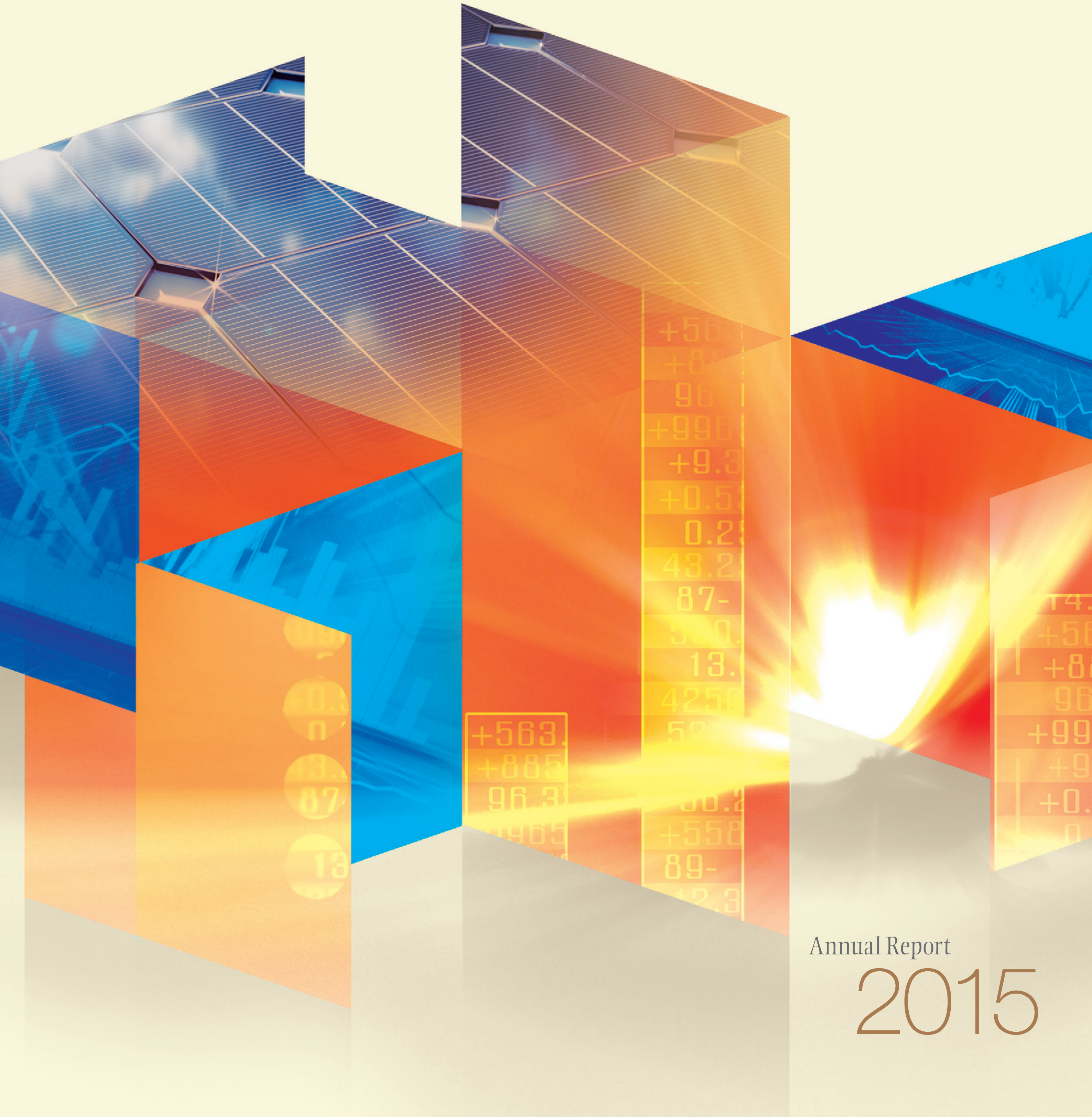
JUN YANG FINANCIAL HOLDINGS LIMITED
君 陽 金 融 控 股 有 限 公 司

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



Annual Report
2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Kwok Sze Yiu, Gordon *(Chairman)*
Dr. Tang Sing Hing, Kenny *(Vice Chairman)*
Mr. Ng Tang *(Chief Executive Officer)*

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

Unit 1105, 11/F
Wing On Plaza, 62 Mody Road
Tsim Sha Tsui East, Kowloon
Hong Kong

PRINCIPAL BANKER

Dah Sing Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.junyangfinancial.com

Dear Shareholders,

On behalf of Jun Yang Financial Holdings Limited ("Jun Yang Financial" or the "Company", together with its subsidiaries, the "Group"), I am pleased to present to you the annual report for the year ended 31 December 2015. During the reporting period, the Group recorded a revenue of approximately HK$171,295,000 (2014: approximately HK$63,701,000 (restated)), representing a year-on-year growth of 168.9%, and a net loss attributable to owners of the Company of approximately HK$191,838,000 (2014: net profit attributable to owners of the Company of approximately HK$255,398,000). The significant loss was principally attributable to the loss arising on change in fair value of held-for-trading investments and impairment loss of available-for-sale investments. The Group's principle business, namely financial services business and distributed solar business were developing smoothly and recorded a revenue growth.

SUPPORTIVE ENVIRONMENT AND POLICIES

The Chinese economy experienced an astonishing growth in the last few decades that catapulted the country to become the world's second largest economy. During 2015, it continued developing to notch a 6.8% gross domestic product ("GDP") growth – slightly down from the prior year but still very impressive amid the weakened global financial market. Economic growth was mainly due to the country's increasing integration into the global economy and the government's bold support for economic activities.

In 2015, we witnessed a more tightened financial linkage between the mainland and Hong Kong with more capital invested into Hong Kong market. There are reasons to believe that, the Central Government will support the financial market to keep its development in a stable, smooth and comparatively fast pace.

BUSINESS PERFORMANCE

A New Star in the Hong Kong Financial Service Market

With the ambition to grasp the opportunities arisen from the financial markets connections and in view of these favorable policies, the Group has acquired Jun Yang Securities Company Limited in October 2014 to focus on establishing and developing a new financial services business segment and had been actively placing more resources to developing it. During a very short time, the new segment is running on track and starting generating revenue for the Group. We also changed the Company's name from "Jun Yang Solar Power Investments Limited" to "Jun Yang Financial Holdings Limited" to better reflect the future business direction and demonstrate our determinations.

We are very glad that, during the year, this new segment generated a revenue of approximately HK$104,581,000. In addition, we have completed 36 fundraising transactions, raising a total amount of approximately HK$4,152,000,000. The Securities and Futures Commission license for corporate finance (Type 6) and license of asset management (Type 9) have also been granted.

Smooth Development of Solar Power Generation Business

In regard to the existing distributed solar power generation business, again in 2015, the Central Government initiated a number of favorable policies that supported the photovoltaic ("PV") industry and helped the distributed solar power generation to combat air pollution. The Group's solar power generation business was developing stably to secure a revenue of approximately HK$40,143,000 million, which grew by 30.28%. The Group's six PV projects (i.e. Large-scale grid-connected PV power station project in Golmud, Qinghai; 20-megawatt and 1.5-megawatt rooftop power station projects in Xuchang and Zhengzhou, Henan Province; and 10-megawatt rooftop power station project in Rongcheng, 10-megawatt rooftop power station project in Jining, 5.9 megawatt rooftop power station project in Yantai, Shandong Province) are under operations and can generate a stable revenue for the Group. During the year, a total of 44.5 megawatts of the Group's new projects were approved by the Government. New achievements are coming on the way.

BUSINESS PROSPECTS

Look ahead, we believe that there are "positive trends" for the global economy in the current market volatility. China itself has embarked on an ambitious multi-year rebalancing of its economy, toward a slower and more sustainable growth. The Group remains prudently optimistic about the financial service market despite the volatilities we see that in 2016, China's renminbi ("RMB") will join the benchmark Special Drawing Rights currency basket, increasing RMB's desirability as a reserve currency for investors globally; and following the roll-out of Shanghai-Hong Kong Stock Connect Program in October 2014, it is expected that Shenzhen-Hong Kong Stock Connect Program will be launched in 2016, which will be the impetus to the picking up of stock market, cross border investment activities will also be encouraged. In addition, according to estimates from the International Monetary Fund, the expansion of China's GDP will be 6.3% in 2016. The figure is slowing down a little bit, but still sounding amid its global developing competitors.

We will, working tirelessly, to developing our financial services business by actively seeking to expand our products mix from securities and bonds to a more comprehensive portfolio; and by building up a long-term client base and a solid network in the market.

Bolstered by remarkable developments in the domestic market, the Group is positive on China's solar market, and is working actively in negotiating and investigating a number of new projects in Shandong and other provinces.

As newly appointed to be the Chairman, I would like to express my sincere gratitude to our Board and our shareholders for their trust. I wish to take this opportunity to thank everyone in our Group for their sincere contributions, and also our partners, shareholders and investors for their continuous support. I will work closely with the Board to explore opportunities in the financial market on a timely manner, to form sustainable long-term strategies and to build up positive corporate images to develop the business in a healthy way.

I extend my sincere gratitude to you all again.

Kwok Sze Yiu, Gordon
Chairman
23 March 2016

FINANCIAL REVIEW

While the world economy in 2015 has not changed significantly throughout the year and the Federal Reserves in the US decided to increase the interest rate to reflect their expectation of better economy in 2016, the stock markets around the world have been weakened during the second half of 2015. No exception to that, the stock markets in China and Hong Kong have seen high volatilities after their peaks in April 2015. Till year end, Hang Seng Index ended at 21,914 points, decreased 7.2% year-on-year. For China, the growing pace of its GDP continued slowing down, while the government maintained an easy monetary policy and a slack fiscal policy to stabilize the economy.

Despite the fundamentals of the financial business and distributed solar power generation business of Jun Yang Financial Holdings Limited ("Jun Yang Financial" or the "Comapny", together with its subsidiaries, the "Group") were still sound and our management had been prudent in managing the Group's business and risk exposure, the Group's financial performance was somehow affected. For the year ended 31 December 2015 (the "Year"), the Group recorded a revenue of approximately HK$171,295,000 (2014: approximately HK$63,701,000 (restated)) representing a year on year growth of 168.9% and net loss attributable to owners of the Company of approximately HK$191,838,000 (2014: net profit attributable to owners of the Company of approximately HK$255,398,000). The significant loss was principally attributable to the loss arising on change in fair value of held-for-trading investments and impairment loss of available-for-sale investments. As at 31 December 2015, the Company had cash and cash equivalents of approximately HK$461,301,000 (2014: pledged bank deposits and cash and cash equivalents of approximately HK$314,940,000). The Group held loan receivables of approximately HK$410,632,000 (2014: approximately HK$316,737,000) and held-for-trading investments of approximately HK$1,726,923,000 (2014: approximately HK$863,883,000) respectively.

BUSINESS REVIEW

Prudently Optimistic about Financial Service Market

The Group remains prudently optimistic about the financial market outlook despite the volatilities. In November 2015, the International Monetary Fund ("IMF") agreed to include China's RMB in benchmark Special Drawing Rights ("SDR") currency basket. The decision, that marked another step in China's global economic emergence, came after the IMF evaluated the Asian nation's standing as an exporter and RMB's role as a "freely usable" currency. It was seen as result of a clear representation of the reforms taking place in China which will have more positive and gradual impact on China's economy in the coming years.

At the same time, to support the economy and encourage the investors, the Chinese government continued an easy monetary policy and a slack fiscal policy throughout the Year. While the Chinese stock market had gone through the deleveraging during the second half of 2015, the speculative behavior of Chinese investors should be more manageable and thus lower the volatility of the stock market. The close link between Chinese and Hong Kong stock markets could also bring more liquidity to Hong Kong's stock market.

Following the roll-out of Shanghai–Hong Kong Stock Connect Program in October 2014, it is expected that Shenzhen–Hong Kong Stock Connect Program would be launched in 2016, cross border investment activities will be encouraged and that will be the impetus to the picking up of stock market.

Robust Growth of New Financial Services Business

In view of these favourable policies, the Group has acquired Jun Yang Securities Company Limited ("Jun Yang Securities") in October 2014 to expand the business scope to the financial services business and had been actively placing more resources to developing this segment. During the Year, Jun Yang Securities generated a revenue of approximately HK$104,581,000, which was mainly attributable to increase of income from placing and underwriting business and interest income from margin financing.

During the Year, Jun Yang Securities completed 36 fundraising transactions, raising a total amount of approximately HK$4,152 million. Jun Yang Securities also expanded its business into debt capital market by acting as the exclusive placing agent of 2 unlisted bonds in 2015. The Group was poised to expand the service offering by application for the Securities and Futures Commission (the "SFC") license of asset management (Type 9) and advising on corporate finance (Type 6), both have been granted as at the date of this report.

In order to strengthen our capabilities in financial services business, the Group made two major appointments during the Year. The Group invited Mr. Kwok Sze Yiu, Gordon ("Mr. Kwok") as the Chairman of the board of directors of the Company (the "Directors") and executive Director on 6 November 2015. Mr. Kwok is a seasoned expert with over 15 years of extensive experience in the financial industry. He has solid investment background and extensive network; his joining will strengthen the Group's development in the financial market and form long-term strategies which synergize the investment and financial services business, leading the Group to capture various opportunities in Hong Kong market.

Another important appointment was Dr. Tang Sing Hing, Kenny ("Dr. Tang") appointed as the Chief Executive Officer of Jun Yang Securities in April 2015, and was appointed as the Vice Chairman of the Board and an executive Director on 12 June 2015. Dr. Tang has high media exposure in Hong Kong financial market; his joining will help building the Group's brand image.

Furthermore, at the beginning of 2016, the Group invited Mr. Ng Tang ("Mr. Ng") as the Chief Executive Officer and executive Director. Mr. Ng has over twenty years of corporate management experience in China and Hong Kong and has more than ten years extensive experience in the management and capital operation of listed companies in Hong Kong. His joining will further strengthen the Group's resources in the financial market.

Ever since the establishment of the new financial business segment, the Group has built a solid position in Hong Kong's financial market in a short period and has determined to shift the new corporate direction to focus more on the financial services business. So during the Year, the Company changed its name from "Jun Yang Solar Power Investments Limited" to "Jun Yang Financial Holdings Limited" to better reflect the future business direction and positioning of the Group as a comprehensive wealth management consultancy.

