain on disposal of HK$18,000,000.

The Group's property interest held under operating lease to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2012 have been arrived at on the basis of a valuation carried out on that date by Messrs. DTZ Debenham Tie Leung Limited ("DTZ"), independent qualified professional valuer not connected with the Group. Messrs DTZ are members of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties.

19. INVESTMENT PROPERTIES *(Continued)*

In estimating the fair value of properties, the highest and best use of the properties is their current use.

The fair value of investment properties shown above comprises:

	2013	2012
	HK$'000	HK$'000
Land in Hong Kong		
Medium-term lease	**–**	121,000

20. GOODWILL

	HK$'000
COST	
At 1 January 2012	3,450
Acquisition of E Finance Limited (Note 37)	136
At 31 December 2012, 1 January 2013 and 31 December 2013	3,586
ACCUMULATED IMPAIRMENT	
At 1 January 2012, 31 December 2012 and 1 January 2013	509
Impairment loss recognised in the year	2,941
At 31 December 2013	3,450
CARRYING AMOUNTS	
At 31 December 2013	**136**
At 31 December 2012	3,077

20. GOODWILL *(Continued)*

Impairment testing on goodwill

(a) For the purposes of impairment testing as 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 the operation of 10 megawatt grid-connected silicon based thin-film solar photovoltaic power plant in Golmud, Qinghai Province, the PRC; and (ii) the operating activities of E Finance Limited ("E Finance") which is the operation of money lending business.

The recoverable amounts 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 steady growth rates of 3.01% per annum for GS-Solar and 3.00% per annum for E Finance. The cash flow projections of GS-Solar and E Finance are discounted at pre-tax discount rates of 15.43% per annum 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.

(b) For the purposes of impairment testing as at 31 December 2012, goodwill has been allocated to two cash-generating units ("CGUs") representing (i) the operating activities of GS-Solar which is the operation of 10 megawatt grid-connected silicon based thin-film solar photovoltaic power plant in Golmud, Qinghai Province, the PRC; and (ii) the operating activities of E Finance which is the operation of money lending business.

The recoverable amounts 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 steady growth rates of 3.60% per annum for GS-Solar and 3.00% per annum for E Finance. The cash flow projections of GS-Solar and E Finance are discounted at pre-tax discount rates of 14.41% per annum and 8.96% 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.

21. INTERESTS IN SUBSIDIARIES

	2013 HK$'000	2012 HK$'000
Company		
Unlisted shares at cost, net of provision for impairment losses	**190,452**	148,167

Particulars of the Company's subsidiaries as at 31 December 2013 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 2013	Directly 2012	Indirectly 2013	Indirectly 2012	Proportion of voting power held by the Company 2013	2012
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 holding	**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%**	–
Jun Yang Power Investments Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	–	**100%**	–
Jun Yang Energy Investments Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	–	**100%**	–
Jun Yang Investment Group Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	–	**100%**	–

21. 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			
				2013	2012	**2013**	2012	**2013**	2012
Jun Yang International Solar Power Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**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%
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 shares US$100	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Vanta (Hong Kong) Management Limited	Hong Kong	Ordinary shares 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%**	–
Easy Connect Investments Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Profitsway Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%

21. 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 Directly 2013	Directly 2012	Indirectly 2013	Indirectly 2012	Proportion of voting power held by the Company 2013	2012
Favour Brightness Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	–	**100%**	100%	**100%**	100%
E Finance Limited	Hong Kong	Ordinary shares HK$100	Provision for money lending	–	–	**100%**	100%	**100%**	100%
Jun Yang Solar Power Investment Holdings Limited	Cayman Islands	Ordinary shares US$35,566	Investment holding	**67.90%**	56.66%	–	–	**67.90%**	56.66%
Wink Sky Company Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	–	**67.90%**	56.66%	**67.90%**	56.66%
Jun Yang Solar Power Investment Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	–	**67.90%**	56.66%	**67.90%**	56.66%
北京君陽投資有限公司	PRC	Registered capital US$30,000,000 (of which US$30,000,000 has been paid up at 31 December 2013) (2012: US$30,000,000)	Investment holding	–	–	**67.90%**	56.66%	**67.90%**	56.66%
河南君陽電力有限公司	PRC	Registered capital US$3,400,000 (of which US$3,400,000 has been paid up at 31 December 2013) (2012: US$3,400,000)	Operation of amorphous silicon thin-film solar photovoltaic power station	–	–	**67.90%**	56.66%	**67.90%**	56.66%

