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 2016

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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
Ms. Yiu Wai Yee, Catherine

AUDIT COMMITTEE

Mr. Chan Chi Yuen *(Chairman)*
Mr. Chik Chi Man
Ms. Yiu Wai Yee, Catherine

REMUNERATION COMMITTEE

Ms. Yiu Wai Yee, Catherine *(Chairman)*
Mr. Chan Chi Yuen
Mr. Chik Chi Man

NOMINATION COMMITTEE

Mr. Chik Chi Man *(Chairman)*
Mr. Chan Chi Yuen
Ms. Yiu Wai Yee, Catherine

COMPANY SECRETARY

Mr. Siu Kam Chau

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wing On House
71 Des Voeux Road Central
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

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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 2016. During the reporting period, the Group recorded revenue from continuing operations of approximately HK$70,555,000 (2015: approximately HK$131,152,000) and net loss attributable to owners of the Company from continuing operations and discontinued operation amounted to approximately HK$926,717,000 (2015: approximately HK$191,838,000).

After a lackluster outturn in 2016, 2017 is a year full of challenges and opportunities. There are risks ahead, including policy directions of the new United States ("US") administration, further normalization of US interest rates and Brexit and its impact on European Union. Hopefully all these unfavorable factors would be offset by the picking up pace of economic activities in 2017 as expected, especially in emerging market and developing economies, such as China.

The International Monetary Fund is still optimistic about China's growth prospects and notably updated the growth forecast for 2017 for China to 6.5 percent on expectations of continued policy support, 0.3 percentage points above the previous forecast, which is sounding amid its global developing competitors. Although continued reliance on policy stimulus measures and rapid expansion of credit may raise the risk of a disruptive adjustment, the government has been prepared to face the difficulties. The new monetary policy issued on December 2016 indicated that China is aiming to control the growth of asset bubbles and is ensuring the economy to develop on a path of stable and healthy growth.

BUSINESS PROSPECTS

Following the roll-out of Shanghai-Hong Kong Stock Connect Program in 2015, we are confident that the new Shenzhen-Hong Kong Stock Connect Program would be another milestone towards strengthening the interconnectivity between Hong Kong and the Mainland. With the ambition to reinforce its position in the Hong Kong financial market and to seize the opportunities therefore arose, the Group will work tirelessly to focus our resources on the developing of financial services segment and expand the segment to cover merger and acquisition, asset management, margin and IPO financing; and at the same time keep on building up a long-term client database and a solid network in the market. In viewing of the industry potential and increasing competitiveness, the Group will also strengthen its sales forces, organise regular seminars and keep higher exposures in the market to grab more market share.

Here I would like to take the opportunity to express my sincere gratitude to the trust from our Board and our shareholders. I wish to extend my gratitude to our experienced and professional staff, our supporting shareholders and business partners for their continued contributions. The Group will keep the said strategies, and will continue to work dedicatedly and energetically to maximize the returns to investors.

Kwok Sze Yiu, Gordon
Chairman
30 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The year of 2016 was a year full of complicacies. The global financial market experienced a series of black swan events such as Brexit and the United States ("US") president election, adding more uncertain to the weak economy recovery globally. Hong Kong's financial market has been further negatively affected by weak performance in the Mainland stock market and lower-than-expected gross domestic product ("GDP") growth, with stock hovered at a relatively low level.

During the year ended 31 December 2016 (the "Year") under review, Jun Yang Financial Holdings Limited ("Jun Yang Financial" or the "Company", together with its subsidiaries, the "Group") maintained prudent strategies in managing the Group's business and risk exposure. The Group supported the development of the financial services businesses in 2016, laying a solid foundation for future growth.

The Group recorded a revenue from continuing operations of approximately HK$70,555,000 (2015: approximately HK$131,152,000), and a significant net loss attributable to owners of the Company from continuing operations and discontinued operation amounted to approximately HK$926,717,000 (2015: approximately HK$191,838,000). The loss was principally attributable to the losses in respect of its investments and such losses are approximately HK$183 million (realised losses) and approximately HK$607 million (unrealised losses) respectively as a result of the volatile stock market in Hong Kong during the Year. The said unrealised losses of approximately HK$607 million are non-cash in nature and relate to losses arising on change in fair value of held-for trading investments of the Group. Regardless of the loss, the Company still has sufficient fund and had cash and cash equivalents of approximately HK$182,286,000 (31 December 2015: approximately HK$461,301,000).

BUSINESS REVIEW

High Volatility in the Financial Service Market

The Group remains prudently optimistic about the financial market. China's economy grew by 6.7 percent in 2016, with slight accelerating to 6.8 percent in the fourth quarter. During the Year, China's economy and financial market have been smooth and steady in general, but the complexity should never be underestimated. The market worried about the unexpected policies from new president of the US Donald Trump's government. Plus capital outflows from Asian markets continued given weaker regional currencies against the US dollar.

On 5 December 2016, the Shenzhen-Hong Kong Stock Connect Program was officially launched, which was expected to add new momentum to the booming of the market. As China tightens its grip on capital controls, mainland investors will turn to Hong Kong stocks through cross-border exchange links as other methods of purchasing overseas assets become more difficult. Analysts expected trading volumes to pick up later when the Renminbi ("RMB") stabilises and concerns ease about China's economy.

Financial services business

Hong Kong financial market is a relatively mature market that attracts both overseas and mainland investors. The Group has set the strategies to dig the market potential and had been actively placing resources to develop its financial services business. The Group seized opportunities in the market as a securities broker to achieve stable and encouraging segment result.

During the Year, the financial services segment generated a revenue of approximately HK$60,137,000, and net profit decreased by 29% year-on-year to approximately HK$31,443,000. Jun Yang Securities Company Limited ("Jun Yang Securities") successfully completed 27 fund-raising transactions and raised a total amount of approximately HK$1,351,053,000. As fund raising was not active as the Year before, income from placing and underwriting activities registered a decrease of 76% year-on-year to approximately HK$20,679,000. Jun Yang Securities has already successfully obtained the Securities and Futures Commission licences of asset management (Type 9) and advising on corporate finance (Type 6), enabling the Group to advise listed companies on issues of acquisitions and mergers, and to engage in asset management business.

Ever since the establishment of the financial services business segment, the Group has built a solid position in Hong Kong's financial market and has determined to focus on the financial services business. Leveraging on the powerful network and professional management, the segment has been developing on the right track and generated revenue in a very short time, which consolidated the Group's leading position in the industry. The Group will focus on the financial services business by actively seeking to expand its 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.

Money lending business

The Group has begun its money lending business since 2012 through the acquisition of E Finance Limited. During the review year, money lending business segment has achieved an interest income of approximately HK$10,418,000 (2015: approximately HK$26,571,000). In view of the weakening financial performance of this business segment, the Group scaled down the money lending business to shift more resources to the margin financing business, where stock collaterals are more common and reliable.

In the Year under review, the Group also entered into an agreement to dispose 31.2% indirect interest with loans of Trillion Epoch Limited (principally engaged in the money lending business in the People's Republic of China) to an independent third party at a cash consideration of HK$51 million, enabling the Group to allocate more resources to financial service businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Asset investment business

The Group's asset investment business includes investment in held-for-trading investments, mainly trading in listed securities, and investments in available-for-sale investment, mainly invests in private funds in various industries. The unlisted investments funds are held for identified long term purposes.

In respect of the asset investment business, the Company has recorded a loss attributable to owners of the Company for 2016 principally attributable to the loss arising on change in fair value of held-for-trading investments amounted to HK$790,225,000 as a result of the volatile stock market in Hong Kong. The loss had no significant effect on the Group's business operations. The Group has sufficient funds in hand and will ensure its core business segments are developing well on track.

As at 31 December 2016, the total held-for-trading investments valued at approximately HK$1,916,926,000, of which approximately HK$1,892,070,000 in equity securities listed in Hong Kong, approximately HK$14,111,000 in equity securities listed outside of Hong Kong and approximately HK$10,745,000 in investment funds.

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$84,733,000 in the year 2016.

As at 31 December 2016, the total available-for-sale investments valued at approximately HK$358,499,000, including approximately HK$81,727,000 of equity securities listed in Hong Kong, and investment funds at cost less impairment of approximately HK$276,772,000.

The significant loss as compared to the loss in 2015 was principally attributable to the unrealized loss in respect of its investments as a result of the volatile stock market in Hong Kong. The Company has raised sufficient funds for such losses and make sure the business of financial services is not affected. Nevertheless, the management believes a more cautious investment strategy and sounder research are necessary in future asset investment business.

Sustainable development in solar power generation business

Fighting air pollution has been a focus of national attention in China, which leads to the boom of renewable energy. During the Year, China's National Energy Administration ("NEA") and National Development and Reform Commission ("NDRC") have released several announcements to encourage the development of solar power projects that use the self-consumption mode. The target for 2020 solar photovoltaic ("PV") has been raised from 100 gigawatts ("GW") to 150 GW, including 70 GW for distributed PV according to the NEA. Solar power industry is still in the spot light.

During 2016, the Group booked a revenue of approximately HK$53.6 million from the renewable energy business. The Group's six 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, 10-megawatt rooftop power station project in Rongcheng, Shandong Province), 5.8-megawatt rooftop power station project in Longkou, Shandong Province, 38.8-megawatt rooftop power station project in Jining, Shandong Province have generated about 62 million kilowatt-hours electricity in total, representing an increase of 55% year-on-year. Revenue booked from the segment also increased 33% to HK$53.6 million. New project Shandong Jining Phase II 28.8-megawatt was completed and connected to the grid and started power generation in 2016. It is expected that this new project's revenue contribution to the Group will be more significant in the coming years.

In August 2016, GET Holdings Limited ("GET Holdings") (stock code: 8100) agreed to acquire, approximately 30% of the issued share capital of Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Solar Power"), at the consideration of HK$34,500,000. In October 2016, IR Resources Limited (stock code: 8186) agreed to acquire 17.5% equity in Jun Yang Solar Power with HK$20.5 million. And in November 2016, the Group agreed to sell additional 5% equity in Jun Yang Solar Power to GET Holdings at a cost of HK$5.79 million. The disposals had not just realized capital resources for the future development of financial services business, but also introduced new shareholders for solar business, which is in line with the Group's long-term strategies.

Risk Management

The Company adopts stringent risk management policies and monitoring systems to contain exposure associated with credit, liquidity, market and IT systems in all its major operations. In addition, compliance and regulatory risk is continually monitored. It is frequently revisited and revised the risk control measures of business lines to build up a strong defense against risks.

The Company has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to mitigate any risk that the Company may encounter.