Long-term development and prosperity require effective and trustworthy support and confidence. Leveraging on sufficient fund and backing by strong commitment of the Board, as well as supported by the favourable Government policies, the financial service segment has experienced rapid and solid growth throughout the year: on the one hand actively seeking to expand its products from securities and bonds to a more comprehensive product mix; and on the other hand, building a long-term client database and a solid network. Looking ahead, we will continue to strengthen its financial base, to create space for growth, ensuring the financial sustainability of the Group.

Money Lending Business and Asset Investment Business to Diversify the Business Portfolio

Since the Group's entering into the money lending business through the acquisition of E Finance Limited in 2012, money lending business segment has been well on track and become one of the Group's stable income sources. During the Year, the money lending business segment achieved an interest income of approximately HK$26,571,000 (2014: approximately HK$32,204,000), which laid a solid capital foundation for the development of financial services business and helped the Group to maintain a healthy cash flow. The management will go on paying close attention to the development of this business segment and promptly react to the demand in the market.

In respect of the asset investment business, the Company has recorded a loss attributable to owners of the Company for 2015 as compared to a profit for 2014 principally due to the realised loss in respect of its investments, which is partly set-off by the gains arising on change in fair value of held-for-trading investments and such net off loss is approximately HK$57 million as a result of the volatile stock market in Hong Kong in the second half of 2015.

In addition to that, its unlisted available-for-sale investments have incurred losses and the impairment loss of available-for-sale investments is approximately HK$82 million at 2015.

The significant decrease as compared to a profit for 2014 was principally attributable to the realised loss in respect of its investments as a result of the volatile stock market in Hong Kong in the second half of 2015. The Company has raised sufficient funds for such losses and make sure the business of financial services and solar power generation are not affected.

Supportive Governmental Policies and Stable Development in Solar Power Generation Business

During the Year, the Chinese government put great efforts in implementing its initiatives to push for more renewable energy. Such moves include but not limited to simplify new project approval process, remove cap for rooftop distributed solar power installation, speed up subsidy payment and grid connection. As a result of such moves, the total installation of solar power generation reached 15 gigawatts ("GW") accounting for a quarter of global installation, making China the biggest country with total solar power generation capacity at 43 GW, according to the announcement of National Energy Administration ("NEA").

In respect of distributed solar power generation business, the Group was developing stably leveraging on the strong track works as well as the supportive governmental policies from NEA. During 2015, the Group booked a revenue of approximately HK$40.14 million from the renewable energy business.

Electricity Generated Increased 51%

The Group's four photovoltaic ("PV") projects (i.e. large-scale grid-connected PV power station project in Golmud, Qinghai; and 20-megawatt and 1.5-megawatt rooftop power station projects in Xuchang and Zhengzhou, Henan Province; and 10-megawatt rooftop power station project in Rongcheng, Shandong Province) are all under stable operations and generated about 40 million kWh electricity, 51% more than that in the year before. Among which the new 10-megawatt rooftop power station in Rongcheng, Shandong Province was newly completed in January 2015. This new project has been connected to the grid in February 2015 and commenced power generation in March 2015. Electricity tariff has been collected. During 2015, this project generated electricity of approximately 9.87 million kWh.

Electricity Generated in the Solar Stations

	2015 million kWh	2014 million kWh	Growth
Golmud, Qinghai	**13.26**	13.23	0.23%
Xuchang & Zhengzhou, Henan	**16.88**	13.26	27.30%
Rongcheng, Shandong	**9.87**	0	–
	40.01	26.49	51.04%

Added additional 26-megawatt Capacity of Solar Power Generation

During the Year, a total of 26-megawatt of the Group's new projects were connected to the grid. These include Shandong Rongcheng 10-megawatt, Shandong Jining 10-megawatt and Shandong Yantai 5.9-megawatt projects. By the end of 2015, the total capacity of solar power generation reached 57-megawatt, will generate more revenue of electricity for the Group in 2016.

A 28.6-megawatt Jining Second Phase Solar Station Is under Construction

The year of 2015 is a very successful and fruitful one for the Group's solar project development thanks to the increase in manpower in project development. During the Year, three projects of a total capacity of 44.6-megawatt was approved by the government. Of the three projects, Jining First Phase and Yantai projects have been constructed and connected to the grid. Jining second phase 28.6-megawatt rooftop project is under construction.

Business Outlook

2016 will be a year full of opportunities and challenges, China will once again be in the spotlight of the world economy. Investment is picking up in response to stronger infrastructure investment followed the easy financing policies from the local government. In 2016, China's RMB will join the benchmark SDR currency basket, increasing RMB's desirability as a reserve currency for investors globally. This may encourage central banks around the world to increase their holdings of the RMB and further bringing about opportunities for the financial market in Greater China region. IMF data shows that China has been the source of 35% of global growth over the past five years, and is forecasted to form 30% of growth until 2020. Backed by the China market and leveraging a deepened and tightened financial collaboration with the mainland, it is anticipated that Hong Kong financial market will still be prosperous in a long run.

However, there are still some reforms that need to be implemented before China increases its linkages with global markets, such as the stabilization of the exchange rate. In this regard, fluctuations and volatilities will be inevitable in the Hong Kong stock market as a result of the weakness of A-share market and uncertainties of the currency rate. Despite this, the Group views the financial industry with big upside potential as China is still the economic growing engine worldwide and China's central government has always been strong in handling financial issues. In addition, the macro economic environment is returning to a stable stage with structural positives such as the rebalancing of China's wealthy individuals' investment portfolios, the rise of direct financing in China's financial system, and further deregulation of the broking sector. The upward trend of the stock market is a matter of time and the Group will be well-prepared to seize the right time.

In 2016, the Group will focus on the development and expansion of its financial services business to cover merger and acquisition, asset management, margin, IPO financing and bonds placing, etc. The Company intends to develop its asset and portfolio management business by introducing competitive products. The margin financing business will be modified according to market changes from time to time. The Group is also expanding its sales force by establishing the Central branch office in Hong Kong to capture the business opportunities of upcoming Shenzhen–Hong Kong Stock Connect Program and RMB's joining the benchmark SDR currency basket.

In the past, the Company invested in quality properties in Hong Kong and achieved reasonable returns. To cope with current turmoil in Asian financial market, and to benefit current low interest rate, the Group will diversify its asset investment and seek high quality properties to invest, to secure stable returns to our asset investment.

In regard of solar business, the Group is positive on China's solar market, as the promising outlook due to the highly disciplined expansion in manufacturing capacity. By the end of 2015, NEA announced draft 13th Five-Year Plan that the solar PV target for China has been raised from 100 GW to 150 GW in 2020, including 70 GW for distributed PV. Solar power energy will account for 7% of total power capacity and 2.5% of total power generation by 2020. This again indicated the Chinese government's focus on the development of renewable energies to combat server air pollutions in China. To be particular, the annual capacity addition for solar projects (the 13th Five-Year Plan) is 20 GW in 2015-2020, double the 10 GW of 2013 and 2014. More upside is on the distributed solar side, of which the annual capacity addition will increase from 2 GW in 2014 to average 11 GW over 2015-2020. Downstream demand is recovering and more favourable policies are coming from NEA. The solar market will enjoy a sustainable growth.

The Group is working actively in Shandong, Henan and Jiangsu Provinces for new projects. And also eyes on global projects in Australia. Look ahead, the Group will further consolidate its position in distributed solar power industry by investing more to expand its installed capacity and generating more income.

At the meantime, in consideration of the decline in construction cost of solar farms and the uncertainties of government subsidies towards solar power generation in China, the Group will excise cautions in selection of future new solar projects. If there are better investment opportunities, the usage of some of the fund raised for solar power generation might be changed. The Group will make necessary disclosure according to the applicable listing requirement.

Deal with the risks and uncertainty

The management believes the global economic growth slowing down and turmoil in Asian stock markets will present the Group with business risks and uncertainty, though we are prudently optimistic about the future of financial services business in Hong Kong as Renminbi further globalization and the stock connect program introduced. These risks will make it hard for the Company to solicit new customers and grow business and it is also much harder to profit from invest in stock market when the market is continuing move downwards.

To couple with the uncertainty and difficulties, the Group has put more resources in placing and underwriting business and is to extend our business offering to our customers. In the year 2015, the Group injected HK$447 million capital for margin finance that will help our customer in investment financing while generate continuing income for the Company. The Group also intends to increase our service offering with assets management and corporate finance. To facilitate these new directions, the Group has been applying the relevant license from the SFC and licences Type 6 and Type 9 have been granted as at the date of this report.

The Group has suffered significantly in the stock market turmoil in the second half of the Year both in listed shares and unlisted investments in Hong Kong. The management believes the Asian stock market turmoil created a great uncertainty for the Group's assets investment businesses. To deal with these uncertainties, the Group should increase its investment portfolio by increasing long term investment to reduce short term investment risks, diversifying its investment to include the US stocks and also invest in non-financial products such as quality properties to generate more stable continuing income from our investment.

In aspect of solar power generation business, the management believes the current Chinese government policies are generally positive and supportive, but the subsidy payment and procurement of electricity generated are problematic and slow. The curtailment of solar power generation in the vast western provinces is serious and left great financial burden to the investor of solar power generation. To minimize the risks and uncertainties, the Group will stick on its focusing on rooftop distributed solar generation and to invest in the areas where electricity is in shortage or heavy demand, i.e. the Provinces in Eastern and South regions. The Group will also be careful in targeting customer (i.e. the end-user or the grid) of electricity generated in consideration of stable price of power generated.

The Group's mission is to become a premier financial services provider in Hong Kong with comprehensive range of high standard service offerings. It will also continue to improve the environment by delivering clean, affordable and sustainable solar energy. The Group is confident of maintaining a steadily growth, and to create long-term returns to the shareholders.

Environmental Policies and Performance

The Group is committed to environmental protection, energy conservation, and the rational use of resources and energy. Centering on the targets of green power generation and energy saving, consumption reduction, pollution reduction and efficiency enhancement, the Company has actively participated in investments in green energy and businesses not rely on heavy energy usage.

Moreover, the Group understands the importance of the environmental impact of our businesses. Adhering to the concept of green environmental protection, the Group has also promoted green operations and advocated the concept of green office. Environment protection and reasonable and efficient utilization of resources have been consistently implemented in the daily operation activities of the Group. In the year to come, the Group will continue to develop sustainable policies and designs to reduce its environmental impact.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group held cash and cash equivalents of approximately HK$461,301,000 (2014: pledged bank deposits and cash and cash equivalents approximately HK$314,940,000). Net current assets amounted to approximately HK$2,470,199,000 (2014: approximately HK$1,328,183,000). Current ratio (defined as total current assets divided by total current liabilities) was 4.30 times (2014: 5.77 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 21% (2014: 21%).

As at 31 December 2015, the Group had outstanding bank and other borrowings of approximately HK$437,774,000 (2014: approximately HK$43,582,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank and other borrowings bore interest at prevailing market rates and were repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 31 December 2015, the Group had shareholders' equity of approximately HK$195,904,000 (2014: approximately HK$44,465,000).

On 10 June 2015, the Company allotted and issued 2,223,259,115 offer shares of HK$0.01 each in the share capital of the Company (the "Shares"), at the price of HK$0.26 per offer share, to the qualifying shareholders of the Company pursuant to the open offer, further details of which are set out in the prospectus of the Company dated 15 May 2015 and the announcement of the Company dated 9 June 2015.

On 22 July 2015, the Company allotted and issued 889,300,000 placing Shares, at the placing price of HK$0.158 per placing Share, pursuant to the placing agreement dated 10 July 2015 and the general mandate granted to the Directors at the annual general meeting of the Company held on 3 June 2015, details of which are disclosed in the announcement of the Company dated 10 July 2015.

On 14 October 2015, the Company allotted and issued 12,031,350,000 placing Shares, at the placing price of HK$0.113 per placing Share, pursuant to the placing agreement dated 10 July 2015 (as varied and supplemented by the supplemental placing agreement dated 24 August 2015) and the specific mandate granted to the Directors at the adjourned special general meeting of the Company held on 25 September 2015, details of which are disclosed in the circular of the Company dated 8 September 2015.

OPEN OFFER

As disclosed in the Company's announcement dated 13 April 2015 and the prospectus of the Company dated 15 May 2015, the Company proposed to raise HK$578.05 million before expenses by issuing 2,223,259,115 offer shares (the "Offer Shares") at the subscription price of HK$0.26 per Offer Share on the basis of one Offer Share for every two shares in issue held on 14 May 2015 (the "Open Offer").

The subscription price of HK$0.26 per Offer Share represents: (1) a discount of approximately 25.71% to the closing price of HK$0.35 per Share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 April 2015 (the "Last Trading Day"), being the date of the underwriting agreement dated 13 April 2015 entered into between the Company and the underwriter; and (2) a discount of approximately 10.96% to the average closing price of HK$0.292 per Share quoted on the Stock Exchange for the five trading days before the Last Trading Day. The subscription price also represents a discount of approximately 18.75% to the theoretical ex-entitlement price of approximately HK$0.32 per Share based on the closing price of HK$0.35 per Share as quoted on the Stock Exchange on the Last Trading Day.

The net proceeds from the Open Offer were approximately HK$563.92 million, the net issue price of each Offer Share was approximately HK$0.254. As at 31 December 2015, the proceeds have been used (i) as to approximately HK$77.62 million for the Group's solar power station projects; (ii) as to approximately HK$45 million for operation of the Group's securities trading business operated by Jun Yang Securities; (iii) as to approximately HK$96 million for the operation of the Group's money lending business; and (iv) as to approximately HK$29.92 million used for assets investment in a fund.

For details of the Open Offer were set out in the announcements of the Company dated 13 April 2015 and 9 June 2015 and the prospectus of the Company dated 15 May 2015.

FUND RAISING ACTIVITIES UNDER GENERAL MANDATE

Placing of New Shares under General Mandate

On 10 July 2015, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to offer for subscription and the placing agent has agreed to procure, on a best endeavor basis, not less than six placees to subscribe for up to 889,300,000 placing shares at a price of HK$0.158 per placing share. The placing shares were allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 3 June 2015. The Directors are of the view that the placing can strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The placing also represent good opportunities to broaden the shareholders' base and the capital base of the Company.

The aggregate nominal value of the placing shares under the placing was HK$8,893,000. The placing price of HK$0.158 per placing share represents (i) a discount of approximately 18.13% to the closing price of HK$0.193 per Share as quoted on the Stock Exchange on 10 July 2015, being the date of the placing agreement; and (ii) a discount of approximately 11.53% to the average closing price of HK$0.1786 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to 10 July 2015, being the date of the placing agreement.