21. 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 Directly 2013	Directly 2012	Indirectly 2013	Indirectly 2012	Proportion of voting power held by the Company 2013	2012
許昌君陽電力有限公司	PRC	Registered capital RMB40,000,000 (of which RMB20,000,000 has been paid up at 31 December 2013) (2012: RMB20,000,000)	Operation of solar photovoltaic power station	**–**	–	**67.90%**	56.66%	**67.90%**	56.66%
青海鈞石能源有限公司 (translated as GS-Solar (Qinghai) Company Limited)	PRC	Registered capital RMB38,167,939 (of which RMB38,167,939 has been paid up at 31 December 2013) (2012: RMB38,167,939)	Operation of amorphous silicon thin-film solar photovoltaic power station	**–**	–	**67.88%**	56.64%	**67.88%**	56.64%
廣東國華君陽電力有限公司	PRC	Registered capital RMB15,000,000 (of which RMB3,000,000 has been paid up at 31 December 2013) (2012: RMB3,000,000)	Not yet commence business	**–**	–	**50.93%**	42.50%	**50.93%**	42.50%
上海君陽康宏太陽能有限公司	PRC	Registered capital HK$20,000,000 (of which HK$20,000,000 has been paid up at 31 December 2013)	Not yet commence business	**–**	–	**100%**	–	**100%**	–

21. INTERESTS IN SUBSIDIARIES *(Continued)*

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	**2013**	2012	**2013**	2012
		HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Jun Yang Solar Power Investment Holdings Limited	Cayman Islands	**32.10%**	43.34%	**(15,839)**	(1,792)	**59,142**	100,546
河南保綠能源有限公司 (translated as "Henan Gogreen Energy Limited")	PRC	**-**	35%	**-**	(138,696)	**-**	–

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jun Yang Solar Power Investment Holdings Limited

	2013	2012
	HK$'000	HK$'000
Current assets	**165,169**	174,818
Non-current assets	**401,607**	446,252
Current liabilities	**(376,753)**	(389,984)
Non-current liabilities	**–**	–
Non-controlling interests	**59,142**	100,546
Revenue	**42,288**	13,381
Loss for the year	**(47,950)**	(8,449)
Total comprehensive expense for the year	**(40,974)**	(7,133)

21. INTERESTS IN SUBSIDIARIES *(Continued)*

Jun Yang Solar Power Investment Holdings Limited *(Continued)*

	2013 **HK$'000**	2012 HK$'000
Loss for the year attributable to the non-controlling interests	**(15,839)**	(1,792)
Total comprehensive expense attributable to the non-controlling interests	**(15,806)**	(1,792)
Net cash inflow from operating activities	**1,729**	204,728
Net cash outflow from investing activities	**(10,623)**	(254,236)
Net cash inflow from financing activities	**–**	117,947
Effect of foreign exchange rate changes	**(5,874)**	90
Net cash (outflow)/inflow	**(14,768)**	68,529

Henan Gogreen Energy Limited

	2013 **HK$'000**	2012 HK$'000
Current assets	**–**	–
Non-current assets	**–**	–
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**–**	–
Non-controlling interests	**–**	–
Revenue	**–**	835

21. INTERESTS IN SUBSIDIARIES *(Continued)*

Henan Gogreen Energy Limited *(Continued)*

	2013 **HK$'000**	2012 HK$'000
Loss for the year	–	(396,272)
Total comprehensive expense for the year	–	(399,171)
Loss for the year attributable to the non-controlling interests	–	(138,696)
Total comprehensive expense attributable to the non-controlling interests	–	(139,710)
Net cash inflow from operating activities	–	83,601
Net cash inflow from investing activities	–	52
Net cash outflow from financing activities	–	(87,573)
Effect of foreign exchange rate changes	–	(139)
Net cash outflow	–	(4,059)

Note:

Henan Gogreen Energy Limited was disposed by the Group during the year ended 31 December 2012.