Deal with the risks and uncertainty

The management believes the weak global economic growth and anti-globalization sentiments 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 RMB further globalization and the stock connect program enhanced and widened. 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 been put more resources in margin financing business and is to extend our business offering to our customers by strengthening our service offering with assets management and corporate finance.

The Group has suffered significantly in the stock market turmoil in the Year under review 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 further to reduce short 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.

The Group's mission is to become a premier financial services provider in Hong Kong with comprehensive range of high standard service offerings.

Significant investments

As at 31 December 2016, the Group recorded held-for-trading investments of approximately HK$1,917 million (31 December 2015: approximately HK$2,139 million) and available-for-sale investments of approximately HK$358.5 million (31 December 2015: approximately HK$374.0 million). The directors of the Company (the "Directors") consider that investments with a carrying amount that account for more than 5% of the Group's total assets as at 31 December 2016 as significant investments. Details of the significant investments are as follows:

Held-for-trading investments

Description of investment	Brief description of the business	Number of shares held as at 31/12/2016	% held to the total issue share capital of the investment as at 31/12/2016	Investment cost as at 31/12/2016	Carrying amount as at 31/12/2016	% held to the Group's total assets as at 31/12/2016
Significant investments						
Convoy Global Holdings Limited (stock code: 1019)	Independent financial advisory business, money lending business, proprietary investment business, asset management business and corporate finance advisory services	1,483,788,000	9.93%	515,946,600	342,755,028	10.54%

Description of investment	Brief description of the business	Number of shares held as at 31/12/2016	% held to the total issue share capital of the investment as at 31/12/2016	Investment cost as at 31/12/2016	Carrying amount as at 31/12/2016	% held to the Group's total assets as at 31/12/2016
Town Health International Medical Group Limited (stock code: 3886)	Healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities	619,762,000	7.99%	785,878,787	774,702,500	23.82%
First Credit Finance Group Limited (stock code: 8215)	Money lending business	350,000,000	9.65%	48,000,120	162,750,000	5.00%
Other investments						
Other listed shares				828,759,880	625,973,472	19.25%
Unlisted investment funds outside HK				10,527,162	10,745,000	0.33%
Listed debt securities outside HK				–	–	–
				2,189,112,549	1,916,926,000	59%
Available-for-sale investments						
Listed shares				81,726,912	81,726,912	3%
Unlisted investment funds				276,772,088	276,772,088	9%
				358,499,000	358,499,000	11%

BUSINESS OUTLOOK

It is undeniable that the global economic growth remained soft in 2016 for numerous reasons and the world economy is expected to face a very challenging year of 2017, risks including uncertain policy directions from the new US administration, further normalization of US interest rates, Brexit and its impact on European Union, and the most important, the expected significant deceleration of the China economy. All these are challenges and pose potential negative impacts to the Group's financial business.

However, the government of China is keeping on backing up the financial industry in Hong Kong and Mainland, with its new monetary policy issued on December 2016, China is aiming to control the growth of asset bubbles and financial risks in 2017, while ensuring the economy is on a path of stable and healthy growth. Monetary policy will be kept prudent and neutral, adapt to new changes in money supply and strive to smooth monetary policy transmission channels and improve mechanisms to help maintain liquidity basically stable.

MANAGEMENT DISCUSSION AND ANALYSIS

It is estimated by economists that China's economy is still on track to grow by 6.5% in 2016 and 6.2% in 2017 based on the official GDP measure. International Monetary Fund data also 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. In addition, in Hong Kong market, following the roll-out of Shanghai-Hong Kong Stock Connect Program, Shenzhen–Hong Kong Stock Connect Program was also successfully launched, cross border investment activities were inspired for the second time. The new share trading link will strengthen Hong Kong's role as a "super-connector" between China and the world, again strengthen its position as a financial hub in the Asia Pacific region. Backed by the China market and leveraged on 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. This will bring opportunities to the Group's financial business and the Group will stick to its strategies to allocate more resources to develop this segment in the coming year.

Looking forward, a moderate economy recovery is expected, and world growth will pick up from last year's lackluster pace. The Group is prudently optimistic about the financial market in 2017. Leveraging on its experience team and foundations built in the financial services industry, the Group will strive to become one of the best comprehensive wealth management service providers in Hong Kong that could fulfill various financial needs and expectations of individuals and corporate clients. The Group aims to further develop its financial services business to complete more cases in mergers and acquisitions, asset management, margin and IPO financing, etc, and to reinforce its sales forces in viewing of the industry potential.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group held cash and cash equivalents of approximately HK$182,286,000 (2015: approximately HK$461,301,000). Net current assets amounted to approximately HK$2,473,499,000 (2015: approximately HK$2,882,751,000). Current ratio (defined as total current assets divided by total current liabilities) was 9.89 times (2015: 4.90 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 12% (2015: 21%).

As at 31 December 2016, the Group had outstanding bank and other borrowings of approximately HK$280,800,000 (2015: approximately HK$437,774,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank and other borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 31 December 2016, the Group had shareholders' equity of approximately HK$29,117,000 (2015: approximately HK$195,904,000).

On 31 March 2016, the Company allotted and issued 755,900,000 new pre-consolidated shares of the Company, at the price of HK$0.0374 per share, pursuant to the exercise of share options under the share option scheme adopted by the Company on 4 June 2013.

On 15 February 2016, the Board proposed to implement the capital reorganisation (the "Capital Reorganisation") which involve (i) the share consolidation of 10 pre-consolidated shares into 1 share of HK$0.10; (ii) the reduction of the share capital of the Company whereby the par value of each of the then issued consolidated shares of HK$0.10 each was reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the then issued consolidated share; (iii) the credits arising in the books of the Company from (a) the cancellation of any fraction in the issued share capital of the Company which may arise from the share consolidation; and (b) the capital reduction, which in aggregate, amount to HK$183,116,946 would be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and (iv) immediately following the capital reduction, each of the then authorised but unissued consolidated shares of par value of HK$0.10 each were sub-divided into 10 new shares of par value of HK$0.01 each. The Capital Reorganisation was duly passed as a special resolution by the shareholders of the Company at the special general meeting of the Company held on 5 April 2016. The Capital Reorganisation had become effective on 6 April 2016. Further details of the Capital Reorganisation are set out in the circular of the Company dated 9 March 2016 and the announcements of the Company dated 15 February 2016 and 5 April 2016.

On 4 May 2016, the Company allotted and issued 391,800,000 placing shares of HK$0.01 each in the share capital of the Company, at the placing price of HK$0.238 per placing share, pursuant to the placing agreement dated 12 April 2016 and the general mandate granted to the Directors at the special general meeting held on 29 January 2016, details of which are disclosed in the announcement of the Company dated 12 April 2016.

On 5 October 2016, the Company allotted and issue of 485,280,000 placing shares of HK$0.01 each in the share capital of the Company, at the placing price of HK$0.18 per placing share, pursuant to the placing agreement dated 8 September 2016 and the general mandate granted to the Directors at the annual general meeting held on 3 June 2016, details of which are disclosed in the announcement of the Company dated 8 September 2016.

FUND RAISING ACTIVITIES UNDER GENERAL MANDATE

(1) Placing of New Shares under General Mandate

On 12 April 2016, 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 391,800,000 placing shares at a price of HK$0.238 per placing share. The placing shares were allotted and issued pursuant to the general mandate granted to the Directors at the special general meeting of the Company held on 29 January 2016. 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 represents 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$3,918,000. The placing price of HK$0.238 per placing share represents (i) a discount of 15.00% to the closing price of HK$0.28 per share of the Company as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April 2016, being the date of the placing agreement; and (ii) a discount of approximately 11.85% to the average closing price of HK$0.27 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares of the Company immediately prior to 12 April 2016, being the date of the placing agreement.

The completion of the placing took place on 4 May 2016. An aggregate of 391,800,000 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$90.10 million. On such basis, the net issue price per placing share was approximately HK$0.230.

It is expected that the net proceeds from the placing would be utilised for funding the Group's asset investment segment and for general working capital of the Group. As at 31 December 2016, the net proceeds of approximately HK$90.10 million was used for funding the Group's asset investment segment and for general working capital of the Group.

(2) Placing of New Shares under General Mandate

On 8 September 2016, 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 485,280,000 placing shares at a price of HK$0.18 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 2016. The Directors are of the view that the placing can strengthen the financial position of the Group. The placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company.

The aggregate nominal value of the placing shares under the placing was HK$4,852,800. The placing price of HK$0.18 per placing share represents (i) a discount of approximately 18.18% to the closing price of HK$0.22 per share of the Company as quoted on the Stock Exchange on 8 September 2016, being the date of the placing agreement; and (ii) a discount of approximately 10.89% to the average closing price of HK$0.202 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares of the Company immediately prior to 8 September 2016, being the date of the placing agreement.

The completion of the placing took place on 5 October 2016. An aggregate of 485,280,000 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$84.12 million. On such basis, the net issue price per placing share was approximately HK$0.173.

It is expected that the net proceeds from the placing would be utilised for reducing the indebtedness of the Group so as to reduce the finance cost of the Group and to enhance the gearing ratio of the Company. As at 31 December 2016, the net proceeds of approximately HK$84.12 million was used for repaying the other borrowing of the Group.

ISSUE OF NOTES

(1) 8% Coupon Notes Due 2018

On 9 May 2016, the Company as issuer and Convoy Asset Management Limited ("Convoy") as placing agent, entered into a placing agreement pursuant to which Convoy agreed to act as placing agent of the Company, on a best endeavor basis, to procure the placees to subscribe for the 8% per annum notes ("8% Coupon Notes") to be issued by the Company in an aggregate principal amount of up to HK$100,000,000 maturing on the second anniversary of the issue date of the 8% Coupon Notes at the placing price equal to 100% of the principal amount of the 8% Coupon Notes.

The 8% Coupon Notes in an aggregate principal amount of HK$100,000,000 have been placed and issued ("8% Coupon Notes Issue") during the placing period, details of which are set out in the Company's announcements dated 9 May 2016, 30 June 2016, 25 July 2016 and 1 September 2016.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the placees and its ultimate beneficial owners is independent of, and not connected with the Company's connected persons (within the meaning under the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")) and their respective associates (within the meaning under the Listing Rules).

It is expected that the net proceeds from the 8% Coupon Notes Issue in the sum of approximately HK$95.8 million would be used to finance any potential investment opportunities of the Group that may arise from time to time and for the general working capital of the Group. As at 31 December 2016, the net proceeds of approximately HK$95.8 million was used for investment in held-for-trading securities and for general working capital of the Group.