The completion of the placing took place on 22 July 2015. An aggregate of 889,300,000 placing shares have been successfully placed to not less than six placees who and whose ultimate beneficial owners are independent third parties. The net proceeds from the placing were approximately HK$136 million. On such basis, the net issue price per placing share was approximately HK$0.153.

It is expected that the entire net proceeds from the placing would be utilized for the operation of the Group's securities related business operated by Jun Yang Securities. As at 31 December 2015, the net proceeds of approximately HK$136 million was used for the operation of the Group's securities trading business operated by Jun Yang Securities.

CHARGES ON GROUP ASSETS

As at 31 December 2015, certain Group's held-for-trading investments and available-for-sale investments with a carrying value of approximately HK$452,122,000 and HK$139,830,000 were pledged to secure general bank facilities granted to the Group respectively.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed approximately 89 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. Kwok Sze Yiu, Gordon, aged 41, has been an executive director and the Chairman of the board (the "Board") of directors (the "Directors") of Jun Yang Financial Holdings Limited (the "Company" together with its subsidiaries, the "Group") since 6 November 2015. He is also a director of certain subsidiaries of the Company. He obtained a Bachelor's degree of Science in Civil Engineering from Iowa State University of Science and Technology, the United States in May 1997 and was awarded a Master's degree of Science in Civil and Environmental Engineering from Massachusetts Institute of Technology, the United States in February 1999. He has over 15 years of experience in private equity investment, merger and acquisitions and corporate finance in the Greater China region. Prior to joining the Group, Mr. Kwok worked as a senior associate at Olympus Capital from 2005 to 2007. From 2007 to 2012, Mr. Kwok was a director at The Blackstone Group. From 2012 to July 2015, Mr. Kwok was the Managing Director of Yunfeng Capital.

Dr. Tang Sing Hing, Kenny, aged 47, joined the Group in April 2015 and has been an executive Director and the Vice Chairman of the Board since 12 June 2015. He is currently a director and the chief executive officer of Jun Yang Securities Company Limited ("Jun Yang Securities"), which is a wholly-owned subsidiary of the Company and also a director of certain other subsidiaries of the Company. He obtained a Bachelor's degree in Business, major in finance from Edith Cowan University, Australia in February 1993 and holds a PhD. degree in Economics from Renmin University of China in July 2007. Dr. Tang has over 13 years of experience in the financial and securities sector. He became a Senior Associate of the Australian Institute of Banking and Finance in December 1995 and was appointed as Hong Kong Chief Analyst by the Finance and Securities Institute of Renmin University of China in December 2010. Prior to joining the Group, Dr. Tang was an executive director and the head of research in Redford Asset Management Limited from 2008 to 2011. From 2011 to March 2015, Dr. Tang served as the vice president in the securities and asset management department of AMTD Asset Management Limited. Dr. Tang is the chairman of The Hong Kong Institute of Financial Analysts and Professional Commentators Limited and an executive committee member of the Hong Kong Securities Professionals Association. He is a part-time lecturer of the Master of Social Science in Global Political Economy Programme of The Chinese University of Hong Kong. Dr. Tang is an independent non-executive director of Hin Sang Group (International) Holding Co. Ltd. (Stock code: 6893), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Ng Tang, aged 54, has been an executive Director and the Chief Executive Officer of the Company since 1 February 2016. He is also a director of certain subsidiaries of the Company. He graduated in law from the East China University of Politics and Law Department（華東政法學院）. Mr. Ng has over 20 years of corporate management experience in China and Hong Kong and has more than 10 years of extensive experience in the management and capital operation of listed companies in Hong Kong. Mr. Ng is a committee member of Zhaoqing City of the Chinese People's Political Consultative Conference（中國人民政治協商會議肇慶市委員會委員）in the People's Republic of China (the "PRC"). He is also a director of the board of directors of Yan Oi Tong. Mr. Ng is currently an executive director of WLS Holdings Limited, a company listed on the Growth Enterprise Market ("GEM") of the Stock Exchange (Stock Code: 8021). He was an executive director of China Nonferrous Metals Company Limited, a company listed on GEM (Stock Code: 8306), from June 2008 to May 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 49, 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's degree with honours in Business Administration and a master of science degree in Corporate Governance and Directorship. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and is an associate member of The Institute of Chartered Accountants in England and Wales. He is also a practising certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

Mr. Chan is currently an executive director and chief executive officer of Noble Century Investment Holdings Limited (stock code: 2322). He is also the chairman and an executive director of Kate China Holdings Limited (stock code: 8125) and an executive director of e-Kong Group Limited (stock code: 524). He is also an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), REX Global Entertainment Holdings Limited (stock code: 164), Media Asia Group Holdings Limited (stock code: 8075), U-RIGHT International Holdings Limited (stock code: 627), New Times Energy Corporation Limited (stock code: 166) and Leyou Technologies Holdings Limited (stock code: 1089). Mr. Chan was the chairman and an executive director of Kong Sun Holdings Limited (stock code: 295) from December 2011 to September 2013 and an executive director of South East Group Limited (now known as China Minsheng Drawin Technology Group Limited) (stock code: 726) from December 2013 to July 2015 and Co-Prosperity Holdings Limited (stock code: 707) from December 2014 to October 2015. He was also an independent non-executive director of China Sandi Holdings Limited (stock code: 910) from September 2009 to July 2014. All the companies mentioned above are listed on the Stock Exchange.

Mr. Chik Chi Man, aged 62, 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 48 years of experience in the building and construction industry in Hong Kong. He is currently a member of the standing executive committee of Scout Association of Hong Kong New Territories East Region, the vice chairman of Sha Tin East District Scout Council and also the treasurer of the committee in Sha Tin District of the Friends of the Community Chest. In July 2006, Mr. Chik was awarded the Chief Executive's Commendation for Community Service by The Government of the Hong Kong Special Administrative Region.

Mr. Lam Wing Tai, aged 49, has been an independent non-executive Director since 2 October 2013. He is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Mr. Lam studied accounting at the Australian National University and obtained a bachelor's degree in commerce in 1991. He is a member of the CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in the accounting and auditing field. Mr. Lam is currently an independent non-executive director of Universe International Holdings Limited (stock code: 1046), which is a company listed on the Stock Exchange. Mr. Lam was the executive director of Ngai Shun Holdings Limited (stock code: 1246), from March 2015 to July 2015 and an independent non-executive director of Aurum Pacific (China) Group Limited (stock code: 8148), from October 2015 to January 2016, both of which are companies listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Bai Liang, aged 48, currently the legal representative and the chairman of the board of 北京君陽投資有限公司 (Beijing Jun Yang Investments Limited) ("Beijing Jun Yang"), a subsidiary of the Company. He is also a director and the legal representative of certain other subsidiaries of the Company. He oversees the Group's solar energy business in the PRC. He was the chairman of the Board and an executive director of the Company from November 2010 to November 2015. He graduated from Beijing Jiaotong University (formerly known as Northern Jiaotong University) in the PRC with a bachelor's 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 57, currently the President (Overseas Solar Business) of the Group and a director of certain subsidiaries of the Company. He was an executive director and the chief executive officer of the Company from January 2013 to January 2016. Mr. Jiang graduated from 上海立信會計學院 (Shanghai Lixin University of Commerce) in 1984 and completed a graduate course in Specialized Historical Studies of Corporate Development and Modernization of Corporate Management in 華東師範大學 (East China Normal University) in July 2002. In March 2003, he obtained a Master of Business Administration from Macau University of Science and Technology. From 1998 to 2005, Mr. Jiang was the chief executive officer of the PRC branch office of IPC Corporation Limited, a company listed on the Mainboard of the Singapore Exchange Limited. From 2005 to 2007, he served as the chief executive officer in 上海埃力生(集團)有限公司 (unofficial English translation being Shanghai Alison (Group) Company Limited). From 2007 to August 2009, he was the chief executive officer of GCL Solar Energy Technology Holdings Inc. From September 2009 to October 2012, he was the President (Solar Business) of GCL-Poly Energy Holdings Limited (stock code: 3800), a company listed on the Stock Exchange.

Mr. Siu Kam Chau, aged 51, currently the company secretary of the Company. He is also a director of various subsidiaries of the Company. He was an executive director of the Company from October 2011 to January 2016. Mr. Siu graduated from the City University of Hong Kong with a bachelor's degree in accountancy. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Public Accountant (practising) in Hong Kong. Mr. Siu has over 26 years of working experience in auditing, accounting, company secretarial and corporate finance. Mr. Siu is currently an independent non-executive director of Wang On Group Limited (stock code: 1222) and Deson Development International Holdings Limited (stock code: 262), both of which are companies listed on the Stock Exchange.

Mr. Peng Libin, aged 50, currently a director and the president of Beijing Jun Yang. He was an executive director of the Company from January 2013 to November 2015. He obtained a Bachelor's Degree in Economics (Statistics) from 湖南財經學院 (Hunan College of Economics and Finance) (currently known as 湖南大學 (Hunan University)) in 1989. He has been qualified as a senior economist in the PRC since November 1999. Mr. Peng has over 20 years of experience in power generation industry in the PRC. Mr. Peng has extensive experience and knowledge in (i) the development of solar energy industry; and (ii) the management, operation and planning of solar power generation projects. Before joining the Group, he held various positions in a number of power companies.

Mr. Liu Guangdian, aged 54, currently the investor relations director of the Company. He is also a director of various subsidiaries of the Company. He was an executive director of the Company from October 2014 to January 2016. 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 of a listed company in Hong Kong. He joined the Group in February 2013.

Mr. Yu Wan Hei, aged 41, currently the financial controller of the Company. He is also a director of various subsidiaries of the Company. Mr. Yu obtained a Bachelor of Business Administration degree in Accounting from The Hong Kong University of Science and Technology and a Master of Science degree in Accounting from The Hong Kong Polytechnic University. Mr. Yu is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants. Mr. Yu has over 16 years of experience in the accounting and financial management field and previously worked in various listed and unlisted groups. Mr. Yu is an independent non-executive director of First Credit Finance Group Limited (stock code: 8215), a company listed on the Stock Exchange. He joined the Group in May 2014.

Mr. Liu Hui, aged 41, currently a director and the vice president of Beijing Jun Yang and a director of certain other subsidiaries of the Company. He obtained a Master's Degree of Business Administration from Beijing Institute of Technology in 2007. Mr. Liu has over 19 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 9 years of management experience in solar related industry. He joined the Group in November 2011.

Ms. Liu Shuang, aged 45, currently a director, the vice president and financial controller of Beijing Jun Yang. She is also a director of another subsidiary of the Company. She graduated from Beijing Jiaotong University (formerly known as Northern Jiaotong University) in the PRC with a Bachelor's degree in Engineering in 1990. She obtained a Bachelor's degree in Economics from Beijing Jiaotong University (formerly known as Northern Jiaotong University) in 1998 and obtained a Master's degree in Accountancy from Beijing Jiaotong University in 2011. Ms. Liu has over 21 years of experience in the areas of accounting, financial management, PRC financial system and the relevant policy and regulation. She joined the Group in May 2010.

Ms. Guo Xiaohui, aged 34, currently a director of Beijing Jun Yang. She graduated from Chongqing University of Posts and Telecommunications with a Bachelor's degree in Computer Science and Technology in 2003 and obtained a Master's degree in Engineering from Beijing Institute of Technology in 2014. Ms. Guo has over 13 years of experience in the areas of communication and financial management. She joined the Group in May 2014.

Mr. Ho Chun Kit, aged 41, currently a director of Jun Yang Securities. He is currently licensed with Securities Futures Commission as a responsible officer of Jun Yang Securities for Type 1 (dealing in securities). He holds a bachelor's degree in Business Administration conferred by Lingnan University in Hong Kong. Mr. Ho has over 18 years of experience in the financial services industry. His experience covers areas of back office settlement, front office dealing, internal control, compliance and risk management. He joined the Group in October 2014.

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

Name of Director	Details of Changes
Mr. Chan Chi Yuen	– resigned as an executive director of Co-Prosperity Holdings Limited (stock code: 707), a company listed on the Stock Exchange, with effect from 9 October 2015
	– appointed as an executive director and the chairman of Kate China Holdings Limited (stock code: 8125), a company listed on the Stock Exchange, with effect from 27 October 2015 and 17 November 2015 respectively
Mr. Lam Wing Tai	– appointed as an independent non-executive director of Aurum Pacific (China) Group Limited (stock code: 8148), a company listed on the Stock Exchange, with effect from 16 October 2015
	– resigned as an independent non-executive director of Aurum Pacific (China) Group Limited (stock code: 8148), a company listed on the Stock Exchange, with effect from 18 January 2016
	– resigned as the company secretary of Dafeng Port Heshun Technology Company Limited (stock code: 8310), a company listed on the Stock Exchange, with effect from 6 April 2016

REPORT OF THE DIRECTORS

The directors (the "Directors") of Jun Yang Financial Holdings 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 2015 (the "Year").

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the financial positions of the Company and of the Group as at the Year end date are set out in the note 43 to the consolidated financial statements and on pages 39 to 141 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 142 of this annual report.

DONATIONS

Charitable donations made by the Group during the Year amounted to approximately HK$2,325,000.

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 2015 are set out in note 19 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the Year are set out in "Management Discussion and Analysis" on pages 5 to 13 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately HK$163,316,000 for the expansion of its business.

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 35 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 SCHEMES

Particulars of the Company's share option schemes are set out in note 36 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 43 and 44 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in note 43 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2015, 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 50% of the turnover of the Group. The largest customer accounted for approximately 22% of the turnover of the Group.

Commission expenses attributable to the five highest paid account executives of the Group accounted for approximately 70% of the Group's total commission expenses for the year under review.