Amounts due from and due to subsidiaries

The amounts due from and due to subsidiaries as shown on the Company's statement of financial position are unsecured, interest-free and with no fixed terms of repayment.

22. INTERESTS IN ASSOCIATES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cost of investments in associates:				
– Unlisted associates	**147,420**	16,682	**–**	16,682
Share of post-acquisition (losses)/profits and other comprehensive income, net of dividend received	**(801)**	7,563	**–**	7,563
	146,619	24,245	**–**	24,245
Amount due from an associate (Note (a))	**–**	12,500	**–**	–
	146,619	36,745	**–**	24,245
Less: provision for impairment loss	**–**	(28,567)	**–**	(16,067)
	146,619	8,178	**–**	8,178

Note:

(a) On 4 September 2012, the Group acquired 50% equity interests in Island Best Developments Limited at a consideration of HK$5.

The Group further advanced HK$12,499,995 to Island Best Developments Limited for funding its normal operations during the year ended 31 December 2012.

The amount was unsecured, interest-free and with no fixed terms of repayment. The associate is not expected to repay within twelve months from the end of the reporting period and the balance is classified as non-current.

22. INTERESTS IN ASSOCIATES *(Continued)*

In determining whether there exist any objective evidence of impairment of the Group's and the Company's interests in associates, the directors consider any loss events at the end of the reporting period which may have an impact on the estimated future cash flows of its associates. The Directors assessed that impairment loss of approximately HK$28,567,000 and approximately HK$16,067,000 of interests in associates would be recognised by the Group and the Company respectively for the year ended 31 December 2012.

As at 31 December 2013 and 2012, the Group had interests in the following principal associates:

Name of entity	Form of entity	Place/country of establishment/ incorporation	Principal place of operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
				2013	2012	**2013**	2012	
Trillion Epoch Limited	Incorporated	British Virgin Islands	Hong Kong	**39% (directly)**	–	**39%**	–	Investment holding
Bravo Star Holdings Limited	Incorporated	Hong Kong	Hong Kong	**39% (indirectly)**	–	**39%**	–	Investment holding
重慶市北部新區利亨小額貸款有限公司	Incorporated	PRC	PRC	**39% (indirectly)**	–	**39%**	–	Provision of money lending in PRC
Luck Key Investment Limited ("Luck Key")	Incorporated	British Virgin Islands	Hong Kong	**-**	47.89% (directly)	**-**	47.89%	Investment holding

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 associates' consolidated financial statements prepared in accordance with HKFRSs.

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

22. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

Trillion Epoch Limited and its subsidiaries

	2013 HK$'000	2012 HK$'000
Current assets	**377,084**	–
Non-current assets	**40**	–
Current liabilities	**(1,179)**	–
Non-current liabilities	**–**	–
Revenue	**552**	–
Loss for the year	**(2,447)**	–
Other comprehensive income for the year	**392**	–
Total comprehensive expense for the year	**(2,055)**	–
Dividends received from the associate during the year	**–**	–

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

	2013 HK$'000	2012 HK$'000
Net assets of Trillion Epoch Limited	**375,945**	–
Proportion of the Group's ownership interest in Trillion Epoch Limited and its subsidiaries	**39%**	–
Carrying amount of the Group's interest in Trillion Epoch Limited and its subsidiaries	**146,619**	–

22. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

Luck Key Investment Limited

	2013 HK$'000	2012 HK$'000
Current assets	**–**	52,314
Non-current assets	**–**	78,955
Current liabilities	**–**	77,207
Non-current liabilities	**–**	3,435
Revenue	**127,827**	185,666
(Loss)/profit for the year	**(23,591)**	21,659
Other comprehensive income for the year	**–**	–
Total comprehensive (expense)/income for the year	**(23,591)**	21,659
Dividends received from the associate during the year	**–**	–
Net assets of Luck key	**–**	50,627
Proportion of the Group's ownership interest in Luck key	**–**	47.89%
Carrying amount of the Group's interest in Luck key	**–**	24,245

22. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

Unrecognised share of loss of associates

	2013 **HK$'000**	2012 HK$'000
The unrecognised share of loss of associates for the year	**4,048**	1,976
Cumulative share of loss of an associate	**–**	1,976