(2) 7% Coupon Notes Due 2020

On 25 January 2017, the Company as issuer and Convoy as placing agent, entered into a placing agreement pursuant to which Convoy agreed to act as placing agent of the Company, on a best endeavor basis, to procure the placees to subscribe for the 7% per annum notes ("7% Coupon Notes") to be issued by the Company in an aggregate principal amount of up to HK$100,000,000 maturing on the third anniversary of the issue date of the 7% Coupon Notes at the placing price equal to 100% of the principal amount of the 7% Coupon Notes.

As at 30 March 2017, the 7% Coupon Notes in an aggregate principal amount of HK$16,400,000 were issued ("7% Coupon Notes Issue").

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the placee and its ultimate beneficial owners is independent of, and not connected with the Company's connected persons (within the meaning under the Listing Rules) and their respective associates (within the meaning under the Listing Rules).

It is expected that the net proceeds from the 7% Coupon Notes Issue in the sum of approximately HK$15.86 million would be used to finance any potential investment opportunities of the Group that may arise from time to time and for the general working capital of the Group.

CHARGES ON GROUP ASSETS

As at 31 December 2016, assets of the Group were not charged to any parties.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed approximately 37 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

EXECUTIVE DIRECTORS

Mr. Kwok Sze Yiu, Gordon, aged 42, has been an executive director (the "Director") of Jun Yang Financial Holdings Limited (the "Company" together with its subsidiaries, the "Group") and the Chairman of the board of Directors (the"Board") since 6 November 2015. He is also a director of various 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 16 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 48, 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, 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 14 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 currently a non-executive director of Edvance International Holdings Limited (stock code: 8410) and an independent non-executive director of Hin Sang Group (International) Holding Co. Ltd. (stock code: 6893), both of which are companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Ng Tang, aged 55, has been an executive Director and the Chief Executive Officer of the Company since 1 February 2016. He is also a director of various 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 21 years of corporate management experience in China and Hong Kong and has more than 11 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. 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 of the Stock Exchange (stock code: 8021).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 50, 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 with distinction in Corporate Governance and Directorship. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and 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 development, 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 Royal Century Resources Holdings Limited (formerly known as 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), China Baoli Technologies Holdings Limited (formerly known as 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), Leyou Technologies Holdings Limited (stock code: 1089) and Affluent Partners Holdings Limited (formerly known as Man Sang Jewellery Holdings Limited) (stock code: 1466). Mr. Chan was 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 63, 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 49 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.

Ms. Yiu Wai Yee, Catherine, aged 49, has been an independent non-executive Director since 16 December 2016. She is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Ms. Yiu obtained a bachelor degree in commerce from the University of Toronto in 1992. She completed the Executive Master of Business Administration programme with The Chinese University of Hong Kong in November 2014. Ms. Yiu has over 18 years of experience in the education industry. She is currently a consultant of Modern Education (Hong Kong) Limited ("Modern Education"), a subsidiary of Hong Kong Education (Int'l) Investments Limited (a company listed on the Stock Exchange (stock code: 1082)). Before joining Modern Education in 1997, Ms. Yiu joined an international accounting firm in September 1992 in their Toronto office and worked in their Hong Kong office from September 1995 to February 1997. Her last position was assistant manager. Ms. Yiu subsequently joined an investment bank in March 1997 as an internal auditor and resigned in June of the same year.

Ms. Yiu is a fellow of the Chartered Wealth Manager Institute and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario. She is also a member of the Executive Committee of the Women Executives Club under the Hong Kong General Chamber of Commerce, the treasurer of The Hong Kong Federation of Private Educators and the founder of Knowledge Power, a charitable institution exempted from tax under section 88 of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong).

SENIOR MANAGEMENT

Mr. Siu Kam Chau, aged 52, 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 27 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. Liu Guangdian, aged 55, 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 16 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. Ho Chun Kit, aged 42, currently a director of Jun Yang Securities Company Limited, a wholly-owned subsidiary of the Company. He is currently licensed with Securities Futures Commission as a responsible officer of Jun Yang Securities Company Limited 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 19 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.

CHANGES IN INFORMATION OF DIRECTORS

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

(1) Mr. Chan Chi Yuen was appointed as an independent non-executive director of Affluent Partners Holdings Limited (formerly known as Man Sang Jewellery Holdings Limited) (stock code: 1466), the shares of which are listed on The Stock Exchange of Hong Kong Limited, with effect from 20 December 2016.

(2) Dr. Tang Sing Hing, Kenny was appointed as a non-executive director of Edvance International Holdings Limited (stock code: 8410), a company listed on the Stock Exchange since 19 April 2017.

(3) Details of the emoluments of the directors of the Company for the year ended 31 December 2016 are set out in note 12 to the consolidated financial statements.

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 2016 (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 42 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 6 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 45 to the consolidated financial statements and on pages 43 to 137 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 138 of this annual report.

DONATIONS

Charitable donations made by the Group during the Year amounted to approximately HK$23,440.

SUBSIDIARIES

Details of acquisition/disposals of subsidiaries during the Year are set out in notes 34 and 35 respectively to the consolidated financial statements.

Details of the Company's principal subsidiaries as at 31 December 2016 are set out in note 42 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 4 to 14 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately HK$154,420,000 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 16 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 27 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 31 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 47 and 48 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in note 45 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2016, 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 20.53% of the turnover of the Group. The largest customer accounted for approximately 6.77% of the turnover of the Group.

Commission expenses attributable to the five highest paid account executives of the Group accounted for approximately 60.95% 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 28 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)*	
Dr. Tang Sing Hing, Kenny *(Vice Chairman)*	
Mr. Ng Tang *(Chief Executive Officer)*	(appointed on 1 February 2016)
Mr. Jiang You	(resigned with effect from 1 February 2016)
Mr. Siu Kam Chau	(resigned with effect from 1 February 2016)
Mr. Liu Guangdian	(resigned with effect from 1 February 2016)
Independent Non-executive Directors	
Mr. Chan Chi Yuen	
Mr. Chik Chi Man	
Ms. Yiu Wai Yee, Catherine	(appointed on 16 December 2016)
Mr. Lam Wing Tai	(resigned with effect from 16 December 2016)

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. Kwok Sze Yiu, Gordon and Dr. Tang Sing Hing, Kenny will retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, offer themselves for re-election at the AGM. In addition, in accordance with bye-law 102(B) of the Company's bye-laws, Ms. Yiu Wai Yee, Catherine shall hold office only until the AGM and shall then be eligible 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 15 to 17 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 12 and 13 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 41 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

As at 31 December 2016, the Directors, other than independent non-executive Directors, had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Director	Name of company	Nature of business	Nature of interests
Mr. Ng Tang	WLS Holdings Limited ("WLS") and its subsidiaries	money lending business	Executive Director of WLS

As the board of Directors (the "Board") is independent of the boards of the above mentioned companies, the Group is capable of carrying on its business independently of, and at arm's length, from the business of those companies.

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

CONNECTED TRANSACTION

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

On 1 November 2016, the Company entered into a sale and purchase agreement (the "SP Agreement") with Lucky Famous Limited (the "Purchaser"), a wholly-owned subsidiary of the GET Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8100). Pursuant to the SP Agreement, the Company agreed to sell, and the Purchaser agreed to acquire, 1,778 ordinary shares of US$1.00 each in the share capital of Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Solar Power"), representing approximately 5% of the issued share capital of Jun Yang Solar Power, at a consideration of HK$5,790,000 (the "Disposal"). The completion of the Disposal took place immediately after the signing of the SP Agreement.

As at the date of the SP Agreement, the Purchaser held approximately 30% of the issued share capital of Jun Yang Solar Power immediately before completion of the Disposal and is thus a connected person of the Company at subsidiary level. Accordingly, the Disposal constituted a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. Given that the Board has approved the Disposal and the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms and in the interest of the Company and its shareholders as a whole, the Disposal is exempt from the circular, independent financial advice and shareholders' approval requirements. Details of the SP Agreement and the Disposal are set out in the announcement of the Company dated 1 November 2016.

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

As at 31 December 2016, 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 shares of the Company

Name	Capacity	Number of shares of the Company	Approximate % of the issued share capital of the Company as at 31 December 2016
Mr. Kwok Sze Yiu, Gordon	Beneficial owner	19,590,000	0.67%
Dr. Tang Sing Hing, Kenny	Beneficial owner	2,300,000	0.08%
Mr. Ng Tang	Beneficial owner	19,500,000	0.67%

Save as disclosed above, as at 31 December 2016, 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 31 to the consolidated financial statements.

(b) 2013 Share Option Scheme

A new share option scheme was approved and adopted by the Company's 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 31 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 2016, 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 of the Company *(Note 1)*	Approximate % of the issued share capital of the Company as at 31 December 2016 *(Note 2)*
Wong Ka Man	Beneficial owner	194,694,000	6.69%
China Mobile Games and Entertainment Group LTD.	Beneficial owner	176,994,000	6.08%

Notes:

(1) The number of shares held by the respective shareholders have been adjusted as a result of the capital reorganisation (the "Capital Reorganisation") approved by the shareholders of the Company at the special general meeting of the Company held on 5 April 2016 which involved, among other steps, (i) the share consolidation of 10 pre-consolidated shares into 1 share of HK$0.10 and (ii) the reduction of the share capital of the Company whereby the par value of each of the then issued consolidated shares of HK$0.10 each was reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the then issued consolidated share and thereby creating the shares and the Capital Reorganisation became effective on 6 April 2016.

(2) The percentage of shareholding is calculated with reference to the Company's number of shares in issue as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, 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 years ended 31 December 2014 and 2015 were audited by HLB Hodgson Impey Cheng Limited ("HLB").

On 18 January 2017, Deloitte Touche Tohmatsu had been appointed as auditor of the Company to fill the casual vacancy following the resignation of HLB.

The consolidated financial statements for the year ended 31 December 2016 were audited by Deloitte Touche Tohmatsu 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 Deloitte Touche Tohmatsu as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years.