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

BANK AND OTHER BORROWINGS

Details of bank and other 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. Kwok Sze Yiu, Gordon *(Chairman)*	(appointed on 6 November 2015)
Dr. Tang Sing Hing, Kenny *(Vice Chairman)*	(appointed on 12 June 2015)
Mr. Ng Tang *(Chief Executive Officer)*	(appointed on 1 February 2016)
Mr. Bai Liang	(resigned with effect from 6 November 2015)
Mr. Jiang You	(resigned with effect from 1 February 2016)
Mr. Siu Kam Chau	(resigned with effect from 1 February 2016)
Mr. Peng Libin	(resigned with effect from 6 November 2015)
Mr. Liu Guangdian	(resigned with effect from 1 February 2016)

Independent Non-executive Directors

Mr. Chan Chi Yuen
Mr. Chik Chi Man
Mr. Lam Wing Tai

In accordance with bye-law 99 of the Company's bye-laws and to comply with the requirements of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. Chan Chi Yuen and Mr. Chik Chi Man 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 18 of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors and the five highest paid individuals of the Group are set out in notes 14 and 44 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 42 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

As at 31 December 2015, 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 positions in the underlying shares of the Company

Name	Capacity	Number of underlying shares pursuant to share options	Approximate % of the issued share capital of the Company as at 31 December 2015
Mr. Siu Kam Chau *(Note)*	Beneficial owner	24,303,125	0.12%
Mr. Liu Guangdian *(Note)*	Beneficial owner	24,303,125	0.12%

Note: Mr. Siu Kam Chau and Mr. Liu Guangdian resigned as the executive directors of the Company with effect from 1 February 2016.

Long position in shares in associated corporation

Name	Name of associated corporation	Capacity	Number of shares	Approximate % of total issued shares of the associated corporation as at 31 December 2015
Mr. Jiang You *(Note 1)*	Pictures Global Holdings Limited	Interest of controlled corporation *(Note 2)*	99	9.9%

Notes:

(1) Mr. Jiang You resigned as an executive director of the Company with effect from 1 February 2016.

(2) Thinker Global Investments Limited was wholly-owned by Mr. Jiang You, Mr. Jiang You was deemed to be interested in 99 shares of Pictures Global Holdings Limited held by Thinker Global Investments Limited.

Save as disclosed above, as at 31 December 2015, 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 of the Company.

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 36(a) 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 of the Company.

Particulars of the 2013 Share Option Scheme and details of movements of share options during the Year are set out in note 36(b) 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 2015, the following persons (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 2015
Wong Ka Man	Beneficial owner	1,946,940,000	9.94%
China Mobile Games and Entertainment Group Ltd.	Beneficial owner	1,769,940,000	9.03%

Save as disclosed above, as at 31 December 2015, there was no other person (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the corporate governance report on pages 28 to 36 of this annual report.

AUDITORS

The consolidated financial statements for the year ended 31 December 2015 were audited by HLB Hodgson Impey Cheng Limited who will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

The consolidated financial statements for the years ended 31 December 2013 and 2014 were audited by HLB Hodgson Impey Cheng Limited. There has been no change in the auditors of the Company in any of the preceding three years.

On behalf of the Board

Kwok Sze Yiu, Gordon
Chairman
23 March 2016

CORPORATE GOVERNANCE REPORT

The board of directors (the "Directors") of Jun Yang Financial Holdings 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 2015 (the "Year").

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

As at the date of this report, the Board comprises six members, three of which are executive Directors, namely Mr. Kwok Sze Yiu, Gordon (Chairman), Dr. Tang Sing Hing, Kenny (Vice Chairman) and Mr. Ng Tang (Chief Executive Officer). 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 18 of this annual report.

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

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

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

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

Directors	Number of meetings attended/eligible to attend		
	Board	Annual General Meeting	Special General Meetings
Executive Directors			
Mr. Kwok Sze Yiu, Gordon *(Chairman)* (appointed on 6 November 2015)	1/1	0/0	0/0
Dr. Tang Sing Hing, Kenny *(Vice Chairman)* (appointed on 12 June 2015)	2/2	0/0	3/3
Mr. Bai Liang (resigned with effect from 6 November 2015)	2/3	1/1	3/3
Mr. Jiang You (resigned with effect from 1 February 2016)	4/4	1/1	2/3
Mr. Siu Kam Chau (resigned with effect from 1 February 2016)	4/4	1/1	3/3
Mr. Peng Libin (resigned with effect from 6 November 2015)	2/3	1/1	3/3
Mr. Liu Guangdian (resigned with effect from 1 February 2016)	4/4	1/1	3/3
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	4/4	1/1	3/3

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

Name of Director	Attend seminar(s)/reading written training materials, newspapers, and updates relating to the Listing Rules, general business or other relevant topics
Executive Directors	
Mr. Kwok Sze Yiu, Gordon	✓
Dr. Tang Sing Hing, Kenny	✓
Mr. Bai Liang (Note 1)	✓
Mr. Jiang You (Note 2)	✓
Mr. Siu Kam Chau (Note 2)	✓
Mr. Peng Libin (Note 1)	✓
Mr. Liu Guangdian (Note 2)	✓
Independent non-executive Directors	
Mr. Chan Chi Yuen	✓
Mr. Chik Chi Man	✓
Mr. Lam Wing Tai	✓

Notes:

(1) Mr. Bai Liang and Mr. Peng Libin resigned as the executive directors of the Company with effect from 6 November 2015.

(2) Mr. Jiang You, Mr. Siu Kam Chau and Mr. Liu Guangdian resigned as the executive directors of the Company with effect from 1 February 2016.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Kwok Sze Yiu, Gordon is the Chairman of the Board and Mr. Ng Tang 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)*	1/1
Mr. Chan Chi Yuen	1/1
Mr. Chik Chi Man	1/1

NOMINATION COMMITTEE

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

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

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

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

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

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

AUDIT COMMITTEE

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

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 2014 and the unaudited financial statements for the six months ended 30 June 2015 respectively, discussed audit scope and findings with the Company's independent auditors, reviewed and updated the terms of reference of the Audit Committee, and reviewed the Group's financial reporting system and internal control system. In the meeting of the Audit Committee of March 2016, the Audit Committee reviewed the Group's audited financial statements for the year ended 31 December 2015 prior to recommending them to the Board for approval.

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

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

CORPORATE GOVERNANCE FUNCTION

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

AUDITORS' REMUNERATION

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

	Fees paid/ payable HK$'000
Services rendered	
Audit for the Year	815
Non-audit services	
Acting as reporting accountants to report on certain financial information included in the Company's prospectus issued during the Year	130
Total	945

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 2015. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

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

The consolidated financial statements for the year ended 31 December 2015 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 of the Company (the "Company Secretary"), Mr. Siu Kam Chau, is a full time 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.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene a general meeting

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

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

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

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

Shareholders' Enquiries

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

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

Procedures for Shareholders to put forward proposals

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

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

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

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

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

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

TO THE SHAREHOLDERS OF
JUN YANG FINANCIAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Jun Yang Financial Holdings Limited (formerly known as Jun Yang Solar Power Investments Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 141, which comprise the consolidated statement of financial position as at 31 December 2015, 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. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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, 23 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Revenue	7	**171,295**	63,701
Cost of sales and services		**(44,852)**	(29,430)
Gross profit		**126,443**	34,271
Other income and gains	9	**51,580**	11,890
Employee benefits expense	12	**(70,498)**	(32,802)
Depreciation of property, plant and equipment		**(3,939)**	(2,161)
(Loss)/gain arising on change in fair value of held-for-trading investments		**(56,944)**	350,241
(Loss)/gain arising on change in fair value of derivative financial instruments		**(230)**	97
Gain on disposals of subsidiaries	38	**245**	135
Loss on dilution of interests in associates	20	**–**	(30,208)
Impairment loss of property, plant and equipment	17	**(44,297)**	(21,352)
Impairment loss of available-for-sale investments	22	**(82,074)**	(2,607)
Loss on early redemption of convertible bonds issued by the Company		**–**	(6,196)
Finance costs	10	**(14,675)**	(18,404)
Other operating expenses		**(48,613)**	(32,525)
Share of results of associates	20	**(42,466)**	1,858
(Loss)/profit before tax		**(185,468)**	252,237
Income tax (expense)/credit	11	**(6,757)**	828
(Loss)/profit for the year	12	**(192,225)**	253,065

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(25,730)**	(1,636)
Release of translation reserve upon disposal of a subsidiary		**152**	(116)
Release of translation reserve upon dilution of interests in associates		**–**	204
Share of other comprehensive expense of associates		**(5,003)**	(1,162)
Other comprehensive expense for the year, net of income tax		**(30,581)**	(2,710)
Total comprehensive (expense)/income for the year		**(222,806)**	250,355
(Loss)/profit for the year attributable to:			
Owners of the Company	15	**(191,838)**	255,398
Non-controlling interests		**(387)**	(2,333)
		(192,225)	253,065
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(222,419)**	252,843
Non-controlling interests		**(387)**	(2,488)
		(222,806)	250,355
(Loss)/earnings per share			
– Basic (HK cents per share)	16	**(2.19)**	8.55
– Diluted (HK cents per share)	16	**(2.19)**	8.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	17	**457,701**	386,838
Goodwill	18	**808**	808
Interests in associates	20	**69,844**	117,311
Loan receivables	24	**1,037**	13,683
Other assets	21	**611**	225
Available-for-sale investments	22	**786,593**	112,277
		1,316,594	631,142
Current assets			
Trade and other receivables	23	**504,126**	76,129
Loan receivables	24	**409,595**	303,054
Value-added tax recoverable		**47,825**	23,402
Held-for-trading investments	25	**1,726,923**	863,883
Bank trust account balances	27	**69,125**	25,380
Pledged bank deposits	28	**–**	4,727
Cash and cash equivalents	29	**461,301**	310,213
		3,218,895	1,606,788
Current liabilities			
Trade and other payables	30	**294,006**	222,798
Derivative financial instruments	26	**454**	224
Deferred income	32	**10,679**	10,617
Tax payable		**5,783**	1,384
Bank and other borrowings	31	**437,774**	43,582
		748,696	278,605
Net current assets		**2,470,199**	1,328,183
Total assets less current liabilities		**3,786,793**	1,959,325

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000 (Restated)
Non-current liabilities			
Deferred income	32	**203,905**	190,598
Net assets		**3,582,888**	1,768,727
Capital and reserves			
Share capital	35	**195,904**	44,465
Reserves		**3,383,520**	1,715,041
Equity attributable to owners of the Company		**3,579,424**	1,759,506
Non-controlling interests		**3,464**	9,221
Total equity		**3,582,888**	1,768,727

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 March 2016 and are signed on its behalf by:

Mr. Kwok Sze Yiu, Gordon
Director

Dr. Tang Sing Hing, Kenny
Director

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 35)	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (Note (i))	Convertible bonds equity reserve HK$'000 (Note 33)	Other reserve HK$'000	Translation reserve HK$'000 (Note (ii))	Share-based payments reserve HK$'000 (Note (iii))	Accumulated losses HK$'000	Sub total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	177,888	1,304,993	861	311,790	–	153	13,585	21,965	(835,149)	996,086	59,142	1,055,228
Total comprehensive income for the year	–	–	–	–	–	(958)	(1,597)	–	255,398	252,843	(2,488)	250,355
Issue of shares upon the acquisition of additional interests of a subsidiary	21,821	40,369	–	–	–	–	–	–	(6,345)	55,845	(55,845)	–
Issue of shares upon subscription of shares	30,000	120,000	–	–	–	–	–	–	–	150,000	–	150,000
Issue of shares upon exercise of share options	3,292	9,310	–	–	–	–	–	(2,397)	–	10,205	–	10,205
Effects of the Capital Reorganisation (Note 35(d))	(203,876)	–	–	203,876	–	–	–	–	–	–	–	–
Transfer of the credit arising from the Capital Reorganisation	–	–	–	(203,876)	–	–	–	–	203,876	–	–	–
Issue of new shares by way of placements	15,340	277,614	–	–	–	–	–	–	–	292,954	–	292,954
Transaction costs attributable to issue of shares	–	(8,975)	–	–	–	–	–	–	–	(8,975)	–	(8,975)
Change in ownership interests in a subsidiary without change of control	–	–	–	–	–	–	–	–	95	95	9,205	9,300
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(793)	(793)
Issue of convertible bonds	–	–	–	–	49,927	–	–	–	–	49,927	–	49,927
Deferred tax relating to convertible bonds	–	–	–	–	(8,238)	–	–	–	–	(8,238)	–	(8,238)
Early redemption of convertible bonds	–	–	–	–	(41,689)	–	–	–	10,453	(31,236)	–	(31,236)
Lapse of share options	–	–	–	–	–	–	–	(8,392)	8,392	–	–	–
At 31 December 2014	44,465	1,743,311	861	311,790	–	(805)	11,988	11,176	(363,280)	1,759,506	9,221	1,768,727
At 1 January 2015	44,465	1,743,311	861	311,790	–	(805)	11,988	11,176	(363,280)	1,759,506	9,221	1,768,727
Total comprehensive income for the year	–	–	–	–	–	(5,003)	(25,578)	–	(191,838)	(222,419)	(387)	(222,806)
Issue of shares by way of open offer	22,232	555,815	–	–	–	–	–	–	–	578,047	–	578,047
Issue of new shares by way of placements	129,207	1,370,845	–	–	–	–	–	–	–	1,500,052	–	1,500,052
Transaction costs attributable to issue of shares	–	(63,548)	–	–	–	–	–	–	–	(63,548)	–	(63,548)
Disposals of subsidiaries	–	–	–	–	–	–	152	–	–	152	–	152
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(5,370)	(5,370)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	27,634	–	27,634	–	27,634
At 31 December 2015	**195,904**	**3,606,423**	**861**	**311,790**	**–**	**(5,808)**	**(13,438)**	**38,810**	**(555,118)**	**3,579,424**	**3,464**	**3,582,888**

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 of Hong Kong Limited 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 agreements. Further information about share-based payments to employees is set out in Note 36.