Disposals of associates

(a) *Disposal of Luck Key Investment Limited*

In the prior year, the Group held 47.89% equity interest in 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 cash consideration of HK$75,631,000. The disposal was completed on 30 September 2013. The disposal has 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 the 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

22. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

Disposals of associates *(Continued)*

(b) Disposal of Island Best Developments Limited

In the prior year, the Group held 50% equity interest in Island Best Developments Limited ("Island Best") and accounted for the investment as an associate. In March 2013, the Group entered into a 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 cash consideration of HK$2,000,000. The disposal was completed on 21 March 2013. The disposal has 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 the 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

Amount due from an associate

The amount due from an associate as shown on the Group's and Company's statements of financial position is unsecured, interest-free and with no fixed terms of repayment.

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted investment funds outside Hong Kong	**36,432**	11,723	**–**	–

The above unlisted investment fund represents the investment in a private fund established in the Cayman Islands. It is measured at cost less impairment at each financial reporting date. As at 31 December 2013, the unlisted investment funds are engaged in the investment holding. During the year ended 31 December 2013, impairment loss of approximately HK$4,317,000 (2012: Nil) was recognised in profit or loss.

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**9,439**	370	**–**	–
Prepayments, deposits and other receivables	**22,868**	20,848	**1,438**	800
Total trade and other receivables	**32,307**	21,218	**1,438**	800

Notes:

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

The following is an aged analysis of trade receivables at the end of the reporting period:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
0-60 days	**9,439**	370	**–**	–

(ii) As at 31 December 2013, the Group's trade and other receivables included an amount of approximately HK$20,835,000 (2012: HK$15,423,000) that is denominated in RMB.

25. LOAN RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Fixed-rate loan receivables	**226,342**	67,300	**–**	–
Analysed as				
Current	**180,600**	67,300	**–**	–
Non-current	**45,742**	–	**–**	–
	226,342	67,300	**–**	–

25. LOAN RECEIVABLES *(Continued)*

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

	2013 **HK$'000**	2012 HK$'000
Fixed-rate loan receivables:		
Within one year	**180,600**	67,300
In more than one year but not more than two years	**44,500**	–
In more than two years but not more than five years	**1,242**	–
	226,342	67,300

Notes:

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

(ii) All these loan receivables are entered with contractual maturity within 1 to 4 years (2012: 1 to 2 years). The Group seeks to maintain tight control over its loan receivables in order to minimise credit risk by reviewing the borrowers' or guarantors' financial positions.

(iii) The Loan receivables are interest-bearing at rates mutually agreed with the contracting parties, ranging from 5% to 12% (2012: 6% to 9%) per annum and denominated in Hong Kong dollars. Included in the loan receivables, the loan receivables of HK$120,000,000 and HK$10,600,000 respectively were secured by pledged securities which are listed on the Stock Exchange with a total market value of approximately HK$347,600,000 and HK$32,780,000 respectively as at 31 December 2013 (2012: Nil).

26. HELD-FOR-TRADING INVESTMENTS (OTHER THAN DERIVATIVES)

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Hong Kong, at fair value	**356,000**	275,043	**26,954**	51,615
Unlisted investment funds outside Hong Kong, at fair value	**10,313**	11,939	**–**	–
	366,313	286,982	**26,954**	51,615

The fair values of the listed equity securities held for trading were determined based on the quoted market bid prices. Fair value of unlisted investment is determined with reference to broker's quoted bid price.

As at 31 December 2013, held-for-trading investments with fair value of approximately HK$10,313,000 were pledged to secure a bank loan granted by a bank to the Group amounting to approximately HK$10,957,000 (2012: Nil) (Note 31).

27. DERIVATIVE FINANCIAL INSTRUMENTS

Group

	Assets		Liabilities	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Call/put options in listed equity securities	**–**	940	**(385)**	(301)

Company

	Assets		Liabilities	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Call/put options in listed equity securities	**–**	–	**–**	(14)

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.

28. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to a bank to secure banking facilities granted to the Group. Deposits amounting to approximately HK$3,947,000 have been pledged to secure a short-term bank loan and are therefore classified as current assets as at 31 December 2013. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

29. CASH AND CASH EQUIVALENTS

As at 31 December 2013, cash and cash equivalents comprises cash held by the Group, deposits placed with securities brokers and bank balances that bear interest at prevailing market rates ranging from 0.01% to 2.00% (2012: 0.05% to 2.00%) per annum and have original maturity of three months or less.