On behalf of the Board

Kwok Sze Yiu, Gordon
Chairman
30 March 2017

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 2016 (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 Ms. Yiu Wai Yee, Catherine. The biographical details of the Directors are set out in "Profiles of Directors and Senior Management" on pages 15 to 17 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	Board	Annual General Meeting	Special General Meetings
	Number of meetings attended/eligible to attend		
Executive Directors			
Mr. Kwok Sze Yiu, Gordon *(Chairman)*	4/4	1/1	2/2
Dr. Tang Sing Hing, Kenny *(Vice Chairman)*	4/4	1/1	2/2
Mr. Ng Tang *(Chief Executive Officer)* (appointed on 1 February 2016)	4/4	1/1	1/1
Mr. Jiang You (resigned with effect from 1 February 2016)	0/0	0/0	1/1
Mr. Siu Kam Chau (resigned with effect from 1 February 2016)	0/0	0/0	1/1
Mr. Liu Guangdian (resigned with effect from 1 February 2016)	0/0	0/0	1/1
Independent non-executive Directors			
Mr. Chan Chi Yuen	4/4	1/1	2/2
Mr. Chik Chi Man	4/4	1/1	2/2
Ms. Yiu Wai Yee, Catherine (appointed on 16 December 2016)	1/1	0/0	0/0
Mr. Lam Wing Tai (resigned with effect from 16 December 2016)	3/3	1/1	2/2

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. Ng Tang (Note 1)	✔
Mr. Jiang You (Note 2)	✔
Mr. Siu Kam Chau (Note 2)	✔
Mr. Liu Guangdian (Note 2)	✔
Independent non-executive Directors	
Mr. Chan Chi Yuen	✔
Mr. Chik Chi Man	✔
Ms. Yiu Wai Yee, Catherine (Note 3)	✔
Mr. Lam Wing Tai (Note 4)	✔

Notes:

(1) Mr. Ng Tang appointed as an executive Director with effect from 1 February 2016.

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

(3) Ms. Yiu Wai Yee, Catherine appointed as an independent non-executive Director with effect from 16 December 2016.

(4) Mr. Lam Wing Tai resigned as an independent non-executive Director with effect from 16 December 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 Ms. Yiu Wai Yee, Catherine (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**
Ms. Yiu Wai Yee, Catherine *(Chairman)* (appointed on 16 December 2016)	1/1
Mr. Chan Chi Yuen	1/1
Mr. Chik Chi Man	1/1
Mr. Lam Wing Tai (resigned with effect from 16 December 2016)	0/0

NOMINATION COMMITTEE

The Board has established a nomination committee (the "Nomination Committee") with specific written terms of reference in accordance with the provisions set out in the CG Code. The principal duties of the Nomination Committee are to review the structure, size and 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 Ms. Yiu Wai Yee, Catherine.

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
Ms. Yiu Wai Yee, Catherine (appointed on 16 December 2016)	0/0
Mr. Lam Wing Tai (resigned with effect from 16 December 2016)	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 procedures.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the Audit Committee), Mr. Chik Chi Man and Ms. Yiu Wai Yee, Catherine.

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 2015 and the unaudited financial statements for the six months ended 30 June 2016 respectively, discussed audit scope and findings with the Company's independent auditors, and reviewed the Group's financial reporting system and internal control system. In the meeting of the Audit Committee of March 2017, the Audit Committee reviewed the Group's audited financial statements for the year ended 31 December 2016 prior to recommending them to the Board for approval and discussed the internal audit report and other supporting document for the review of risk management and internal control systems and the effectiveness of internal audit function.

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
Ms. Yiu Wai Yee, Catherine (appointed on 16 December 2016)	0/0
Mr. Lam Wing Tai (resigned with effect from 16 December 2016)	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.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's auditor, Deloitte Touche Tohmatsu, 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	1,180
Non-audit services	
Acting as reporting accountants to report on certain financial information included in the Company's circulars issued during the Year	–
Total	1,180

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 2016. 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 auditor's responsibilities are set out in the Independent Auditor's Report on pages 41 to 42 of this annual report.

The consolidated financial statements for the year ended 31 December 2016 were audited by Deloitte Touche Tohmatsu 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 Deloitte Touche Tohmatsu be re-appointed as the auditor of the Company at the forthcoming annual general meeting.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for the risk management and internal control systems of the Group on an ongoing basis, and for reviewing its effectiveness. The Board is also responsible for establishing and maintaining appropriate and effective risk management and internal control systems with regard to the objectives of the Group. The established systems are 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.

During the Year under review, the Board, through the Audit Committee, has conducted a review, via an appointed professional firm to perform internal audit function, on the effectiveness of the risk management and internal control systems of the Group, covering financial, operational, compliance and risk management aspects. The systems were considered effective and adequate.

The Group adopts a complete process style of risk management in a functional bottom up manner, including risk identification, assessment, evaluation and treatment. The functional areas across the Group provide input of risks with treatments, which are appraised and maintained. The risk management system, as well as the internal control system, are continuous, proactive and systematic processes.

With the implementation of internal audit function, the effectiveness of the risk management and internal control systems is reviewed by conducting internal audit assignments. Recommendations for major observations of control weaknesses from the audits will be provided, so as to resolve material internal control defects.

Inside Information Policy is in place, which aims to set out guidelines to ensure inside information of the Group is to be disseminated to the public in equal and timely manner.

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 503, 5/F, Wing On House, 71 Des Voeux Road Central, 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 503, 5/F, Wing On House, 71 Des Voeux Road Central, 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 503, 5/F, Wing On House, 71 Des Voeux Road Central, 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.

Deloitte.

德勤

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

OPINION

We have audited the consolidated financial statements of Jun Yang Financial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 43 to 137, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Recognition of interest in an associate in respect of Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Solar Power")	
We identified the recognition of interest in an associate in respect of Jun Yang Solar Power (the "Recognition") as a key audit matter due to estimations involved in determining the fair value of Jun Yang Solar Power. As disclosed in Note 10 and Note 35(a) to the consolidated financial statements, the Group was holding the entire interests and the Group disposed of 52.5% of its interest in Jun Yang Solar Power during the year. Jun Yang Solar Power ceased to be a subsidiary and became an associate of the Group as the Group retains significant influence over Jun Yang Solar Group. In determining the fair value of the retained interests in Jun Yang Solar Power when initially recognised as an associate, the management engaged an independent professional valuer to perform a valuation. The valuation is prepared based on the income approach with the present value technique derived by discounted future cash flow generated by Jun Yang Solar Power and it required the estimation of key assumptions, including the discount rate, growth rate, budgeted sales and gross margin.	Our procedures in relation to the recognition of interest in an associate in respect of Jun Yang Solar Power included: • Understanding of the entity's valuation process in adopting the model, basis, assumptions judgement and estimates for determining the valuation of Jun Yang Solar Power; • Obtaining the discounted future cash flow model prepared by the management and checking its mathematical accuracy; • Evaluating the independent external valuer's competence, capabilities and objectivity and understanding the scope of work performed by the independent external valuer; • Evaluating the appropriateness of the key assumptions for the valuation such as discount rate, growth rate, budgeted sales and gross margin by comparing the management's expectations for the market development to industry growth forecasts and past performance; and • Assessing the appropriateness of the discount rate used, and performing sensitivity analysis on discount rate to assess the extent of the impact on the discounted future cash flow model.

Key audit matters	How our audit addressed the key audit matters
Impairment review of interests in associates in respect of Jun Yang Solar Power	
We identified the impairment review of interests in associates in respect of Jun Yang Solar Power as disclosed in Note 4 to the consolidated financial statements as a key audit matter due to estimations involved in the discounted future cash flow model which were prepared and used by the management. As disclosed in Note 18 to the consolidated financial statements, the Group's interest in Jun Yang Solar Power as at 31 December 2016 amounted to HK$48,463,000 which is subject to impairment review. Impairment review is assessed by the management by comparing the recoverable amount and the carrying amount of interest in Jun Yang Solar Power at the end of the reporting period. For the purpose of impairment review, it requires an estimation of the recoverable amount which is based on the value in use calculation derived by discounted future cash flow model prepared by the management. In determining the value in use calculation, it requires the Group to estimate the expected cash flows in the coming five years by a suitable budgeted sales, gross margin, growth rate; and cash flows beyond five years are extrapolated by a suitable terminal growth rate. The present value of the future cash flows is then calculated with a suitable discount rate.	Our procedures in relation to the impairment review of interests in associates in respect of Jun Yang Solar Power included: • Understanding of the entity's valuation process in adopting assumptions and estimates for determining the valuation of Jun Yang Solar Power; • Obtaining the discounted future cash flow model prepared by the management and checking its mathematical accuracy; • Evaluating the appropriateness of the key assumptions for the valuation such as budgeted sales, gross margin, growth rate, terminal growth rate and discount rate by comparing the management's expectations for the market development to industry growth forecasts and past performance; and • Assessing the appropriateness of the discount rate used, and performing sensitivity analysis on discount rate to assess the extent of the impact on the discounted future cash flow model.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Continuing operations			
Revenue	5	**70,555**	131,152
Direct operating costs		**(16,981)**	(27,921)
Gross profit		**53,574**	103,231
Other income, gains and losses	7	**(833,864)**	(99,923)
Administrative expenses		**(74,715)**	(99,308)
Share of results of associates	18	**(17,591)**	(42,466)
Finance costs	8	**(43,131)**	(10,443)
Loss before tax		**(915,727)**	(148,909)
Income tax expense	9	**(5,847)**	(7,044)
Loss for the year from continuing operations	11	**(921,574)**	(155,953)
Discontinued operation			
Loss for the year from discontinued operation	10	**(5,986)**	(36,272)
Loss for the year		**(927,560)**	(192,225)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(5,712)**	(25,578)
Share of other comprehensive expense of associates		**(8,312)**	(5,003)
Reclassification adjustment for cumulative loss included in profit or loss upon disposal of a foreign operation		**12,767**	152
Other comprehensive expense for the year, net of income tax		**(1,257)**	(30,429)
Total comprehensive expense for the year		**(928,817)**	(222,654)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Loss for the year attributable to owners of the Company			
Continuing operations		**(921,205)**	(155,578)
Discontinued operation		**(5,512)**	(36,260)
		(926,717)	(191,838)
Loss for the year attributable to non-controlling interests			
Continuing operations		**(369)**	(375)
Discontinued operation		**(474)**	(12)
		(843)	(387)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(927,974)**	(222,267)
Non-controlling interests		**(843)**	(387)
		(928,817)	(222,654)
Loss per share	15		
From continuing and discontinued operation			
– Basic (HK cents)		**(41.22)**	(21.86)
– Diluted (HK cents)		**(41.22)**	(21.86)
From continuing operations			
– Basic (HK cents)		**(40.98)**	(17.73)
– Diluted (HK cents)		**(40.98)**	(17.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	16	**60,916**	457,701
Goodwill	17	**808**	808
Interests in associates	18	**80,191**	69,844
Available-for-sale investments	19	**358,499**	374,041
Loan receivables	20	**–**	1,037
Other assets		**225**	611
		500,639	904,042
Current assets			
Loan receivables	20	**27,830**	409,595
Amount due from an associate	21	**77,287**	–
Trade and other receivables	22	**441,701**	542,121
Held-for-trading investments	23	**1,916,926**	2,139,475
Bank trust account balances	24	**60,993**	69,125
Bank balances and cash	25	**182,286**	461,301
		2,707,023	3,621,617
Assets classified as held for sale	18	**44,761**	–
		2,751,784	3,621,617
Current liabilities			
Trade and other payables	26	**86,802**	284,176
Derivative financial instruments	29	**–**	454
Deferred income	30	**–**	10,679
Tax payable		**10,683**	5,783
Bank and other borrowings	28	**180,800**	437,774
		278,285	738,866
Net current assets		**2,473,499**	2,882,751
Total assets less current liabilities		**2,974,138**	3,786,793