For the year ended 31 December 2015

	2015 **HK$'000**	2014 HK$'000 (Restated)
Operating activities		
(Loss)/profit for the year	**(192,225)**	253,065
Adjustments for:		
Income tax expense/(credit)	**6,757**	(828)
Gain on disposals of subsidiaries	**(245)**	(135)
Loss on dilution of interests in associates	**–**	30,208
Loss/(gain) arising on change in fair value of derivative financial instruments	**230**	(97)
Loss/(gain) arising on change in fair value of held-for-trading investments	**56,944**	(350,241)
Loss on disposal of property, plant and equipment	**157**	279
Amortisation of deferred income	**(11,411)**	(10,691)
Finance costs	**14,675**	18,404
Interest income	**(2,879)**	(212)
Depreciation of property, plant and equipment	**23,786**	23,940
Share of results of associates	**42,466**	(1,858)
Impairment loss of available-for-sale investments	**82,074**	2,607
Impairment loss of property, plant and equipment	**44,297**	21,352
Impairment loss of trade receivables	**333**	–
Loss on early redemption of convertible bonds issued by the Company	**–**	6,196
Equity-settled share-based payments expenses	**27,634**	–
Dividends income from available-for-sale investments	**(19,900)**	–
Operating cash flows before movements in working capital	**72,693**	(8,011)
Trade and other receivables	**(413,918)**	(30,324)
Other assets	**(386)**	–
Loan receivables	**(93,895)**	(90,395)
Value-added tax recoverable	**(24,423)**	1,273
Held-for-trading investments	**(1,333,791)**	(147,329)
Bank trust account balances	**(43,745)**	(25,026)
Trade and other payables	**71,550**	(12,769)
Derivative financial instruments	**–**	(64)
Deferred income	**24,712**	63,126
Cash used in operations	**(1,741,203)**	(249,519)
Income tax paid	**(2,593)**	(563)
Dividends received from held-for-trading investments	**1,257**	–
Net cash used in operating activities	**(1,742,539)**	(250,082)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	**2015 HK$'000**	2014 HK$'000 (Restated)
Investing activities			
Interest received		**2,879**	212
Dividends received from available-for-sale investments		**19,900**	–
Capital distribution of available-for-sale investments		**10,226**	–
Purchase of available-for-sale investments		**(354,066)**	(78,452)
Payments for property, plant and equipment		**(163,316)**	(38,593)
Prepayments for purchase of property, plant and equipment		**(15,089)**	(11,674)
Proceeds from disposal of property, plant and equipment		**–**	12
Net cash outflow on acquisition of a subsidiary	37	**–**	(1,070)
Net cash inflow on disposals of subsidiaries	38	**1,579**	–
Withdrawal/(placement) of pledged bank deposits		**4,727**	(780)
Dividends paid to non-controlling interests		**(5,370)**	–
Net cash used in investing activities		**(498,530)**	(130,345)
Financing activities			
Interest paid		**(9,901)**	(7,448)
Proceeds from issue of shares		**2,078,099**	453,159
Payments for share issue expenses		**(63,548)**	(8,975)
Proceeds from issue of convertible bonds		**–**	190,785
Proceeds from issue of loan note, net of related issue expense		**170,277**	–
Payments for early redemption of convertible bonds		**–**	(195,676)
Proceeds on disposal of partial interest in a subsidiary		**–**	9,300
Advance from borrowings		**381,783**	82,625
Repayment of borrowings		**(159,525)**	(50,000)
Net cash generated from financing activities		**2,397,185**	473,770
Net increase in cash and cash equivalents		**156,116**	93,343
Cash and cash equivalents at the beginning of the year		**310,213**	208,600
Effect of foreign exchange rate changes		**(5,028)**	8,270
Cash and cash equivalents at the end of the year		**461,301**	310,213
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**461,301**	310,213

1. GENERAL

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

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

By a special resolution passed on 24 July 2015, the name of the Company was changed from "Jun Yang Solar Power Investments Limited" to "Jun Yang Financial Holdings Limited" and the Chinese translation of the Company name was changed from "君陽太陽能電力投資有限公司" to "君陽金融控股有限公司".

The Group is principally engaged in financial services business, green energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and asset investment.

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

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

Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to 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 the Group's consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

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

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)*

Key requirements of HKFRS 9 are described below:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a 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 is presented in profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, 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 retrospective quantitative effectiveness test has been removed. 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 of the Company anticipate that the application of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until the Group performs a detailed review.

HKFRS 15 *Revenue from Contracts with Customers*

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

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

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

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

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

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

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

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in HKFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to HKFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

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

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

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

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

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

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

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

Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*

The amendments to HKAS 16 *Property, Plant and Equipment* and HKAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

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

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

Amendments to HKFRS 10 and HKAS 28 (2011) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) *Investment Entities: Applying the Consolidation Exception*

The amendments to HKFRS 10 *Consolidated Financial Statements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

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

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

Annual Improvements to *HKFRSs 2012 – 2014 Cycle*

The *Annual Improvements to HKFRSs 2012 – 2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies 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 *Share-based Payments*, 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, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation *(Continued)*

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.

Basis of consolidation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. 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 profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require the unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or joint venture 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 or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (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 or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or joint venture, 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 or a joint venture. 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 and joint ventures *(Continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture 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 or joint venture 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 or joint venture 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 or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable. Management must commit to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with HKAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

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

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

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

Commission and brokerage income on securities dealings are recognised as revenue on the trade date when the relevant contracts are executed.

Underwriting, sub-underwriting, placing and sub-placing commission income are recognised in accordance with the terms of the underlying agreements or deal mandates when the relevant significant acts have been completed.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 period, 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.

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 are 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 the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

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

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

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

Retirement benefit costs

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

Share-based payment arrangements

Equity-settled share-based payment transaction

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35 and 36 to the Group's consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (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. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to 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 equity-settled employee benefits reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Current and deferred tax for the year

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

Property, plant and equipment

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

Properties in course of construction of production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing cost capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended to use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill *(Continued)*

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 they may be impaired.

Recoverable amount is the higher of fair value less costs to disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

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

Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and 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 debt instrument, 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 other income and gains.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL (Continued)

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 asset and is included in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 6.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain items as AFS financial assets on initial recognition of those items.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets (Continued)

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, loans receivable, other assets and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

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

Impairment of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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, 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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

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 a 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 measured 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 liabilities and is included in the consolidated statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities including trade and other payables and bank 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 other than financial liabilities classified as at FVTPL.

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 event 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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

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

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Cash and cash equivalents

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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. Determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount which is the higher of the value in use and fair value less costs to sell of the assets.

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. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

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

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

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

5. CAPITAL RISK MANAGEMENT *(Continued)*

Net debt-to-equity ratio

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

	2015 HK$'000	2014 HK$'000
Debt (Note (i))	**437,774**	43,582
Cash and cash equivalents	**(461,301)**	(310,213)
Net debt	**(23,527)**	(266,631)
Equity (Note (ii))	**3,579,424**	1,759,506
Net debt-to-equity ratio	**N/A**	N/A

Notes:

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

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

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables:		
– Other assets	**611**	225
– Trade and other receivables	**482,913**	46,257
– Loan receivables	**410,632**	316,737
– Bank trust account balances	**69,125**	25,380
– Pledged bank deposits	**–**	4,727
– Cash and cash equivalents	**461,301**	310,213
Fair value through profit or loss:		
– Held-for-trading investments	**1,726,923**	863,883
AFS financial asset:		
– Available-for-sale investments	**786,593**	112,277

6. FINANCIAL INSTRUMENTS *(Continued)*

Categories of financial instruments *(Continued)*

	2015 HK$'000	2014 HK$'000
Financial liabilities		
Amortised cost:		
– Trade and other payables	**281,218**	215,164
– Bank and other borrowings	**437,774**	43,582
Fair value through profit or loss:		
– Derivative financial instruments	**454**	224

Financial risk management objectives and policies

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

Market risk

(i) Foreign currency risk

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

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

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

Interest rate sensitivity analysis

The sensitivity analyses below have been prepared based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2015 would decrease/increase by approximately HK$450,780 (2014: decrease/increase in post-tax profit by approximately HK$551,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings (2014: its variable-rate bank deposits and borrowings).

(iii) Equity price risk

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

Sensitivity analysis

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

If the prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2015 would decrease/increase by approximately HK$72,080,000 (2014: decrease/increase by approximately HK$36,058,000) as a result of the changes in fair value of held-for-trading investments and derivative financial instruments.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

As at 31 December 2015, 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.

Further quantitative data in respect of the Group's exposure to credit risk arising from loan receivables are disclosed in Note 24 to the financial statements.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 99% (2014: 98%) of the total trade and loan receivables as at 31 December 2015.

As at 31 December 2015, the Group has certain concentrations of credit risk by a customer as 47% of the Group's trade receivables and amounts receivables arising from financial services business were due from the Group's largest receivable, and 79% were due from the five largest receivables determined on the same basis.

As at 31 December 2015, the Group has certain concentrations of credit risk by a customer as 24% of the Group's loan receivables were due from the Group's largest receivable, and 64% were due from the five largest receivables determined on the same basis.

As at 31 December 2014, the Group has certain concentrations of credit risk as 10% of the Group's loan receivables were due from the Group's largest customer, and 47% were due from the five largest customers determined on the same basis.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors of the Company, 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.

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative and derivative liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a financial liabilities based on demand clause are included in the earliest time band regardless of the probability are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables (Continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative financial instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	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 2015							
Non-derivative financial liabilities							
Financial liabilities included in trade and other payables	–	281,218	–	–	–	281,218	281,218
Bank and other borrowings	9%	499,647	–	–	–	499,647	437,774
		780,865	–	–	–	780,865	718,992
Derivative							
Call/put options in listed equity securities	–	454	–	–	–	454	454

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

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments

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

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

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

Financial assets/ financial liabilities	Fair value as at 31 December 2015	Fair value hierarchy	Valuation technique(s) and significant input(s)	Relationship of unobservable input(s) to fair value
Held-for-trading non-derivative financial assets	Listed equity securities in Hong Kong, and listed debt securities outside Hong Kong – approximately HK$1,717,039,000 (2014: HK$856,065,000) (Note 25)	Level 1	Quoted bid prices in an active market	N/A
Held-for-trading non-derivative financial assets	Unlisted investment funds – approximately HK$9,884,000 (2014: HK$7,818,000) (Note 25)	Level 2	Broker's quoted bid prices	N/A
Listed equity investments classified as "available-for-sale investments"	Listed equity securities in Hong Kong – approximately HK$412,551,000 (2014: Nil) (Note 22)	Level 1	Quoted bid prices in an active market	N/A
Private equity investments classified as "available-for-sale investments"	10 per cent equity investment in AP Assets Limited engaged in property agent – approximately HK$8,000,000 (2014: HK$8,000,000) (Note 22)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees	The higher the discount rate, the lower the fair value. The lower the amount of revenue and profits, the lower the fair value.
Derivative financial instruments	Call/put options in listed equity securities – net liabilities of approximately HK$454,000 (2014: net liabilities of approximately HK$224,000) (Note 26)	Level 1	Quoted market premium prices in an active market	N/A

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

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

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

Fair value hierarchy

	At 31 December 2015			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Available-for-sale investments	**412,551**	**–**	**8,000**	**420,551**
Held-for-trading investments				
– listed securities	**1,716,586**	**–**	**–**	**1,716,586**
– unlisted investment funds	**–**	**9,884**	**–**	**9,884**
– listed debt securities	**453**	**–**	**–**	**453**
	2,129,590	**9,884**	**8,000**	**2,147,474**
Financial liabilities				
Derivative financial instruments	**454**	**–**	**–**	**454**

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

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

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Reconciliation of Level 3 fair value measurements

	2015 HK$'000	2014 HK$'000
Available-for-sale investments		
Unlisted securities		
At the beginning of year	**8,000**	–
Additions	**–**	8,000
At the end of year	**8,000**	8,000

7. REVENUE

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

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

	2015 HK$'000	2014 HK$'000 (Restated)
Income from the provision of green energy related consultancy services	**3,820**	7,399
Income from sales of electricity	**36,323**	23,413
Income from financial services		
– Commission income from securities brokerage	**10,806**	598
– Commission income from placing and underwriting	**86,238**	–
– Interest income from clients	**7,537**	87
Interest income from loan financing	**26,571**	32,204
	171,295	63,701

8. SEGMENT INFORMATION

Information reported to the Board, 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 funds;
- Green energy segment – Provision of green energy related consultancy services and sales of electricity in the People's Republic of China (the "PRC");
- Money lending segment – Provision of loan financing in Hong Kong; and
- Financial services segment – Provision of financial services including securities broking, placing and underwriting in Hong Kong.

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results (restated)

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		Financial services segment		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Revenue										
Segment revenue	**–**	–	**40,143**	30,812	**26,571**	32,204	**104,581**	685	**171,295**	63,701
Results										
Segment results	**(111,333)**	343,287	**(27,311)**	(21,572)	**4,696**	29,111	**44,189**	299	**(89,759)**	351,125
Unallocated income									**3,522**	1,199
Unallocated corporate expenses									**(42,090)**	(47,137)
Loss on deemed disposal of an associate									**–**	(30,208)
Loss on early redemption of convertible bonds issued by the Company									**–**	(6,196)
Finance costs									**(14,675)**	(18,404)
Share of results of associates									**(42,466)**	1,858
(Loss)/profit before tax									**(185,468)**	252,237
Income tax (expense)/credit									**(6,757)**	828
(Loss)/profit for the year									**(192,225)**	253,065

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2015 (2014: Nil).

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

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2015 HK$'000	2014 HK$'000 (Restated)
Segment assets		
Assets investment segment	**2,514,308**	978,810
Green energy segment	**524,786**	431,993
Money lending segment	**417,856**	329,001
Financial services segment	**469,579**	15,264
Total segment assets	**3,926,529**	1,755,068
Unallocated	**608,960**	482,862
Consolidated total assets	**4,535,489**	2,237,930
Segment liabilities		
Assets investment segment	**182,233**	6,772
Green energy segment	**379,461**	389,398
Money lending segment	**229**	146
Financial services segment	**122,075**	27,761
Total segment liabilities	**683,998**	424,077
Unallocated	**268,603**	45,126
Consolidated total liabilities	**952,601**	469,203

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, goodwill and other assets not allocated to segment assets and interests in associates; and

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

8. SEGMENT INFORMATION *(Continued)*

Other segment information

	Assets investment segment		Green energy segment		Money lending segment		Financial services segment		Unallocated		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000
Capital addition	**766,616**	78,452	**159,054**	36,841	**21**	863	**4,139**	83	**102**	1,355	**929,932**	117,594
Loss/(gain) arising on change in fair value of held-for-trading investments	**56,944**	(350,241)	**–**	–	**–**	–	**–**	–	**–**	–	**56,944**	(350,241)
Loss/(gain) arising on change in fair value of derivative financial instruments	**230**	(97)	**–**	–	**–**	–	**–**	–	**–**	–	**230**	(97)
Depreciation of property, plant and equipment	**340**	538	**22,471**	23,311	**115**	22	**681**	23	**179**	46	**23,786**	23,940
Impairment loss of available-for-sale investments	**82,074**	2,607	**–**	–	**–**	–	**–**	–	**–**	–	**82,074**	2,607
Impairment loss of property, plant and equipment	**–**	–	**44,297**	21,352	**–**	–	**–**	–	**–**	–	**44,297**	21,352

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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000
PRC	**40,143**	30,812	**451,653**	383,033
Hong Kong	**131,152**	32,889	**795,097**	130,798
	171,295	63,701	**1,246,750**	513,831

Non-current assets excluding interests in associates.