Cash and cash equivalents of the Group included an amount of approximately RMB14,240,000 (equivalent to HK$18,085,000) (2012: RMB14,528,000 (equivalent to HK$17,689,000)) that was denominated in RMB. An aggregate amount of cash and cash equivalents of approximately HK$134,508,000 (2012: HK$134,093,000) was 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 2013, the Group's cash and cash equivalents comprised of deposits of HK$36,135,000 (2012: HK$47,370,000) placed with securities brokers in their client trust accounts and bank balances and cash of HK$172,465,000 (2012: HK$213,041,000) and the Company's cash and cash equivalents comprised of deposits of HK$46,000 (2012: HK$5,956,000) placed with securities brokers in their client trust accounts and bank balances and cash of HK$25,160,000 (2012: HK$64,289,000).

30. OTHER PAYABLES AND ACCRUALS

	Group		**Company**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**225,650**	246,529	**8**	41
Accruals	**6,589**	2,456	**5,582**	1,774
Total other payables and accruals	**232,239**	248,985	**5,590**	1,815

31. BANK BORROWINGS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loan, secured	**10,957**	–	**–**	–
Carrying amount repayable:				
Within one year	**10,957**	–	**–**	–

As at 31 December 2013, the bank loan was secured by the Group's held-for-trading investments with fair value of approximately HK$10,313,000 (Note 26) and pledged bank deposits of approximately HK$3,947,000 (Note 28). The effective interest rates of the bank borrowings at the reporting date range from 1.24% to 1.29% (2012: Nil). The bank borrowings were denominated in USD.

32. DEFERRED INCOME

The Group	**2013** **HK$'000**	2012 HK$'000
Deferred income related to government grants:		
Amount credited to profit or loss during the year		
Incentive subsidies (Note (i))	**164**	901
Subsidies related to property, plant and equipment (Note (ii))	**580**	–
	744	901
Subsidies related to property, plant and equipment (Note (ii))	**149,918**	143,579
Total deferred income	**149,918**	143,579
Less: current portion	**(7,076)**	–
Non-current portion	**142,842**	143,579

32. DEFERRED INCOME *(Continued)*

Note:

(i) Incentive subsidies were received from the relevant PRC government authorities for improvement of working capital and provision of financial assistance to the Group.

(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.

33. SHARE CAPITAL

	Number of shares	Total value (HK$'000)
Authorised:		
Ordinary shares of HK$0.02 each at 31 December 2012 and 2013	**15,000,000,000**	**300,000**

	Number of shares	Total value (HK$'000)
Issued and fully paid:		
Ordinary shares of HK$0.02 each at 1 January 2012, 31 December 2012 and 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 by way of placements (Note (c))	1,480,000,000	29,600
Ordinary shares of HK$0.02 each at 31 December 2013	**8,894,420,252**	**177,888**

33. SHARE CAPITAL *(Continued)*

Notes:

The movements of the ordinary share capital for the year ended 31 December 2013 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 ("Computech"), 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.

All the shares issued during the year ended 31 December 2013 ranked pari passu with the then existing ordinary shares in all respects.

34. 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 might 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 might be granted under the Old Share Option Scheme or any other share option schemes of the Company if this would result in this limit being exceeded.

The total number of shares which might 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 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 had lapsed in accordance with the terms of the Old Share Option Scheme or any other share option schemes of the Company would not be counted for the purpose of calculating the 10% limit.

34. 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 should be a price determined by the board of directors of the Company (the "Board"), but should 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.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 4 June 2013. The Old Share Option Scheme adopted by the Company on 17 November 2003 was terminated and the New Share Option Scheme was adopted at the same date.

(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.

34. SHARE OPTION SCHEME *(Continued)*

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

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.