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (Restated)
Non-current liabilities			
Deferred income	30	–	203,905
Bank and other borrowings	28	**100,000**	–
		100,000	203,905
		2,874,138	3,582,888
Capital and reserves			
Share capital	27	**29,117**	195,904
Reserves		**2,839,919**	3,383,520
Equity attributable to owners of the Company		**2,869,036**	3,579,424
Non-controlling interests		**5,102**	3,464
Total equity		**2,874,138**	3,582,888

The consolidated financial statements on pages 43 to 137 were approved and authorised for issue by the Board of Directors on 30 March 2017 and are signed on its behalf by:

Mr. Kwok Sze Yiu, Gordon
Director

Dr. Tang Sing Hing, Kenny
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company										
	Share capital HK$'000 (Note 27)	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (Note (i))	Other reserve HK$'000 (Note (iv))	Translation reserve HK$'000 (Note (ii))	Share-based payments reserve HK$'000 (Note (iii))	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
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
Loss for the year	–	–	–	–	–	–	–	(191,838)	(191,838)	(387)	(192,225)
Other comprehensive expense for the year	–	–	–	–	(5,003)	(25,426)	–	–	(30,429)	–	(30,429)
Total comprehensive income for the year	–	–	–	–	(5,003)	(25,426)	–	(191,838)	(222,267)	(387)	(222,654)
Issue of shares upon subscription (Note 27(a) & (b))	151,439	1,863,112	–	–	–	–	–	–	2,014,551	–	2,014,551
Dividend declared	–	–	–	–	–	–	–	–	–	(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
At 1 January 2016	195,904	3,606,423	861	311,790	(5,808)	(13,438)	38,810	(555,118)	3,579,424	3,464	3,582,888
Loss for the year	–	–	–	–	–	–	–	(926,717)	(926,717)	(843)	(927,560)
Other comprehensive expense for the year	–	–	–	–	(8,312)	7,055	–	–	(1,257)	–	(1,257)
Total comprehensive income for the year	–	–	–	–	(8,312)	7,055	–	(926,717)	(927,974)	(843)	(928,817)
Issue of shares upon subscription (Note 27(e))	8,771	165,726	–	–	–	–	–	–	174,497	–	174,497
Effects of the capital reorganisation (Note 27(d))	(183,117)	–	–	183,117	–	–	–	–	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	2,007	2,007
Disposal of partial interests in a subsidiary without loss of control	–	–	–	–	–	6,383	–	–	6,383	48,617	55,000
Disposal of partial interests in a subsidiary resulting in loss of control	–	–	–	–	–	–	–	–	–	(48,143)	(48,143)
Issue of shares upon exercise of share options	7,559	29,147	–	–	–	–	(8,435)	–	28,271	–	28,271
Recognition of equity-settled share-based payments	–	–	–	–	–	–	8,435	–	8,435	–	8,435
At 31 December 2016	29,117	3,801,296	861	494,907	(14,120)	–	38,810	(1,481,835)	2,869,036	5,102	2,874,138

Notes:

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

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

(iii) The share-based payments reserve relates to share options granted to employees under the Company's share option scheme and other agreement. Further information about share-based payments to employees is set out in Note 31.

(iv) The other reserves as at year end date solely relates to the share of translation of the net assets of the associate's operation from their functional currency to the Group's presentation currency.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
Operating activities		
Loss for the year	**(927,560)**	(192,225)
Adjustments for:		
Income tax expense	**6,030**	6,757
Loss (gain) on disposal of a subsidiary	**17,425**	(245)
Gain on disposal of available-for-sale investments	**(30,647)**	–
Fair value change of derivative financial instruments	**(454)**	230
Fair value change of held-for-trading investments	**790,225**	58,224
Loss on disposal of property, plant and equipment	**9,633**	157
Amortisation of deferred income	**(8,936)**	(11,411)
Finance costs	**48,711**	14,675
Interest income	**(40,891)**	(36,987)
Depreciation of property, plant and equipment	**24,853**	23,786
Share of results of associates	**17,591**	42,466
Impairment loss on available-for-sale investments	**84,733**	82,074
Impairment loss on property, plant and equipment	**6,111**	44,297
Equity-settled share-based payments expenses	**8,435**	27,634
Impairment loss of trade receivables	**840**	333
Impairment loss on goodwill	**11,963**	–
Dividend income from held-for-trading investments	**(12,091)**	(1,280)
Dividend income from available-for-sale investments	**(6,033)**	(19,900)
Operating cash flows before movements in working capital	**(62)**	38,585
Decrease (increase) in trade and other receivables	**31,622**	(438,341)
Decrease (increase) in other assets	**386**	(386)
Decrease (increase) in loan receivables	**382,802**	(93,895)
Increase in held-for-trading investments	**(567,676)**	(1,333,791)
Decrease (increase) in bank trust account balances	**8,132**	(43,745)
Increase in trade and other payables	**3,668**	71,550
(Decrease) increase in deferred income	**(924)**	24,712
Cash used in operations	**(142,052)**	(1,775,311)
Income taxes paid	**(1,206)**	(2,593)
Dividend income received from held-for-trading investments	**12,091**	1,257
Interest income received	**39,453**	34,108
Net cash used in operating activities	**(91,714)**	(1,742,539)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Investing activities			
Interest received		**1,438**	2,879
Acquisition of assets through acquisition of a subsidiary	33	**(56,500)**	–
Acquisition of investments in an associate	19(iii)	**(20,000)**	–
Acquisition of subsidiaries	34	**(13,565)**	–
Purchase of property, plant and equipment		**(97,222)**	(163,316)
Proceeds from partial disposal in subsidiaries without loss of control		**55,000**	–
Advance to an associate		**(77,287)**	–
Purchase of available-for-sale investments		**(112,270)**	(354,066)
Proceeds from disposal of available-for-sale investments		**65,726**	10,226
Prepayments for purchase of property, plant and equipment		**–**	(15,089)
Net cash (outflow) inflow on disposal of a subsidiary	35	**(53,377)**	1,579
Withdrawal of pledged bank deposits		**–**	4,727
Dividend paid to non-controlling interests		**–**	(5,370)
Dividend income received from available-for-sale investments		**6,033**	19,900
Net cash used in investing activities		**(302,024)**	(498,530)
Financing activities			
Interest paid		**(48,861)**	(9,901)
Proceeds from issue of shares net of transaction costs		**202,768**	2,014,551
Proceeds from issue of loan note		**100,000**	170,277
Advance from borrowings		**–**	381,783
Repayment of borrowings		**(138,257)**	(159,525)
Net cash from financing activities		**115,650**	2,397,185
Net (decrease) increase in cash and cash equivalents		**(278,088)**	156,116
Cash and cash equivalents at the beginning of the year		**461,301**	310,213
Effect of foreign exchange rate changes		**(927)**	(5,028)
Cash and cash equivalents at the end of the year, represented by bank balances and cash		**182,286**	461,301

1. GENERAL

Jun Yang Financial Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 6/F, Fung House, 19-20 Connaught Road, Central, Hong Kong.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in Notes 42.

During the year, the Group disposed of, in aggregate 52.5% equity interests in Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Solar Power") to independent third parties resulting in loss of control upon completion of the transactions effective from 1 November 2016, details of which are set out in Notes 10 and 35.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has 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 HKFRS 11	Accounting for acquisitions of interest in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 cycle

Except as described below, 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 these consolidated financial statements.

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

Amendments to HKAS 1 Disclosure initiative

The Group has applied the amendments to HKAS 1 "Disclosure initiative" for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The grouping and ordering of certain notes have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Specifically, information relating to the capital risk management and financial instruments was reordered to Notes 39 and 40 respectively. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instrument[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 - 2016 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2017.

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

Other than described below, the directors consider the application of the new and amendments to HKFRSs that have been issued but are not yet effective would not have any significant impact on the consolidated financial statements.

HKFRS 9 *Financial instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

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

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

HKFRS 9 *Financial instruments* *(Continued)*

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 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 fair value through other comprehensive income ("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.

- 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 "Financial instruments: Recognition and measurements". 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.

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

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

HKFRS 9 *Financial instruments* *(Continued)*

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the directors anticipate that the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 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.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

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

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

HKFRS 15 *Revenue from contracts with customers* *(Continued)*

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported (e.g. fee and commission income on financial service) as the timing of revenue recognition may be affected and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

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

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

HKFRS 16 *Leases* *(Continued)*

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$1,311,000 as disclosed in Note 36. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Amendments to HKAS 7 *Disclosure initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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 after re-attribution of the relevant equity component, 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 attributable to the owners of the Company. 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 "Financial instrument: Recognition and measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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 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 amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, 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 relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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 to fair value 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.

Acquisition of subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

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, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

A cash-generating unit (or group of cash-generating units) 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 (or group of cash-generating units) 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 (or group of cash-generating units). 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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets 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 disposal of an investment, or a portion of an investment, in an associate, 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.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Underwriting, sub-underwriting, placing and sub-placing commission income are recognised in accordance with the terms of underlying agreements 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.

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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for 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 disposal or partial disposal of the Group's interests.

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).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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, 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 that do not result in the Group losing significant influence), 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.

Government grants

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefits plans

Payment to defined contribution retirement benefit plans/the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payment arrangements

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.

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 options reserve). At the end of each reporting period, the Group revises its estimate 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 the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and 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 options reserve will continue to be held in share options reserve.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing 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 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.

Impairment of tangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. 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.

Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), 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 net gains or losses.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL (Continued)

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

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss 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 40.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets (Continued)

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

Loans and receivables

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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.

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

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

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

Financial liabilities and equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

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.

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, of which the interest expense is included in net gains or losses.

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

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 liability and is included in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

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.

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.

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.

4. 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.

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 in the next financial year.