8. SEGMENT INFORMATION *(Continued)*

Information about major customers

For the years ended 31 December 2015 and 2014, there was one (2014: one) customer with revenue of approximately HK$33,622,500 and approximately HK$8,844,000 which accounted for more than 10% of the total revenue related to financial services segment (2014: green energy segment).

9. OTHER INCOME AND GAINS

	2015 HK$'000	2014 HK$'000 (Restated)
Interest income	**2,879**	212
Government grant (Note 32)	**11,411**	10,691
Dividends income from available-for-sale investments	**19,900**	–
Sundry income	**17,390**	987
	51,580	11,890

Note:

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

10. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on:		
– Bank and other borrowings wholly repayable within five years	**6,299**	2,506
– Bank overdraft	**–**	10
– Convertible bonds issued by the Company	**–**	15,888
– Loan note issued by the Company	**8,376**	–
	14,675	18,404

11. INCOME TAX EXPENSE/(CREDIT)

	2015 **HK$'000**	2014 HK$'000
Current tax:		
– Hong Kong Profits Tax	**6,336**	738
– PRC Enterprise Income Tax ("EIT")	**287**	–
– Under provision in prior years	**134**	241
	6,757	979
Deferred tax:		
– Current year (Note 34)	**–**	(1,807)
Tax expense/(credit) for the year	**6,757**	(828)

Hong Kong Profits Tax is calculated at 16.5% (2014: 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.

11. INCOME TAX EXPENSE/(CREDIT) *(Continued)*

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary, 許昌君陽電力有限公司 ("Xuchang Jun Yang Power Co., Ltd.") 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 Xuchang Jun Yang Power Co., Ltd. was the year ended 31 December 2013. Accordingly, Xuchang Jun Yang Power Co., Ltd. was exempted from EIT for the years ended 31 December 2013, 2014 and 2015, followed by a 50% reduction for the years ended 31 December 2016, 2017 and 2018.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary, Rongcheng Jijun Power Co., Ltd. ("Rongcheng Jijun") 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 Rongcheng Jijun was the year ended 31 December 2015. Accordingly, Rongcheng Jijun was exempted from EIT for the years ended 31 December 2015, 2016 and 2017, followed by a 50% reduction for the years ended 31 December 2018, 2019 and 2020.

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

	2015 **HK$'000**	2014 HK$'000
(Loss)/profit before tax	**(185,468)**	252,237
Tax at the Hong Kong profits tax rate of 16.5%	**(30,602)**	41,619
Tax effect of expenses not deductible for tax purpose	**49,431**	25,851
Tax effect of income not taxable for tax purpose	**(7,640)**	(66,454)
Effect of different tax rates of subsidiaries operating in other countries	**(3,333)**	(1,834)
Under provision in prior years	**134**	241
Ultilisation of tax losses previously not recognised	**(1,305)**	(251)
Tax effect of tax losses not recognised	**72**	–
Income tax expense/(credit) for the year	**6,757**	(828)

12. (LOSS)/PROFIT FOR THE YEAR

	2015 HK$'000	2014 HK$'000 (Restated)
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Staff costs:		
– Directors' emoluments (Note 44)	**28,119**	24,341
– Other staff costs	**14,385**	8,335
– Other staff retirement benefits scheme contributions	**360**	126
– Equity-settled share-based payments (Included equity-settled share-based payments to directors of approximately HK$12,760,000 (2014: Nil))	**27,634**	–
	70,498	32,802
Auditors' remuneration	**815**	680
Depreciation of property, plant and equipment (Note)	**23,786**	23,940
Dividend income from listed securities (included in (loss)/gain arising on change in fair value of held for trading investments)	**1,257**	8,555
Loss on disposals of property, plant and equipment	**157**	279
Operating lease rentals in respect of land and buildings	**3,311**	5,025
Net foreign exchange loss/(gain)	**3,900**	(427)

Note: Depreciation of property, plant and equipment of approximately HK$19,847,000 (2014:HK$21,779,000) was included in cost of sales and services during the year ended 31 December 2015.

13. DIVIDEND

The Board did not recommend the payment of dividend for the year ended 31 December 2015 (2014:Nil).

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, five (2014: four) were directors of the Company whose emoluments are included in the disclosures in note 44. The emolument of the remaining one individual for the year ended 31 December 2014 was as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries and other benefits	–	693
Performance bonus	–	–
Equity-settled share-based payments	–	–
Contributions to retirement benefits scheme	–	11
	–	704

The emolument fell within the following bands:

	2015	2014
Nil – HK$1,000,000	–	1

During the year ended 31 December 2015, 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 (2014:Nil).

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

The (loss)/profit for the year attributable to owners of the Company includes profit of approximately HK$3,717,000 (2014: profit of approximately HK$23,044,000) which has been dealt with in the financial statements of the Company.

16. (LOSS)/EARNINGS PER SHARE

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

	2015 HK$'000	2014 HK$'000
(Loss)/earnings for the purpose of basic (loss)/earnings per share		
(Loss)/profit for the year attributable to owners of the Company	**(191,838)**	255,398
Effect of dilutive potential ordinary shares:		
– Interest expenses on convertible bonds issued by the Company	–	15,888
– Loss on early redemption of convertible bonds issued by the Company	–	6,196
– Deferred tax effect	–	(1,807)
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(191,838)**	275,675

16. (LOSS)/EARNINGS PER SHARE *(Continued)*

	2015 '000	2014 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**8,776,099**	2,987,123
Effect of dilutive potential ordinary shares:		
– Share options issued by the Company	**–**	10,121
– Convertible bonds issued by the Company	**–**	238,043
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**8,776,099**	3,235,287
Basic (loss)/earnings per share (HK cents per share)	**(2.19)**	8.55
Diluted (loss)/earnings per share (HK cents per share)	**(2.19)**	8.52

The weighted average number of ordinary shares for the years ended 31 December 2015 and 2014 for the purpose of basic and diluted (loss)/earnings per share have been adjusted and restated respectively to reflect the bonus element of open offer completed on 10 June 2015 and the share consolidation completed on 12 August 2014.

17. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements	Plant, machinery and equipment	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 January 2014	319	452,887	2,512	722	4,598	16,542	477,580
Additions	586	19,413	405	4	799	17,386	38,593
Acquisition of subsidiaries	221	–	186	142	–	–	549
Disposals	(318)	–	(65)	(29)	–	–	(412)
Transferred from construction in progress	–	16,555	–	–	–	(16,555)	–
Exchange realignment	–	(11,601)	(6)	(6)	(28)	(156)	(11,797)
At 31 December 2014	808	477,254	3,032	833	5,369	17,217	504,513
Additions	1,754	845	2,415	240	267	157,795	163,316
Disposals of subsidiaries	–	–	(70)	(280)	(1,085)	–	(1,435)
Disposals	–	(116)	(2)	(74)	–	–	(192)
Transferred from construction in progress	–	79,521	–	–	–	(79,521)	–
Exchange realignment	–	(27,560)	(42)	(31)	(190)	(3,007)	(30,830)
At 31 December 2015	2,562	529,944	5,333	688	4,361	92,484	635,372
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2014	61	68,104	726	321	1,312	2,728	73,252
Provided for the year	38	22,525	515	174	688	–	23,940
Impairment provided for the year	–	21,352	–	–	–	–	21,352
Transferred from construction in progress	–	2,717	–	–	–	(2,717)	–
Eliminated on disposals	(78)	–	(28)	(15)	–	–	(121)
Exchange realignment	–	(720)	(3)	(3)	(11)	(11)	(748)
At 31 December 2014	21	113,978	1,210	477	1,989	–	117,675
Provided for the year	536	21,751	709	134	656	–	23,786
Disposals of subsidiaries	–	–	(30)	(126)	(432)	–	(588)
Impairment provided for the year	–	44,013	8	6	270	–	44,297
Eliminated on disposals	–	(15)	(2)	(18)	–	–	(35)
Exchange realignment	–	(7,126)	(145)	(97)	(96)	–	(7,464)
At 31 December 2015	557	172,601	1,750	376	2,387	–	177,671
CARRYING AMOUNTS							
At 31 December 2015	**2,005**	**357,343**	**3,583**	**312**	**1,974**	**92,484**	**457,701**
At 31 December 2014	787	363,276	1,822	356	3,380	17,217	386,838

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

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%

Impairment losses recognised in the current year

The Group carried out a review of the recoverable amount of the manufacturing plants and the related equipment. These assets are used in the Group's green energy reportable segments. The review led to the recognition of an impairment loss of approximately HK$44,297,000 (2014: HK$21,352,000), which has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of market approach.

The valuation was carried out by an independent professional valuer.

18. GOODWILL

	HK$'000
COST	
At 1 January 2014	3,586
Acquisition of Jun Yang Securities (Note 37(a))	672
At 31 December 2014, 1 January 2015 and 31 December 2015	4,258
IMPAIRMENT	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	3,450
CARRYING AMOUNTS	
At 31 December 2015	**808**
At 31 December 2014	808

18. GOODWILL *(Continued)*

Impairment testing on goodwill

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

	2015 HK$'000	2014 HK$'000
E Finance – money lending business	**136**	136
Jun Yang Securities – financial services business	**672**	672
	808	808

For the purposes of impairment testing at 31 December 2014 and 2015, goodwill has been allocated to two cash-generating units ("CGUs") representing (i) the operating activities of Jun Yang Securities Company Limited (formerly known as "Lucky Securities Company Limited") ("Jun Yang Securities") which is engaged in the carry on regulated activity in connection with securities brokering, placing and underwriting and (ii) the operating activity of E Finance Limited (the "E Finance") which is engaged in the money lending business.

The recoverable amount of the CGUs were determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-years period are extrapolated using growth rate of 3% (2014: 3%) for the Jun Yang Securities and 3% (2014: 3%) for E Finance. The cash flow projections of the Jun Yang Securities and E Finance are discounted at pre-tax discount rates of 15% (2014: 15.29%) and 10% (2014: 10%) per annum respectively which reflects the specific risks relating to these CGUs.

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

19. SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2015 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 2015	Directly 2014	Indirectly 2015	Indirectly 2014	Proportion of voting power held by the Company 2015	2014
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%	100%	100%
Jun Yang Financial and Asset Management Company 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%	100%	100%
Jun Yang Investment Group Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	–	–	100%	–	100%
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 share US$100	Investment holding	–	–	100%	100%	100%	100%
Vanta (Hong Kong) Management Limited	Hong Kong	Ordinary share HK$10,000	Property investment	–	–	100%	100%	100%	100%
Speedway Profit Limited	British Virgin Islands	Ordinary share US$1	Investment holding	100%	100%	–	–	100%	100%
Superior Control Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	100%	–	–	–	100%

19. 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 2015	Directly 2014	Indirectly 2015	Indirectly 2014	Proportion of voting power held by the Company 2015	2014
Profitsway Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	–	**100%**	100%	**100%**	100%
Favour Brightness Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	–	**100%**	100%	**100%**	100%
E Finance Limited	Hong Kong	Ordinary share HK$100	Provision for money lending	–	–	**100%**	100%	**100%**	100%
Jun Yang Solar Power Investment Limited	Hong Kong	Ordinary share HK$1	Investment holding	–	–	**100%**	100%	**100%**	100%
Wink Sky Company Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	–	**100%**	100%	**100%**	100%
Jun Yang Solar Power Investment Holdings Limited	Cayman Islands	Ordinary share US$35,566	Investment holding	**100%**	100%	–	–	**100%**	100%
北京君陽投資有限公司 (Notes (a) and (c))	PRC	Registered capital US$55,000,000 (of which US$40,000,000 has been paid up at 31 December 2015)	Investment holding	–	–	**100%**	100%	**100%**	100%
河南君陽電力有限公司 (Notes (a) and (c))	PRC	Registered and paid up capital US$3,400,000	Operation of amorphous silicon thin-film solar photovoltaic power station	–	–	**100%**	100%	**100%**	100%
許昌君陽電力有限公司 (Notes (a) and (c))	PRC	Registered and paid up capital RMB20,000,000	Operation of solar photovoltaic power station	–	–	**100%**	100%	**100%**	100%
青海鈞石能源有限公司 (translated as GS-Solar (Qinghai) Company Limited) (Note (b) and (c))	PRC	Registered and paid up capital RMB38,167,939	Operation of amorphous silicon thin-film solar photovoltaic power station	–	–	**99.97%**	99.97%	**99.97%**	99.97%
榮成吉君電力有限公司 (translated as Rongcheng Jijun Power Co., Ltd) (Notes (a) and (c))	PRC	Registered capital US$6,000,000 (of which US$3,000,000 has been paid up at 31 December 2015)	Operation of amorphous silicon thin-film solar photovoltaic power station	–	–	**100%**	100%	**100%**	100%
上海君陽康宏太陽能有限公司 (Notes (a) and (c))	PRC	Registered and paid up capital HK$20,000,000	Not yet commence business	–	–	–	100%	–	100%
Golden Moral Investments Limited	British Virgin Islands	Ordinary share US$2	Investment holding	**100%**	100%	–	–	**100%**	100%
Jun Yang Securities Company Limited	Hong Kong	Ordinary share HK$50,000,000	Licensed to carry on regulated activity in connection with dealing in securities	–	–	**100%**	100%	**100%**	100%

19. 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			
				2015	2014	**2015**	2014	**2015**	2014
Power Plan Developments Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Red Metro Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Green Profit Investments Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Pictures Global Holdings Limited	British Virgin Islands	Ordinary share US$1,000	Investment holding	**90.10%**	90.10%	**–**	–	**90.10%**	90.10%
Pictures Global Limited	Hong Kong	Ordinary share HK$1	Investment holding	**–**	–	**90.10%**	90.10%	**90.10%**	90.10%
Energy Management Contract Pty Ltd	Australia	Ordinary share AUS$100	Investment holding	**–**	–	**90.10%**	90.10%	**90.10%**	90.10%
Jun Yang Asset Management Company Limited	Hong Kong	Ordinary share HK$1,500,000	Asset Management	**–**	–	**100%**	–	**100%**	–
Jun Yang Corporate Finance Company Limited	Hong Kong	Ordinary share HK$1,500,000	Corporate Finance	**–**	–	**100%**	–	**100%**	–
龍口吉君電力有限公司 (translated as Longkou Jijun Power Co., Ltd) (Notes (a) and (c))	PRC	Registered capital US$6,000,000 (of which US$2,200,000 has been paid up at 31 December 2015)	Operation of amorphous silicon thin-film solar photovoltaic power station	**–**	–	**100%**	–	**100%**	–
濟寧君陽電力有限公司 (translated as Jining Junyang Electric Power Co., Ltd.) (Notes (a) and (c))	PRC	Registered capital US$17,520,000 (of which US$5,520,000 has been paid up at 31 December 2015)	Operation of amorphous silicon thin-film solar photovoltaic power station	**–**	–	**100%**	–	**100%**	–
Moonscope Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	–	**–**	–	**100%**	–
Merry Peach Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	–	**–**	–	**100%**	–

Note:

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

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

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

19. SUBSIDIARIES *(Continued)*

Change in ownership interest in subsidiaries

(a) During the year, the Group disposed of 100% of its equity interests in Superior Control Limited and its subsidiaries ("Superior Control Group"). The details of the disposals of subsidiaries are set out in Note 38.