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, 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 following table discloses the movements of the share options granted under the New Share Option Scheme during the year ended 31 December 2013:

For the year ended 31 December 2013

		Number of share options				
Grant date	Exercise Price per share HK$	Outstanding at 1 January 2013	Granted during the year ended 31 December 2013	Exercised during the year ended 31 December 2013	Cancelled/ lapsed during the year ended 31 December 2013	Outstanding at 31 December 2013
Employees						
27 December 2013	0.062	–	740,700,000	–	–	740,700,000
Exercisable at the end of the year						740,700,000
Weighted average exercise price						0.062

34. SHARE OPTION SCHEME *(Continued)*

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

The following table discloses the movements of the share options granted under the Old Share Option Scheme during the year ended 31 December 2013:

		Number of share options				
Grant date	**Exercise Price per share HK$**	**Outstanding at 1 January 2013**	**Granted during the year ended 31 December 2013**	**Exercised during the year ended 31 December 2013**	**Cancelled/ lapsed during the year ended 31 December 2013**	**Outstanding at 31 December 2013**
Employees						
9 October 2007	7.6672	7,357,308	–	–	–	7,357,308
18 April 2008	4.4532	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

34. SHARE OPTION SCHEME *(Continued)*

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

For the year ended 31 December 2012

The following table discloses the movements of the share options granted under the Old Share Option Scheme during the year ended 31 December 2012:

		Number of options				
Grant date	Exercise Price HK$	Outstanding at 1 January 2012	Granted during the year ended 31 December 2012	Exercised during the year ended 31 December 2012	Lapsed during the year ended 31 December 2012	Outstanding at 31 December 2012
Employees						
9 October 2007	7.6672	7,357,308	–	–	–	7,357,308
18 April 2008	4.4532	387,363	–	–	–	387,363
27 May 2010	0.2138	104,458,791	–	–	(104,458,791)	–
31 August 2010	0.1612	169,148,352	–	–	(169,148,352)	–
Total		281,351,814	–	–	(273,607,143)	7,744,671
Exercisable at the end of the year						7,744,671
Weighted average exercise price						7.51

Note:

As at 31 December 2013, the Company had 740,700,000 and 7,744,671 (2012: Nil and 7,744,671) share options outstanding for the share options granted under the New Share Option Scheme and Old Share Option Scheme respectively. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in issue of 748,444,671 (2012: 7,744,671) additional shares of HK$0.02 each in the capital of the Company and additional share capital of approximately HK$14,969,000 (2012: HK$155,000) and share premium of approximately HK$89,089,000 (2012: HK$57,980,000).

35. SHARE-BASED PAYMENTS

Employee share options

Detail of the Share Option Scheme is disclosed in Note 34.

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 2012, the Group did not recognise any equity-settled share-based payments expenses in respect of the Old Share Option Scheme.

36. 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 2012	1,168,025	861	311,790	27,444	(312,705)	1,195,415
Lapse of share option previously recognised in share-based payments	–	–	–	(16,268)	16,268	–
Loss for the year and total comprehensive expense for the year	–	–	–	–	(531,285)	(531,285)
At 31 December 2012	1,168,025	861	311,790	11,176	(827,722)	664,130
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 change 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. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2012

Acquisition of E Finance Limited

On 25 September 2012, the Group acquired entire equity interest of E Finance Limited at a cash consideration of HK$150,000.

Consideration transferred

	HK$'000
Cash	150

Acquisition-related cost amounting to HK$305 have been excluded from the consideration transferred and have been recognised as an expense in the period, 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
Trade and other receivables	14
Bank balances and cash	–
Net assets	14

Goodwill arising on acquisition

	HK$'000
Consideration transferred	150
Less: fair value of identifiable net assets acquired – shown as above	(14)
Goodwill arising on acquisition (Note 20)	136

Goodwill arose in the acquisition of the E Finance because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of E Finance 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.

37. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2012 *(Continued)*

Acquisition of E Finance Limited *(Continued)*

Net cash outflow on acquisition of a subsidiary:

	HK$'000
Consideration paid in cash	(150)
Less: cash and cash equivalents acquired	–
	(150)

Impact of acquisition on the results of the Group

E Finance did not contribute significantly to the revenue or results of the Group for the year ended 31 December 2012.