Impairment review of interests in associates in respect of Jun Yang Solar Power

Management regularly reviews the recoverable amount of the interests in associates in respect of Jun Yang Solar Power. For the purpose of impairment review, it requires an estimation of the recoverable amount which is based on the value in use calculation derived by discounted future cash flow model prepared by the management. The value in use calculation requires the Group to estimate the expected cash flows in the coming five years by a suitable budgeted sales, gross margin, growth rate; and cash flows beyond five years are extrapolated by a suitable terminal growth rate. The present value of the future cash flows is then calculated with a suitable discount rate. As at 31 December 2016, the carrying amount of interests in associates in respect of Jun Yang Solar Power amounted to HK$48,463,000 (2015: nil).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment of loan receivables and advances to customers

The Group reviews its loan receivables and advances to customers (including loan receivables and trade receivables from clients) to assess impairment on a periodic basis.

Each loan and advance to customer that is individually significant is reviewed for indication of impairment at the end of each reporting period. Loan receivables and advances to customers that are individually not significant or assessed not to be impaired individually are reviewed at the end of each reporting period on a collective portfolio basis. Objective evidence of collective impairment includes Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables. In assessing the individual impairment and determining whether an impairment loss should be recognised in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is an objective evidence of impairment that will have a measurable decrease in the estimated future cash flows from a portfolio of advances. Moreover, the Group also reviews the value of the securities collateral received from the customers in determining the impairment. 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.

Details of disclosures for loan receivables and trade receivables from clients are set out in Notes 20 and 22, respectively.

Impairment loss on available-for-sale investments

Determining whether the unlisted investment funds classified as available-for-sale investments are impaired requires an estimation of the recoverable amount of the unlisted securities. The impairment of available-for-sale investments as at 31 December 2016 was approximately HK$54,190,000 (2015: HK$82,074,000) in relation to unlisted securities during the year. When estimated cash flows is less than expected, the carrying amount of the available-for-sale investments may be material misstated.

In addition, an impairment loss of the Group's available-for-sale investments measured at fair value amounted to HK$30,543,000 has been recognised in the profit or loss during the year ended 31 December 2016 (2015: Nil). In determining whether the decline in fair value of listed securities classified as available-for-sale investments and measured at fair value should be recognised in equity or profit or loss accounts, the management considers if such decrease was prolonged or significant by a number of factors. Based on its assessment of the magnitude of the decrease in fair value below the Group's original investment cost in the investee, it is concluded that the fair value decrease of the investee has been significant and an impairment loss is recognised accordingly.

Details of the Group's available-for-sale investments are set out in Note 19.

5. REVENUE

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

	2016 HK$'000	2015 HK$'000
Continuing operations		
Interest income from money lending	**10,418**	26,571
Income from financial services		
– Commission income from securities brokerage	**10,423**	10,806
– Commission income from placing and underwriting	**20,679**	86,238
– Interest income from clients	**29,035**	7,537
	70,555	131,152
Discontinued operation		
Income from green energy operation		
– Provision of consultancy services	**4,409**	3,820
– Sales of electricity	**49,160**	36,323
	53,569	40,143

6. SEGMENT INFORMATION

Information reported to the board of directors of the Company (the "Board"), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment 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 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.

In current year, the Group loss its controlling interest in Jun Yang Solar Power which carried out all of the Group's green energy business. The segment information reported in this note does not include any amounts for the green energy segment which was discontinued, more detail are set out in Note 10.

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 31 December 2016

Continuing operations

	Continuing operations			
	Assets investment segment HK$'000	Money lending segment HK$'000	Financial services segment HK$'000	Total HK$'000
Revenue				
Segment revenue	–	10,418	60,137	70,555
Results				
Segment results	(852,183)	7,937	31,443	(812,803)
Unallocated corporate income				1,253
Unallocated corporate expenses				(43,455)
Finance costs				(43,131)
Share of results of associates				(17,591)
Loss before tax				(915,727)

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2015

Continuing operations

	Continuing operations			
	Assets investment segment HK$'000	Money lending segment HK$'000	Financial services segment HK$'000	Total HK$'000
Revenue				
Segment revenue	–	26,571	104,581	131,152
Results				
Segment results	(111,333)	4,696	44,189	(62,448)
Unallocated corporate income				2,771
Unallocated corporate expenses				(36,323)
Finance costs				(10,443)
Share of results of associates				(42,466)
Loss before tax				(148,909)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2016 (2015: nil).

There is no single customer contributing over 10% of the total sales of the Group during both years.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represents the (loss) profit from each segment without allocation of directors' emoluments, certain other income, gains and losses and certain administrative expenses, finance costs and share of results of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2016 **HK$'000**	2015 HK$'000
Segment assets		
Continuing operations		
Assets investment segment	**2,416,958**	2,514,308
Money lending segment	**27,643**	417,856
Financial services segment	**422,264**	459,749
Total segment assets	**2,866,865**	3,391,913
Assets relating to discontinued operation	**–**	524,786
Unallocated	**385,558**	608,960
Consolidated total assets	**3,252,423**	4,525,659
Segment liabilities		
Continuing operations		
Assets investment segment	**11,104**	182,233
Money lending segment	**820**	229
Financial services segment	**74,878**	112,245
Total segment liabilities	**86,802**	294,707
Liabilities relating to discontinued operation	**–**	379,461
Unallocated	**291,483**	268,603
Consolidated total liabilities	**378,285**	942,771

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

- all assets are allocated to operating segments other than other assets, bank balances and cash, goodwill, assets classified as held for sales, amount due from an associate and interests in associates not allocated to segment assets; and

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

6. SEGMENT INFORMATION *(Continued)*

Other segment information

2016

	Assets investment segment HK$'000	Money lending segment HK$'000	Financial services segment HK$'000	Unallocated HK$'000	Total HK$'000
Addition to non-current assets	–	8	1,075	246,311	247,394
Fair value changes of held-for-trading investments	(790,225)	–	–	–	(790,225)
Interest income	–	10,418	29,035	949	40,402
Interest expense	(43,131)	–	–	–	(43,131)
Income tax	–	(1,310)	(4,495)	(42)	(5,847)
Depreciation of property, plant and equipment	(325)	(103)	(1,383)	(434)	(2,245)
Impairment loss of available-for-sale investments	(84,733)	–	–	–	(84,733)
Impairment of goodwill	–	–	–	(11,963)	(11,963)

2015

	Assets investment segment HK$'000	Money lending segment HK$'000	Financial services segment HK$'000	Unallocated HK$'000	Total HK$'000
Addition to non-current assets	–	21	4,139	159,156	163,316
Fair value changes of held-for-trading investments	(58,224)	–	–	–	(58,224)
Interest income	–	26,571	7,537	1,791	35,899
Interest expense	(10,443)	–	–	–	(10,443)
Income tax	–	(1,004)	(6,040)	–	(7,044)
Depreciation of property, plant and equipment	(340)	(115)	(323)	(188)	(966)
Impairment loss of available-for-sale investments	(82,074)	–	–	–	(82,074)

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's revenue from continuing operations from external customers and non-current assets are all located in Hong Kong as all the customers and the assets are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

For the year ended 31 December 2016, there was no customer accounted for more than 10% of the total revenue (2015: 1 customer with revenue amounted to HK$33,622,500 from the financial service segment).

7. OTHER INCOME, GAINS AND LOSSES

	2016 **HK$'000**	2015 HK$'000
Continuing operations		
Interest income	**949**	1,791
Sundry income	**2,883**	871
Placing commission rebate	**–**	16,518
Dividend income from available-for-sale investments	**6,033**	19,900
Dividend income from held-for-trading investments	**12,091**	1,280
Fair value changes of held-for-trading investments	**(790,225)**	(58,224)
Gain on disposal of available-for-sale investments	**30,647**	–
Gain on disposal of a subsidiary (see Note 35)	**–**	245
Fair value change of derivative financial instruments	**454**	(230)
Impairment loss of available-for-sale investments (Note 19)	**(84,733)**	(82,074)
Impairment on goodwill (Note 17)	**(11,963)**	–
	(833,864)	(99,923)

8. FINANCE COSTS

	2016 **HK$'000**	2015 HK$'000
Continuing operations		
Interest on bank and other borrowings	**18,521**	2,067
Interest on loan notes	**24,610**	8,376
	43,131	10,443

9. INCOME TAX EXPENSE

	2016 HK$'000	2015 HK$'000
Continuing operations		
Current tax:		
– Hong Kong Profits Tax	**5,894**	6,910
– (Over) underprovision in prior years	**(47)**	134
Tax expense for the year	**5,847**	7,044

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	2016 HK$'000	2015 HK$'000
Loss before tax from continuing operations	**(915,727)**	(148,909)
Tax at the Hong Kong profits tax rate of 16.5% (2015: 16.5%)	**(151,095)**	(24,570)
Tax effect of expenses not deductible for tax purpose	**146,342**	30,235
Tax effect of income not taxable for tax purpose	**(2,112)**	(4,294)
Tax effect of share of results of associates	**2,903**	7,007
Effect of different tax rates of subsidiaries operating in other countries	**1,258**	(229)
(Over) underprovision in prior years	**(47)**	134
Utilisation of tax losses previously not recognised	**–**	(1,308)
Tax effect of tax losses not recognised	**8,598**	69
Income tax expense for the year from continuing operations	**5,847**	7,044

At the end of the reporting period, the Group has unused tax losses of HK$543 million (2015: HK$491 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit streams. The losses may be carried indefinitely.

10. DISCONTINUED OPERATION

On 19 August 2016, the Company entered into an agreement with Lucky Famous Limited ("Lucky Famous"), an independent third party, to dispose of 30% of its shareholding in Jun Yang Solar Power, which carried out all of the Group's green energy operation, at a cash consideration of HK$34,500,000 ("First Disposal").

On 13 October 2016, the Company entered into an agreement with Charm Sino Limited ("Charm Sino"), an independent third party, to dispose of 17.5% of its shareholding in Jun Yang Solar Power which the Company was holding 70% after the First Disposal, at a cash consideration of HK$20,500,000 ("Second Disposal").

On 1 November 2016, the Company entered into an agreement with Lucky Famous to dispose of 5% of its shareholding in Jun Yang Solar Power which the Company was holding 52.5% after Second Disposal, at a cash consideration of HK$5,790,000 ("Third Disposal"). Immediately after the completion of the Third Disposal, the Company no longer has control over Jun Yang Solar Power. Accordingly, Jun Yang Solar Power ceased to be a subsidiary of the Group from 1 November 2016.

Jun Yang Solar Power ceased to be a subsidiary of the Group and constitute a disposal of separate major line of business. Jun Yang Solar Power is reported as a discontinued operation in the Group's consolidated financial statements.