(b) During the year ended 31 December 2014, the Group disposed of 9.90% of its equity interests in Pictures Global Holdings Limited and its subsidiaries ("Picture Global Group"), reducing its continuing interests in these subsidiaries to 90.10%. The proceeds on disposal of approximately HK$9,300,000 were received in cash. An amount of approximately HK$9,205,000 (being the proportionate share of the carrying amount of the net assets of Picture Global Group) has been transferred to non-controlling interests. The difference of approximately HK$95,000 between the increase in the non-controlling interests and the consideration received has been credited to accumulated losses.

(c) During the year ended 31 December 2014, the Group acquired additional 32.10% equity interests in Jun Yang Solar Power Investment Holdings Limited and its subsidiaries ("Jun Yang Solar Power Group"), increasing its continuing interests in these subsidiaries to 100%, except for interest in GSSolar to 99.97%. The payment for the acquisition was satisfied by the issue of 1,091,052,670 ordinary shares of HK$0.02 each in the share capital of the Company at a price of HK$0.057 per share. An amount of approximately HK$55,845,000 (being the proportionate share of the carrying amount of the net assets of Jun Yang Solar Power Group) has been transferred from non-controlling interests. The difference of approximately HK$6,345,000 between the decrease in the non-controlling interests and the consideration paid has been debited to accumulated losses.

20. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Cost of investment in associates:		
– Unlisted associates	**147,420**	147,420
Dilution of equity interests in associates	**–**	(30,208)
Share of post-acquisition losses and other comprehensive income, net of dividend received	**(77,576)**	99
	69,844	117,311

At 31 December 2015, the Group had interests in the following associates:

Name of entity	Form of business structure	Place/country of establishment/ incorporation	Principal place of operation	Proportion of ownership interest held by the Group 2015	Proportion of ownership interest held by the Group 2014	Proportion of voting rights held by the Group 2015	Proportion of voting rights held by the Group 2014	Principal activity
Trillion Epoch Limited ("Trillion Epoch") (Note (a))	Incorporated	British Virgin Islands	Hong Kong	**31.2% (directly)**	31.2% (directly)	**31.2%**	31.2%	Investment holdings
Bravo Star Holdings Limited	Incorporated	Hong Kong	Hong Kong	**31.2% (indirectly)**	31.2% (indirectly)	**31.2%**	31.2%	Investment holdings
重慶市北部新區利亨小額貸款有限公司	Incorporated	PRC	PRC	**31.2% (indirectly)**	31.2% (indirectly)	**31.2%**	31.2%	Provision of money lending in the PRC
Modern Blue Inc. Ltd ("Modern Blue") (Note (b))	Incorporated	Hong Kong	Hong Kong	**40% (directly)**	40%	**40%**	40%	Investment holdings

Note:

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

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

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates

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

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

Trillion Epoch and its subsidiaries

	2015 **HK$'000**	2014 HK$'000
Current assets	**194,511**	347,079
Non-current assets	**29,424**	31,426
Current liabilities	**(76)**	(2,510)
Non-current liabilities	**–**	–
Revenue	**43,105**	73,179
(Loss)/profit for the year	**(136,111)**	3,023
Other comprehensive expense for the year	**(15,867)**	(2,580)
Total comprehensive (expense)/income for the year	**(151,978)**	443
Dividends received from the associate during the year	**–**	–

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

Trillion Epoch and its subsidiaries *(Continued)*

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

	2015 HK$'000	2014 HK$'000
Net assets of Trillion Epoch and its subsidiaries	223,859	375,995
Proportion of the Group's ownership interests in Trillion Epoch	31.2%	31.2%
Carrying amount of the Group's interests in Trillion Epoch	69,844	117,311

Information of an associate that is not individually material

	2015 HK$'000	2014 HK$'000
The Group's share of loss	–	–
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	–	–
Carrying amount of the Group's interests in this associate	–	–

Unrecognised share of losses of an associate

	2015 HK$'000	2014 HK$'000
The unrecognised share of loss of an associate for the year	(5)	(5)
Cumulative share of loss of an associate	(5)	(5)

21. OTHER ASSETS

	2015 HK$'000	2014 HK$'000
Stamp duty deposit with The Stock Exchange of Hong Kong Limited	75	50
Contributions in cash to guarantee fund with Hong Kong Securities Clearing Company Limited	436	50
Compensation fund with The Stock Exchange of Hong Kong Limited	50	50
Fidelity fund with The Stock Exchange of Hong Kong Limited	50	75
	611	225

22. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK$'000	2014 HK$'000
Listed equity securities in Hong Kong, at fair value (Note (i))	412,551	–
Unlisted investment funds outside Hong Kong (Note (ii))	366,042	104,277
Unlisted equity securities in Hong Kong, at fair value (Note (iii))	8,000	8,000
	786,593	112,277

Note:

(i) The fair value of the listed equity securities in Hong Kong was determined with reference to the quoted market prices in an active market.

(ii) The above unlisted investment funds represents the investments in private funds established in the Cayman Islands. The unlisted investments are held for an identified long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. It is measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that fair values cannot be measured reliably. During the year ended 31 December 2015, impairment loss of approximately HK$82,074,000 (2014: HK$2,607,000) was recognised in profit or loss by the Group with reference to the audited financial statements of unlisted investment funds or statements of accounts provided by the fund administrators..

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

(iv) At 31 December 2015, available-for-sale investments with fair value of approximately HK$139,830,000 (2014: Nil) were pledged to secure bank and other borrowings of approximately HK$154,752,000 (2014: Nil) (Note 31).

23. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000 (Restated)
Trade receivables		
Amounts receivables arising from green energy business (note (i))	**8,926**	7,183
Amounts receivables arising from financial services business		
– Clients-cash (note (ii))	**137,038**	12,142
– Clients-margin (note (iii))	**320,281**	–
– Clearing house (note (ii))	**5,814**	2,154
Prepayments, deposits and other receivables	**32,400**	55,006
	504,459	76,485
Less: provision from impairment of trade receivables	**(333)**	(356)
Total trade and other receivables	**504,126**	76,129

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 amounts receivables arising from green energy business at the end of the reporting period, presented based on the invoice date, or the revenue recognition date:

	2015 HK$'000	2014 HK$'000 (Restated)
0-60 days	**8,926**	7,183

(ii) The settlements of amounts receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are two days after trade date.

(iii) No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of securities margin business.

(iv) At 31 December 2015, the Group's trade and other receivables included an amount of approximately HK$25,232,000 (2014: HK$26,641,000) that is denominated in RMB.

24. LOAN RECEIVABLES

	2015 HK$'000	2014 HK$'000
Fixed-rate loan receivables	**410,632**	316,737
Analysed as:		
Current	**409,595**	303,054
Non-current	**1,037**	13,683
	410,632	316,737

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

	2015 HK$'000	2014 HK$'000
Fixed-rate loan receivables:		
Within one year	**409,595**	303,054
In more than one year but not more than two years	**1,037**	12,500
In more than two years but not more than five years	**–**	1,183
	410,632	316,737

Notes:

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

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

(iii) Loan receivables are interest-bearing at rates mutually agreed with the contracting parties, ranging from 3.8% to 12% (2014: 5% to 13.5%) per annum.

25. HELD-FOR-TRADING INVESTMENTS

	2015	2014
	HK$'000	HK$'000
Listed equity securities in Hong Kong, at fair value	**1,716,586**	853,627
Unlisted investment funds outside Hong Kong, at fair value	**9,884**	7,818
Listed debt securities outside Hong Kong, at fair value	**453**	2,438
	1,726,923	863,883

The fair values of the held-for-trading investments including listed equity securities and listed debt securities were determined with reference to the quoted market prices in an active market. The debt securities bear interest at rate of 6.68% (2014: ranging from 2.45% to 6.68%) per annum. These debt securities are all non-callable by the respective issuers on some specific dates during the year 2016 to 2021 (2014: 2015 to 2022). Fair value of unlisted investment funds was determined with reference to broker's quoted bid price.

At 31 December 2015, held-for-trading investments with fair value of approximately HK$452,122,000 (2014: HK$153,704,000) were pledged to secure bank and other borrowings of approximately HK$154,752,000 (2014: HK$38,542,000) (Note 31).

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Call/put options in listed equity securities	**–**	–	**454**	224

Call and put options represent rights 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.

27. BANK TRUST ACCOUNT BALANCES

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

28. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 31 December 2014, deposits of approximately HK$4,727,000 had been pledged to secure a bank loan and were classified as current assets. The pledged bank deposits were released upon the settlement of relevant bank borrowings during the year ended 31 December 2015.

29. CASH AND CASH EQUIVALENTS

Bank balances and cash comprises cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.01% to 1.35% (2014: 0.01% to 2.00%) per annum and have original maturity of three months or less.

As at 31 December 2015, bank balances and cash of the Group include an amount of approximately RMB38,899,000 (equivalent to approximately HK$46,445,000) (2014: RMB46,202,000 (equivalent to approximately HK$58,214,000) that is denominated in RMB. An aggregate amount of bank balances and cash of approximately HK$149,549,000 (2014: HK$137,040,000) is kept in Mainland China and the remittance of these funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2015, the Group's cash and cash equivalents represent deposits of HK$86,732,000 (2014: approximately HK$100,666,000) placed with securities brokers and bank balances and cash of approximately of HK$374,569,000 (2014: approximately HK$209,547,000).

30. TRADE AND OTHER PAYABLES

	2015 **HK$'000**	2014 HK$'000 (Restated)
Trade payable		
Amounts payable arising from financial services business		
– Clients – cash (note (i))	**59,976**	27,419
– Clients – margin (note (ii))	**10,382**	–
– Clearing house (note (i))	**33,868**	155
	104,226	27,574
Other payables	**176,992**	187,590
Accruals	**12,788**	7,634
Total trade and other payables	**294,006**	222,798

Notes:

(i) The settlements of amounts payable arising from the ordinary course of business of dealing in securities from cash clients and clearing house are two days after trade date.

(ii) No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of securities margin business.

31. BANK AND OTHER BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank loan, secured (Notes (a) and (b))	**107,971**	16,144
Other loan from a financial institution, secured (Note (c))	**154,752**	27,438
Loan note, unsecured (Note (d))	**175,051**	–
	437,774	43,582
Carrying amount repayable:		
Within one year	**437,774**	43,582

Notes:

(a) At 31 December 2014, the Group has outstanding principal of bank loan of approximately HK$11,104,000. The bank loan was secured by the Group's held-for-trading investments with fair value of approximately HK$11,021,000 (Note 25) and the pledged bank deposits of approximately HK$4,727,000 (Note 28). The effective interest rate of the bank loan at the reporting date was 1.48%. The bank loan was denominated in USD.

(b) At 31 December 2015, the Group has outstanding principal of bank loans of approximately HK$107,971,000 (2014: HK$5,040,000). The bank loans are secured by the rights of receiving income from sales of electricity generated by the subsidiaries. The effective interest rates of the bank loans at the reporting date are ranging from 5.39% to 6.765% (2014: 6.765%). The bank loans were denominated in RMB.

(c) At 31 December 2015, the Group has outstanding principal of other loan of approximately HK$154,752,000 (2014: HK$27,438,000). The loan is secured by the Group's listed investments with fair value of approximately HK$591,952,000 (2014: HK$142,683,000) (Notes 25 and 22). The effective interest rate of the loan at the reporting date is 8.00% (2014: 1.38%). The loan was denominated in Hong Kong Dollars.

(d) At 31 December 2015, the Group has outstanding principal of loan note of approximately HK$175,051,000 (2014: Nil). The loan note is unsecured. The effective interest rate of the loan note at the reporting date is 12.59% (2014: Nil). The loan note was denominated in Hong Kong Dollars.

32. DEFERRED INCOME

	2015 HK$'000	2014 HK$'000
Amount credited to profit or loss during the year:		
Subsidies related to property, plant and equipment (Note (i))	**11,411**	10,691
Deferred income related to government grants:		
Subsidies related to property, plant and equipment (Note (i))	**214,584**	201,215
Total deferred income	**214,584**	201,215
Less: current portion	**(10,679)**	(10,617)
Non-current portion	**203,905**	190,598

Note:

(i) 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. CONVERTIBLE BONDS

On 29 April 2014, the Company placed convertible bonds in an aggregate principal amount of HK$195,676,800 bore interest at 5% per annum and is payable on the maturity date or the date on which the Company early redeems the convertible bonds, with a maturity date of 29 April 2016. The Convertible bonds were, at the option of the holders, convertible into ordinary shares of the Company at an initial conversation price of HK$0.44 per share (subject to adjustments including the share consolidation (Note 35(d)), at any time between at the date of issue and the maturity date. The Company had the option to redeem the convertible bonds at any time between the date of issue and the maturity date at the amount as equal to 100% of the principal amount of the convertible bonds then outstanding together with the interest accrued by at least 14 days prior written notice to bondholders.

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

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

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

34. DEFERRED TAXATION

Deferred tax liabilities

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

At 31 December 2015, the Group has unused tax losses of approximately HK$491 million (2014: approximately HK$498 million) available for offset against future profits to be generated by the Company and certain Hong Kong subsidiaries that may be carried forward indefinitely. Certain amounts of unused tax losses are subjected to approval from the Inland Revenue Department of Hong Kong. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits streams.