Had this business combination been effected at 1 January 2012, the revenue of the Group would have been approximately HK$17,659,000, and the loss of the year would have been approximately HK$558,502,000. The directors of the Group consider this "pro-forma" numbers to represent an approximately measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

38. DISPOSALS OF SUBSIDIARIES

For the year ended 31 December 2013

(a) Disposal of Funa Assets Limited

On 22 March 2013, the Group entered into a sale and purchase agreement to dispose of its entire equity interest in Funa Assets Limited ("Funa Assets") at a cash consideration of HK$40,000,000. The transaction was completed in March 2013.

Consideration received

	HK$'000
Consideration received in cash and cash equivalents	40,000

Analysis of assets and liabilities over which control was lost:

	HK$'000
Current assets	
Other receivables	4
Tax recoverable	129
Amount due from immediate holding company	8
Non-current asset	
Investment properties	39,000
Current liability	
Other payables	(252)
Net assets disposed of	38,889

Gain on disposal of subsidiaries:

	HK$'000
Consideration received	40,000
Net assets disposed of	(38,889)
Gain on disposal	1,111

38. DISPOSALS OF SUBSIDIARIES *(Continued)*

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

(a) Disposal of Funa Assets Limited *(Continued)*

Net cash inflow on disposal of subsidiaries:

	HK$'000
Cash consideration received	40,000
Less: Bank balances and cash disposed of	–
	40,000

(b) Disposal of Dragon Oriental Investment Limited

On 4 February 2013, the Group entered into a sale and purchase agreement to dispose of its entire equity interest in Dragon Oriental Investment Limited ("Dragon Oriental") at a cash consideration of HK$43,000,000. The transaction was completed in February 2013.

Consideration received

	HK$'000
Consideration received in cash and cash equivalents	43,000

Analysis of assets and liabilities over which control was lost:

	HK$'000
Current asset	
Amount due from immediate holding company	181
Non-current asset	
Investment property	30,000
Current liability	
Other payables	(154)
Net assets disposed of	30,027

38. DISPOSALS OF SUBSIDIARIES *(Continued)*

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

(b) Disposal of Dragon Oriental Investment Limited *(Continued)*

Gain on disposal of subsidiaries:

	HK$'000
Consideration received	43,000
Net assets disposed of	(30,027)
Gain on disposal	12,973

Net cash inflow on disposal of subsidiaries:

	HK$'000
Cash consideration received	43,000
Less: Bank balances and cash disposed of	–
	43,000

For the year ended 31 December 2012

(c) Disposal of China Gogreen Energy Investment Holdings Limited

On 5 October 2012, the Group disposed entire equity interest of China Gogreen Energy Investment Holdings Limited ("China Gogreen Energy") and its subsidiaries (the "China Gogreen Energy Group") at a cash consideration of HK$50,000,000. The transaction was completed in November 2012.

Consideration received

	HK$'000
Consideration received in cash and cash equivalents	50,000

38. DISPOSALS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2012 *(Continued)*

(c) *Disposal of China Gogreen Energy Investment Holdings Limited* *(Continued)*

Analysis of assets and liabilities over which control was lost:

	HK$'000
Current assets	
Inventories	5,986
Trade and other receivables	1,140
Value-added tax recoverable	7,449
Amounts due from fellow subsidiaries	81,397
Bank balances and cash	97
Non-current asset	
Property, plant and equipment	161,723
Current liabilities	
Trade and other payables	(21,166)
Amounts due to non-controlling interests	(48,717)
Amount payable for acquisition of property, plant and equipment	(182,634)
Bank borrowings	(33,715)
Net liabilities disposed of	(28,440)

Gain on disposal of subsidiaries:

	HK$'000
Consideration received	50,000
Net liabilities disposed of	28,440
Non-controlling interests	(75,269)
Cumulative exchange differences reclassified from equity to profit or loss	25,976
Gain on disposal	29,147

38. DISPOSALS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2012 *(Continued)*

(c) ***Disposal of China Gogreen Energy Investment Holdings Limited*** *(Continued)*

Net cash inflow on disposal of subsidiaries:

	HK$'000
Cash consideration received	50,000
Less: Bank balances and cash disposed of	(97)
	49,903

39. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2013	2012
	HK$'000	HK$'000
Within one year	**4,569**	985
In the second to fifth years inclusive	**3,123**	89
	7,692	1,074

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.

39. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessor

Property rental income earned during the year ended 31 December 2013 was approximately HK$1,397,000 (2012: HK$2,849,000). The Group's investment properties were held for rental purposes. They were expected to generate rental yields of Nil (2012: 2.35%) on an ongoing basis. All of the properties held had committed tenants for the next two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2013 **HK$'000**	2012 HK$'000
Within one year	–	1,116
In the second to fifth years inclusive	–	1,767
	–	2,883

40. PLEDGE OF ASSETS

As at 31 December 2013, the bank loan was secured by the Group's held-for-trading investments with fair value of approximately HK$10,313,000 (Note 26) and pledged bank deposits of approximately HK$3,947,000 (Note 28).

As at 31 December 2012, certain investment properties of the Group with fair value of HK$121,000,000 were pledged to secure general bank facilities granted to the Group.

41. RETIREMENT BENEFIT 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 2013, 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$141,000 (2012: HK$110,000). As at 31 December 2013, there were no forfeited contributions available for the Group to offset contributions payable in future years (2012: Nil).

42. 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 year and prior years:

	2013	2012
	HK$'000	HK$'000
Rental income received from Luck Key Investment Limited	**–**	385

Note:

(i) The lease agreement with Luck Key Investment Limited, a former associate of the Company, was entered into at terms mutually agreed between the contracting parties.

42. RELATED PARTY TRANSACTIONS *(Continued)*

The directors of the Company consider that they are the only key management personnel of the Group and details of their compensation are set out in Note 14.

As at 31 December 2012, the Company has given a corporate guarantee to the extent of HK$45,000,000 to a bank in respect of general banking facility granted to its former associate. In the opinion of the directors, no material liabilities will arise from the above corporate guarantee which arose in the ordinary course of business and fair value of the corporate guarantee granted by the Company is immaterial.

43. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of 20% of equity interest of Asia Credit Monitors (Holdings) Limited

In November 2013, the Group entered into a sale and purchase agreement with independent third parties in connection with acquisition of 20% of equity interest of Asia Credit Monitors (Holdings) Limited at a cash consideration of HK$40,000,000.

(b) Provision of loans to independent third parties

In January 2014, E Finance, a wholly-owned subsidiary of the Company, entered into a loan agreement with an independent third party, pursuant to which E Finance agreed to grant to the borrower a loan with a principal amount of HK$30,000,000 for a term of six months. The loan bears interest at the rate of 13.5% per annum.

In February 2014, E Finance, a wholly-owned subsidiary of the Company, entered into a loan agreement with an independent third party, pursuant to which E Finance agreed to grant to the borrower a loan with a principal amount of HK$24,700,000 for a term of six months. The loan bears interest at the rate of 10% per annum.

FIVE-YEAR FINANCIAL SUMMARY

	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	Nine months ended 31 December 2009 HK'000 (restated)
Revenue	**63,003**	17,659	92,775	2,314	105,536
(Loss)/profit before tax	**(33,558)**	(558,152)	(597,460)	111,910	78,768
Income tax (expense)/credit	**(330)**	(336)	(1,687)	(269)	146
Loss from discontinued operation	**–**	–	–	(74,263)	–
(Loss)/profit for the year/period	**(33,888)**	(558,488)	(599,147)	37,378	78,914
(Loss)/profit for the year/period attributable to:					
Owners of the Company	**(18,049)**	(418,000)	(522,537)	56,233	87,074
Non-controlling interests	**(15,839)**	(140,488)	(76,610)	(18,855)	(8,160)
	(33,888)	(558,488)	(599,147)	37,378	78,914

	As at 31 December 2013 HK'000	31 December 2012 HK'000	31 December 2011 HK'000	31 December 2010 HK'000	31 December 2009 HK'000 (restated)
Assets and liabilities					
Total assets	**1,449,699**	1,317,599	1,790,348	2,346,209	705,734
Total liabilities	**(394,471)**	(392,865)	(448,305)	(388,240)	(30,196)
Net assets	**1,055,228**	924,734	1,342,043	1,957,969	675,538
Capital and reserves					
Total equity attributable to owners of the Company	**996,086**	824,188	1,277,567	1,818,663	630,540
Non-controlling interests	**59,142**	100,546	64,476	139,306	44,998
Total Equity	**1,055,228**	924,734	1,342,043	1,957,969	675,538