The profit (loss) for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit and loss and other comprehensive income have been restated to re-present the green energy operation as a discontinued operation.

	2016 **HK$'000**	2015 HK$'000
Profit (loss) of green energy operation for the period/year	**11,439**	(36,272)
Loss on disposal (Note 35)	**(17,425)**	–
	(5,986)	(36,272)

10. DISCONTINUED OPERATION *(Continued)*

The results of the green energy operation for the period from 1 January 2016 to 31 October 2016, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 31 October 2016 HK$'000	Year ended 31 December 2015 HK$'000
Revenue (Note 5)	**53,569**	40,143
Cost of sales	**(26,967)**	(25,114)
Gross profit	**26,602**	15,029
Other income	**9,446**	12,499
Administrative expenses	**(12,735)**	(15,558)
Impairment loss of property, plant and equipment	**(6,111)**	(44,297)
Finance costs	**(5,580)**	(4,232)
Profit (loss) before tax	**11,622**	(36,559)
Income tax (credit) expense	**(183)**	287
Profit (loss) for the period/year	**11,439**	(36,272)
Profit (loss) for the period/year from discontinued operations arrived at after charging (crediting):		
Total staff costs	**4,311**	4,957
Depreciation of property, plant and equipment	**22,608**	22,820
Loss on disposal of property, plant and equipment	**9,165**	101
Operating lease payments in respect of office premises and warehouse	**1,141**	1,496
Exchange gain, net	**(1,336)**	(3,998)
Interest income	**(489)**	(1,088)
Government grant	**(8,936)**	(11,411)

10. DISCONTINUED OPERATION *(Continued)*

Cash flows for the period ended 31 October 2016 and for the year ended 31 December 2015 from the discontinued operation were as follows:

	Period ended 31 October 2016 HK$'000	Year ended 31 December 2015 HK$'000
Net cash flows (used in) from operating activities	**(11,940)**	77,500
Net cash flows used in investing activities	**(96,869)**	(158,178)
Net cash flows from financing activities	**5,166**	98,699
Net cash (outflows) inflows	**(103,643)**	18,021

The carrying amounts of the assets and liabilities of Jun Yang Solar Power at the date of disposal are disclosed in Note 35(a).

11. LOSS FOR THE YEAR

	2016 HK$'000	2015 HK$'000
Loss for the year for continuing operations has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments, excluding equity-settled share-based payments (Note 12)	**8,370**	28,119
Other staff costs	**24,211**	9,428
Other staff retirement benefits scheme contributions	**570**	360
Equity-settled share-based payments (Including directors' equity-settled share-based payments HK$5,015,000 (2015: HK$12,760,000))	**8,435**	27,634
	41,586	65,541
Depreciation of property, plant and equipment	**2,245**	966
Loss on disposals of property, plant and equipment	**468**	56
Auditors' remuneration	**1,180**	815
Operating lease rentals in respect of land and buildings	**4,577**	1,815
Net foreign exchange loss	**61**	98

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company during the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the year ended 31 December 2016

	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000 (Note c)	Contributions to retirement benefits scheme HK$'000	Equity-settled share-based payments HK$'000 (Note d)	Total emoluments HK$'000
Executive directors						
Mr. Siu Kam Chau (Resigned on 1 February 2016)	–	211	–	2	–	213
Mr. Jiang You (Note a) (Resigned on 1 February 2016)	–	362	–	8	–	370
Mr. Liu Guangdian (Resigned on 1 February 2016)	–	75	–	2	–	77
Mr. Kwok Sze Yiu, Gordon	240	3,600	–	–	2,743	6,583
Dr. Tang Sing Hing, Kenny	–	2,400	786	18	322	3,526
Mr. Ng Tang (Note b) (Appointed on 1 February 2016)	330	–	–	–	1,950	2,280
Independent non-executive directors						
Mr. Chan Chi Yuen	120	–	–	–	–	120
Mr. Chik Chi Man	96	–	–	–	–	96
Mr. Lam Wing Tai (Resigned on 16 December 2016)	115	–	–	–	–	115
Ms. Yiu Wai Yee, Catherine (Appointed on 16 December 2016)	5	–	–	–	–	5
	906	6,648	786	30	5,015	13,385

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

For the year ended 31 December 2015

	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000 (Note c)	Contributions to retirement benefits scheme HK$'000	Equity-settled share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Mr. Bai Liang (Resigned on 6 November 2015)	–	3,223	–	134	3,190	6,547
Mr. Siu Kam Chau	–	2,415	302	18	3,190	5,925
Mr. Jiang You	–	3,994	11,156	48	–	15,198
Mr. Peng Libin (Resigned on 6 November 2015)	–	452	3,583	120	3,190	7,345
Mr. Liu Guangdian	–	866	80	18	3,190	4,154
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
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

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

The executive directors' and chief executive's emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

(a) Mr. Jiang You was also the Chief Executive of the Company up to 1 February 2016.

(b) Mr. Ng Tang was appointed as Chief Executive of the Company on 1 February 2016.

(c) Performance bonus is based on the Group operation performance.

(d) During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 31.

None of the directors waived or agreed to waive any remuneration during both years.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the year included two (2015: five) directors of the Company whose emoluments are included in the disclosures in Note 12.

	2016 HK$'000	2015 HK$'000
Salaries and other benefits	**5,776**	–
Performance bonus	**759**	–
Equity-settled share-based payments	**1,710**	–
Contributions to retirement benefits scheme	**33**	–
	8,278	–

13. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The emolument were within the following bands:

	2016	2015
HK$2,500,001 – HK$3,000,000	3	–

During the year ended 31 December 2016, 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 (2015: nil).

During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 31.

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

15. LOSS PER SHARE

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

	2016 HK$'000	2015 HK$'000
Loss for the year from continuing and discontinued operations attributable to owners of the Company	**(926,717)**	(191,838)
Less: loss for the year from discontinued operations	**5,512**	36,260
Loss for the purpose of basic and diluted loss from continuing operations	**(921,205)**	(155,578)

	2016 '000	2015 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,248,058**	877,610

The weighted average number of ordinary shares for the year ended 31 December 2016 for the purpose of basic loss per share has been adjusted to reflect the capital reorganisation completed on 6 April 2016.

The weighted average number of ordinary shares for the year ended 31 December 2015 for the purpose of basic loss per share has been adjusted and restated respectively to reflect the capital reorganisation completed on 6 April 2016 and the bonus element of open offer completed on 10 June 2015.

The computation of diluted loss per share for the year ended 2016 and 2015 did not assume the exercise of outstanding share options of the Company since the assumed exercise would result in a decrease in loss per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation are HK0.24 cents and HK0.24 cents per share, respectively (2015: HK4.13 cents and HK4.13 cents per share, respectively), based on the loss for the year from the discontinued operation of HK$5,512,000 (2015: HK$36,260,000) and the denominators detailed above for both basic and diluted loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements	Building	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$'000	HK$'000
COST								
At 1 January 2015	808	–	477,254	3,032	833	5,369	17,217	504,513
Exchange adjustments	–	–	(27,560)	(42)	(31)	(190)	(3,007)	(30,830)
Additions	1,754	–	845	2,415	240	267	157,795	163,316
Disposals of a subsidiary	–	–	–	(70)	(280)	(1,085)	–	(1,435)
Disposals	–	–	(116)	(2)	(74)	–	–	(192)
Transfers	–	–	79,521	–	–	–	(79,521)	–
At 31 December 2015	2,562	–	529,944	5,333	688	4,361	92,484	635,372
Exchange adjustments	–	–	(2,298)	(30)	(7)	(323)	(3,120)	(5,778)
Additions	256	–	2,544	91	130	817	93,382	97,220
Acquisition of subsidiaries (Note 34)	–	–	–	563	159	–	–	722
Arising from acquisition of assets through acquisition of a subsidiary (Note 33)	–	56,478	–	–	–	–	–	56,478
Disposal of a subsidiary (Note 35)	–	–	(625,134)	(741)	(535)	(3,500)	(77,631)	(707,541)
Disposals	–	–	(10,171)	(585)	–	(556)	–	(11,312)
Transfers	–	–	105,115	–	–	–	(105,115)	–
At 31 December 2016	2,818	56,478	–	4,631	435	799	–	65,161
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2015	21	–	113,978	1,210	477	1,989	–	117,675
Exchange adjustments	–	–	(7,126)	(145)	(97)	(96)	–	(7,464)
Provided for the year	536	–	21,751	709	134	656	–	23,786
Disposal of a subsidiary	–	–	–	(30)	(126)	(432)	–	(588)
Impairment loss recognised in profit or loss	–	–	44,013	8	6	270	–	44,297
Eliminated on disposals	–	–	(15)	(2)	(18)	–	–	(35)
At 31 December 2015	557	–	172,601	1,750	376	2,387	–	177,671
Exchange adjustments	–	–	(357)	(131)	(108)	(399)	–	(995)
Provided for the year	1,043	–	21,945	1,256	118	491	–	24,853
Disposal of a subsidiary (Note 35)	–	–	(199,034)	(472)	(360)	(1,850)	–	(201,716)
Impairment loss recognised in profit or loss	–	–	6,111	–	–	–	–	6,111
Eliminated on disposal	–	–	(1,266)	(117)	–	(296)	–	(1,679)
At 31 December 2016	1,600	–	–	2,286	26	333	–	4,245
CARRYING AMOUNTS								
At 31 December 2016	**1,218**	**56,478**	**–**	**2,345**	**409**	**466**	**–**	**60,916**
At 31 December 2015	2,005	–	357,343	3,583	312	1,974	92,484	457,701

16. 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:

Building	:	Over the remaining terms of lease
Leasehold improvements	:	10% to 20%
Plant, machinery and equipment	:	5% to 20%
Office equipment	:	10% to 40%
Furniture and fixtures	:	10% to 40%
Motor vehicles	:	20%

During the year, the Group carried out a review of the plant, machinery and equipment related to the Group's green energy reportable segment and determined that these assets were impaired. The recoverable amount of the property, plant and equipment are determined on the basis of their value in use calculation by Ascent Partners Valuation Service Limited, an independent qualified professional valuer not connected with the Group, who is the member of The Hong Kong Institute of Surveyors. The discount rate in measuring the amount of value in use was 8.16% in relation to plant, machinery and equipment.

Impairment loss of HK$6,111,000 have been recognised in profit or loss during the year ended 31 December 2016 (2015: HK$44,297,000) in respect of plant, machinery and equipment.