35. SHARE CAPITAL

	Number of shares	Total value (HK$'000)
Authorised:		
Ordinary shares of HK$0.02 each at 1 January 2014	15,000,000,000	300,000
Consolidation of shares (Note (d))	(11,250,000,000)	–
Sub-division of consolidated shares (Note (d))	26,250,000,000	–
Ordinary shares of HK$0.01 each at 31 December 2014, 1 January 2015 and 31 December 2015	**30,000,000,000**	**300,000**

35. SHARE CAPITAL *(Continued)*

	Number of shares	Total value (HK$'000)
Issued and fully paid:		
Ordinary shares of HK$0.02 each at 1 January 2014	8,894,420,252	177,888
Issue of shares upon the acquisition of additional interests of a subsidiary (Note (a))	1,091,052,670	21,821
Issue of shares upon subscription of shares (Note (b))	1,500,000,000	30,000
Issue of shares upon exercise of share options (Note (c))	164,600,000	3,292
Capital reorganisation (Note (d))	(8,737,554,692)	(203,876)
Issue of shares by way of placements (Note (e) and (f))	1,534,000,000	15,340
Ordinary shares of HK$0.01 each at 31 December 2014 and 1 January 2015	4,446,518,230	44,465
Issue of shares by way of open offer (Note (g))	2,223,259,115	22,232
Issue of shares by way of placements (Note (h) and (i))	12,920,650,000	129,207
Ordinary shares of HK$0.01 each at 31 December 2015	**19,590,427,345**	**195,904**

Notes:

The movements of the ordinary share capital for the years ended 31 December 2014 and 2015 were as follows:

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

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

35. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

The movements of the ordinary share capital for the years ended 31 December 2014 and 2015 were as follows: *(Continued)*

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

(d) Capital reorganisation

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

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

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

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

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

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

35. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

The movements of the ordinary share capital for the years ended 31 December 2014 and 2015 were as follows: *(Continued)*

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

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

(g) In June 2015, the Company issued 2,223,259,115 ordinary shares of HK$0.01 each in the share capital of the Company at a subscription price of HK$0.26 per share by way of open offer on the basis of one offer share for every two shares in issue held on 14 May 2015 (the "Open Offer").

(h) In July 2015, the Company placed, through the placing agents, 889,300,000 ordinary shares of HK$0.01 each in the share capital of the Company to independent investors at a price of HK$0.158 per share.

(i) In October 2015, the Company placed, through the placing agents, 12,031,350,000 ordinary shares of HK$0.01 each in the share capital of the Company to independent investors at a price of HK$0.113 per share.

36. SHARE OPTION SCHEME

(a) The Old Share Option Scheme

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

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

36. SHARE OPTION SCHEME *(Continued)*

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

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

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

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

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

36. SHARE OPTION SCHEME *(Continued)*

(b) The New Share Option Scheme

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

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

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

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

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

36. SHARE OPTION SCHEME *(Continued)*

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

For the year ended 31 December 2015

The following table discloses the movements of the share options granted under the New Share Option Scheme during the year ended 31 December 2015:

Name or category of participant	Date of grant	Exercise period	Exercise price (after adjustment for the Open Offer) (Note 35(g)) HK$	Number of share options: Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Adjusted upon the Open Offer (Note35(g))	Outstanding at 31 December 2015
Directors									
Mr. Bai Liang	14/4/2015	14/7/2015 to 13/7/2017	0.297	–	22,220,000	–	–	2,083,125	24,303,125
Mr. Siu Kam Chau	14/4/2015	14/7/2015 to 13/7/2017	0.297	–	22,220,000	–	–	2,083,125	24,303,125
Mr. Peng Libin	14/4/2015	14/7/2015 to 13/7/2017	0.297	–	22,220,000	–	–	2,083,125	24,303,125
Mr. Liu Guangdian	14/4/2015	14/7/2015 to 13/7/2017	0.297	–	22,220,000	–	–	2,083,125	24,303,125
Sub-total:				–	88,880,000	–	–	8,332,500	97,212,500
Employees	14/4/2015	14/7/2015 to 13/7/2017	0.297	–	133,320,000	–	–	12,498,750	145,818,750
Total:				–	222,200,000	–	–	20,831,250	243,031,250
Exercisable at the end of the year									243,031,250
Weighted average exercise price									HK$0.297

The following table discloses the movements of the share options granted under the Old Share Option Scheme during the year ended 31 December 2015:

Date of grant	Exercise period	Exercise price (after adjustment for the Open Offer) (Note 35(g)) HK$	Number of share options: Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Adjusted upon the Open Offer (Note 35(g))	Outstanding at 31 December 2015
Employees								
9/10/2007	9/10/2007 to 8/10/2017	28.04	1,839,327	–	–	–	172,437	2,011,764
18/4/2008	18/4/2008 to 17/4/2018	16.28	96,840	–	–	–	9,079	105,919
Total:			1,936,167	–	–	–	181,516	2,117,683
Exercisable at the end of the year								2,117,683
Weighted average exercise price								HK$27.45

36. SHARE OPTION SCHEME *(Continued)*

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

For the year ended 31 December 2014

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

Grant date	Exercise price (after adjustment for the Capital Reorganisation) (Note 35(d)) HK$	Exercise period	Number of share options: Outstanding at 1 January 2014	Exercised during the year	Share consolidation (Note 35(d))	Granted during the year	Lapsed during the year	Outstanding at 31 December 2014
Employees								
27 December 2013	0.248	27 December 2013 to 27 December 2014	*740,700,000	*(164,600,000)	(432,075,000)	–	(144,025,000)	–
Exercisable at the end of the year								–
Weighted average exercise price								–

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

Grant date	Exercise price (after adjustment for the Capital Reorganisation) (Note 35(d)) HK$	Exercise period	Number of share options: Outstanding at 1 January 2014	Exercised during the year	Share consolidation (Note 35(d))	Granted during the year	Lapsed during the year	Outstanding at 31 December 2014
Employees								
9 October 2007	30.67	9 October 2007 to 8 October 2017	*7,357,308	(5,517,981)	–	–	–	1,839,327
18 April 2008	17.81	18 April 2008 to 17 April 2018	*387,363	(290,523)	–	–	–	96,840
Total			*7,744,671	(5,808,504)	–	–	–	1,936,167
Exercisable at the end of the year								1,936,167
Weighted average exercise price								HK$30.03

Note

* Number of shares options presented above have not been adjusted for the Capital Reorganisation as described in Note 35(d).

36. SHARE OPTION SCHEME *(Continued)*

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

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

At 31 December 2015, after the adjustment of the Open Offer, the Company had 243,031,250 share options outstanding for the share options granted under the New Share Option Scheme and had 2,117,683 share options outstanding for the share options granted under Old Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in issue of 245,148,933 additional shares of HK$0.01 each in the capital of the Company and additional share capital of approximately HK$2,451,000 and share premium of approximately HK$127,863,000.

The fair value of 222,200,000 share options granted under the New Share Option Scheme on 14 April 2015 was determined by the directors to be approximately HK$27,634,000 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$0.325, exercise price of HK$0.325 per share, expected volatility of 85.822%, expected option life of 2.2 years, no expected dividend and estimated risk-free interest rate of 0.443%.

For the year ended 31 December 2015, the Group recognised equity-settled share-based payments expenses in aggregate of approximately HK$27,634,000 (2014: Nil) in respect of the New Share Option Scheme.

37. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2014

(a) Acquisition of Jun Yang Securities

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

Consideration transferred

	HK$'000
Cash	19,223

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

Assets acquired and liabilities recognised at the date of acquisition:

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

37. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

(a) Acquisition of Jun Yang Securities *(Continued)*

Goodwill arising on acquisition

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

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

Net cash outflow on acquisition of a subsidiary:

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

Impact of acquisition on the results of the Group

Jun Yang Securities contributed no revenue and profit of approximately HK$299,000 to the Group's revenue and profit for the year ended 31 December 2014.

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

38. DISPOSALS OF SUBSIDIARIES

For the year ended 31 December 2015

(a) Disposals of subsidiaries:

On 2 February 2015, the Group disposed of its entire equity interest in Superior Control Group at a cash consideration of approximately HK$9,270,000.

Analysis of assets and liabilities over which control was lost:

	Superior Control Group HK$'000
Non-current assets	
Property, plant and equipment	847
Current assets	
Other receivables	677
Cash and cash equivalents	7,691
Current liabilities	
Other payables	(342)
Net assets disposed of	8,873

Gain on disposals of subsidiaries:

	Superior Control Group HK$'000
Consideration received	9,270
Release of translation reserve	(152)
Net assets disposed of	(8,873)
Gain on disposal	245

38. DISPOSALS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2015 *(Continued)*

(a) Disposals of subsidiaries: *(Continued)*

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

	Superior Control Group HK$'000
Cash consideration received	9,270
Less: bank balances and cash disposal of	(7,691)
	1,579

For the year ended 31 December 2014

(b) Deregistration of subsidiaries:

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

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

Analysis of assets and liabilities over which control was lost:

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

38. DISPOSALS OF SUBSIDIARIES *(Continued)*

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

(b) Deregistration of subsidiaries: *(Continued)*

Gain on disposals of subsidiaries:

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

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

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

39. COMMITMENTS

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

	2015 HK$'000	2014 HK$'000
Within one year	5,790	5,400
In the second to fifth years inclusive	4,465	3,604
Over five years	3,791	–
	14,046	9,004

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 25 years.

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

	2015 HK$'000	2014 HK$'000
Acquisition of property, plant and equipment	184,237	132,607

(c) At 18 December 2015, the Group entered into sub-underwriting agreements with underwriters in relation to Open Offer of shares in the capital of a Hong Kong listed company and committed to subscribe for the shares with an aggregated subscription price of approximately HK$45,593,000. The sub-underwriting commitments were subsequently released in March 2016.

40. PLEDGE OF ASSETS

At 31 December 2015, certain bank and other borrowings are secured by the Group's held-for-trading investments with fair value of approximately HK$452,122,000 (Note 25) and available-for-sale investments with fair value of approximately HK$139,830,000 (Note 22) (2014: held for trading investments with fair value of approximately HK$153,704,000 (Note 25) and pledged bank deposits of approximately HK$4,727,000 (Note 28)).

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 2015, 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$454,000 (2014: HK$164,000). At 31 December 2015, there were no forfeited contributions available for the Group to offset contributions payable in future years (2014: 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 and prior years:

Compensation of key management personnel (Note 44)

	2015 **HK$'000**	2014 HK$'000
Short-term employee benefits	**27,771**	24,102
Post-employment benefits	**348**	239
Share-based payments	**12,760**	–
	40,879	24,341

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

At 31 December 2015

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	563	1,544
Interests in subsidiaries	336,435	336,435
	336,998	337,979
Current assets		
Amounts due from subsidiaries	3,329,400	1,280,322
Other receivables	40,047	1,074
Held-for-trading investments	–	–
Cash and cash equivalents	14,151	23,167
	3,383,598	1,304,563
Current liabilities		
Other payables and accruals	6,602	6,405
Amounts due to subsidiaries	–	143,096
Loan note, unsecured	175,051	–
	181,653	149,501
Net current assets	3,201,945	1,155,062
Total assets less current liabilities	3,538,943	1,493,041
Net assets	3,538,943	1,493,041
Capital and reserves		
Share capital	195,904	44,465
Reserves	3,343,039	1,448,576
	3,538,943	1,493,041

The statement of financial position of the Company was approved by the Board of Directors on 23 March 2016 and were signed on its behalf by:

Mr. Kwok Sze Yiu, Gordon
Director

Dr. Tang Sing Hing, Kenny
Director

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Company

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

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Company *(Continued)*

	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 2015	1,743,311	861	311,790	11,176	(618,562)	1,448,576
Issue of shares by way of open offer	555,815	–	–	–	–	555,815
Issue of new shares by way of placements	1,370,845	–	–	–	–	1,370,845
Transaction costs attributable to issue of shares	(63,548)	–	–	–	–	(63,548)
Recognition of equity-settled share-based payments	–	–	–	27,634	–	27,634
Profit for the year and total comprehensive expense for the year	–	–	–	–	3,717	3,717
At 31 December 2015	3,606,423	861	311,790	38,810	(614,845)	3,343,039

44. 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 2015

	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Equity-settled share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Mr. Kwok Sze Yiu, Gordon (Appointed on 6 November 2015)	37	–	–	–	–	37
Dr. Tang Sing Hing, Kenny (Appointed on 12 June 2015)	–	1,327	–	10	–	1,337
Mr. Jiang You	–	3,994	11,156	48	–	15,198
Mr. Siu Kam Chau	–	2,415	302	18	3,190	5,925
Mr. Liu Guangdian	–	866	80	18	3,190	4,154
Mr. Bai Liang (Resigned on 6 November 2015)	–	3,223	–	134	3,190	6,547
Mr. Peng Libin (Resigned on 6 November 2015)	–	452	3,583	120	3,190	7,345
Independent non-executive directors						
Mr. Chan Chi Yuen	120	–	–	–	–	120
Mr. Chik Chi Man	96	–	–	–	–	96
Mr. Lam Wing Tai	120	–	–	–	–	120
	373	12,277	15,121	348	12,760	40,879

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

For the year ended 31 December 2014

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

During the year ended 31 December 2015, 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 (2014: Nil). None of the directors waived or agreed to waive any remuneration during the year (2014: Nil).

45. COMPARATIVE FIGURES

As result of the introduction of financial services segment this year, certain comparative figures have been restated to conform with current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2015

	Year ended 31 December 2015 HK'000	Year ended 31 December 2014 HK'000 (Restated)	Year ended 31 December 2013 HK'000	Year ended 31 December 2012 HK'000	Year ended 31 December 2011 HK'000
Revenue	**171,295**	63,701	63,003	17,659	92,775
(Loss)/profit before tax	**(185,468)**	252,237	(33,558)	(558,152)	(597,460)
Income tax (expense)/credit	**(6,757)**	828	(330)	(336)	(1,687)
(Loss)/profit for the year	**(192,225)**	253,065	(33,888)	(558,488)	(599,147)
(Loss)/profit for the year attributable to:					
Owners of the Company	**(191,838)**	255,398	(18,049)	(418,000)	(522,537)
Non-controlling interests	**(387)**	(2,333)	(15,839)	(140,488)	(76,610)
	(192,225)	253,065	(33,888)	(558,488)	(599,147)

	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Assets and liabilities					
Total assets	**4,535,489**	2,237,930	1,449,699	1,317,599	1,790,348
Total liabilities	**(952,601)**	(469,203)	(394,471)	(392,865)	(448,305)
Net assets	**3,582,888**	1,768,727	1,055,228	924,734	1,342,043
Capital and reserves					
Total equity attributable to equity shareholders of the Company	**3,579,424**	1,759,506	996,086	824,188	1,277,567
Non-controlling interests	**3,464**	9,221	59,142	100,546	64,476
Total Equity	**3,582,888**	1,768,727	1,055,228	924,734	1,342,043