17. GOODWILL

	HK$'000
COST	
At 1 January 2015, 31 December 2015, 1 January 2016	4,258
Arising on acquisition of subsidiaries (Note 34)	11,963
At 31 December 2016	16,221
IMPAIRMENT	
At 1 January 2015, 31 December 2015 and 1 January 2016	3,450
Impairment loss recognised in the year (Note 34)	11,963
At 31 December 2016	15,413
CARRYING AMOUNTS	
At 31 December 2016	**808**
At 31 December 2015	808

17. GOODWILL *(Continued)*

Impairment testing on goodwill

During the year ended 31 December 2016, the Group has recognised goodwill of HK$11,963,000 and impairment loss of the same amount in the profit or loss, details of which are set out in note 34.

For the purposes of impairment testing, the remaining goodwill of HK$808,000 has been allocated to two CGUs, representing (i) the operating activities of Jun Yang Securities Company Limited ("Jun Yang Securities") which is engaged in the carry on regulated activity in connection with dealing in securities and (ii) the operating activity of E Finance Limited ("E Finance") which is engaged in the money lending business.

	2016 **HK$'000**	2015 HK$'000
Jun Yang Securities – financial services business	**672**	672
E Finance – money lending business	**136**	136
	808	808

The recoverable amount of the CGUs were determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period are extrapolated using growth rate of 3% (2015: 3%) for Jun Yang Securities and 3% (2015: 3%) for E Finance. The cash flow projections of Jun Yang Securities and E Finance are discounted at pre-tax discount rates of 15.45% (2015: 15.29%) and 10.05% (2015: 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 the management based on the past performance and managements' expectations for the market development.

18. INTERESTS IN ASSOCIATES

	2016 HK$'000	2015 HK$'000
Cost of investment in associates, unlisted	228,431	147,420
Share of post-acquisition losses and other comprehensive income	(103,479)	(77,576)
	124,952	69,844
Less: Assets classified as held for sales (Note 1)	(44,761)	–
	80,191	69,844

Included in the cost of investments in associates was goodwill of HK$18,437,000 (2015: nil) arising from acquisition of associates.

At 31 December 2016, the Group had interest in the following associates:

Name of entity	Place/ country of establishment/ incorporation	Principal place of operation	Proportion of ownership interest held by the Group 2016	2015	Proportion of voting rights held by the Group 2016	2015	Principal activity
Trillion Epoch Limited ("Trillion Epoch") (Note 1)	British Virgin Islands	Hong Kong	31.2%	31.2%	31.2%	31.2%	Engaged in money lending business in the PRC
Modern Blue Inc. Ltd ("Modern Blue")	Hong Kong	Hong Kong	40%	40%	40%	40%	Investment holdings
Jun Yang Solar Power (Note 2)	Cayman Island	PRC	47.5%	100%	47.5%	100%	Engaged in operation of amorphous silicon thin film solar photovoltaic power station
AP Assets Limited ("AP Assets") (Note 3)	Hong Kong	Hong Kong	30%	10%	30%	10%	Engaged in provision of agency services for real estates

Notes:

1. On 17 November 2016, the Company entered into an agreement with an independent third party, to disposal all interest in an associate, Trillion Epoch, at a cash consideration of HK$51,000,000. The disposal is expected to be completed within twelve months, the investment has been classified as held for sale and presented separately in the consolidated statement of financial position as at 31 December 2016. The transaction was completed subsequently on 15 February 2017.

18. INTERESTS IN ASSOCIATES *(Continued)*

Notes: *(Continued)*

2. During the year ended 31 December 2016, the Group disposed of 52.5% shareholding in Jun Yang Solar Power at cash consideration of HK$60,790,000 in total and details of the disposals are disclosed in Note 10 and Note 35(a).

3. During the year ended 31 December 2016, the Group acquired additional 20% equity interests in AP Assets at the consideration of HK$20,000,000 and classified it as an associate. Before the acquisition, the investment in AP Assets was classified as available-for-sale investments as disclosed in Note 19.

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below.

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

(a) Trillion Epoch and its subsidiaries

	2016 **HK$'000**	2015 HK$'000
Current assets	**142,985**	194,511
Non-current assets	**563**	29,424
Current liabilities	**(83)**	(76)
Non-current liabilities	**–**	–
Revenue	**4,097**	43,105
Loss for the year	**(65,144)**	(136,111)
Other comprehensive expense for the year	**(15,247)**	(15,867)
Total comprehensive expense for the year	**(80,391)**	(151,978)
Dividends received from the associate during the year	**–**	–

18. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

(a) Trillion Epoch and its subsidiaries *(Continued)*

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

	2016 HK$'000	2015 HK$'000
Net assets of Trillion Epoch and its subsidiaries	**143,465**	223,859
Proportion of the Group's ownership interest in Trillion Epoch	**31.2%**	31.2%
Carrying amount of the Group's interest in Trillion Epoch before transfer to asset held-for-sales	**44,761**	69,844

(b) Jun Yang Solar Power

	2016 HK$'000
Current assets	**122,874**
Non-current assets	**590,372**
Current liabilities	**(611,218)**
Non-current liabilities	**–**
Revenue	**7,314**
Loss for the period from the date of being classified as an associate	**(2,121)**
Other comprehensive expense for the period from the date of being classified as an associate	**(7,453)**
Total comprehensive expense for the period from the date of being classified as an associate	**(9,574)**
Dividends received from the associate during the period	**–**

18. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

(b) Jun Yang Solar Power *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2016 HK$'000
Net assets of Jun Yang Solar Power	102,028
Proportion of the Group's ownership interest in Jun Yang Solar Power	47.5%
Carrying amount of the Group's interest in Jun Yang Solar Power	48,463

During the year ended 31 December 2016, in view of the performance of Jun Yang Solar Power, the Group has performed impairment assessment on investments in Jun Yang Solar Power whereby the recoverable amounts of Jun Yang Solar Power were determined based on value in use calculations, with reference to the estimated cash flows in the coming five years and cash flows beyond five years were extrapolated by assuming no growth rate of using discount rates of 8.16%. Following the impairment assessment, no impairment loss was required to be recognised in respect of the investments.

(c) AP Assets

	2016 HK$'000
Current assets	49,887
Non-current assets	868
Current liabilities	(6,312)
Non-current liabilities	(137)
Revenue	27,051
Profit for the period after acquisition	12,478
Other comprehensive expense for the period after acquisition	(51)
Total comprehensive income for the period after acquisition	12,427
Dividends received from the associate during the period after acquisition	–

18. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

(c) AP Assets *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2016 HK$'000
Net assets of AP Assets and its subsidiaries	44,306
Proportion of the Group's ownership interest in AP Assets	30%
	13,291
Goodwill	18,437
Carrying amount of the Group's interest in AP Assets	31,728

19. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	HK$'000
		(Restated)
Equity securities listed in Hong Kong, at fair value (Note (i))	**81,727**	–
Investment funds, at cost (Note (ii))	**276,772**	366,041
Unlisted equity securities, at cost (Note (iii))	**–**	8,000
	358,499	374,041

Notes:

(i) The Group recognised fair value losses of HK$30,543,000 relating to listed securities classified as available-for-sale investments held at the end of the reporting period. As the decline in fair value over the cost is considered to be significant, it is recognised as impairment loss in the profit or loss.

(ii) The unlisted investment funds represents the investments in private funds. The unlisted investments funds are held for an identified long term purpose. The unlisted investment funds are 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 2016, impairment loss of approximately HK$54,190,000 (2015: HK$82,074,000) was recognised in profit or loss as there is objective evidence that the cost of investments cannot be fully recoverable. In the current year, the Group disposed of certain unlisted equity securities with carrying amount of HK$35,079,000, which had been carried at cost less impairment before disposal. A gain on disposal of HK$30,647,000 has been recognised in profit or loss for the current year.

(iii) The unlisted equity securities represents the investment in a private company incorporated in Hong Kong. The Group increased its equity interest in AP Assets from 10% to 30% and classified the investments as an associate during the year ended 31 December 2016 upon acquisition of additional 20% interests at HK$20,000,000..

20. LOAN RECEIVABLES

	2016	2015
	HK$'000	HK$'000
Fixed-rate loan receivables	**27,830**	410,632
Analysed as:		
Current	**27,830**	409,595
Non-current	**–**	1,037
	27,830	410,632

20. LOAN RECEIVABLES *(Continued)*

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

	2016 HK$'000	2015 HK$'000
Fixed-rate loan receivables:		
Within one year	**27,830**	409,595
In more than one year but not more than two years	–	1,037
	27,830	410,632

The range of effective interest rate of the loan receivables is 8%-8.5% (2015:3.8%-12%) per annum.

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

The loan receivables were neither past due nor impaired at the end of the reporting period. Management believe that no impairment allowance is necessary in respect of the loan receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The borrowers have good repayment history.

21. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate of HK$77,287,000 as at 31 December 2016 (2015: Nil) is of non-trade nature, unsecured, interest-free and repayable on demand.

22. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000 (Restated)
Trade receivables from:		
Green energy operation (note (i))	–	8,926
Financial services operation		
– Clients (note (ii) and (iii))	418,275	453,303
– Clearing house (note (ii))	55	–
Less: provision from impairment of trade receivables from clients	(1,173)	(333)
	417,157	461,896
Value-added tax recoverable	–	47,825
Other receivables	24,544	32,400
Total trade and other receivables	441,701	542,121

Notes:

(i) The Group allows an average credit period of 30 to 90 days to its trade customers for green energy operation. As at 31 December 2015, the trade receivables from the green energy operation aged within 90 days and was not past due not impaired.

(ii) Trade receivables from clients and clearing house arising from the business of dealing in securities are repayable on demand subsequent to settlement date. The normal settlement terms of trade receivables arising from the business of dealing in securities are two business days after trade date. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of nature of these trade receivables.

(iii) Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk. As at 31 December 2016, the balance is HK$418,275,000 (2015: HK$453,303,000) which is regularly monitored by the management. The management ensure that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

23. HELD-FOR-TRADING INVESTMENTS

	2016 HK$'000	2015 HK$'000 (Restated)
Equity securities listed in Hong Kong	**1,892,070**	2,109,825
Equity securities listed outside Hong Kong	**14,111**	19,313
Unlisted investment funds	**10,745**	9,884
Listed debt securities	**–**	453
	1,916,926	2,139,475

The fair value of the listed equity securities and listed debt securities were determined based on the quoted market prices in an active market. The debt securities bear interest at rates 6.68% per annum in 2015. Fair value of unlisted investment funds was determined with reference to the values of the underlying assets of the funds which are provided by the counterparty financial institutions.

At 31 December 2015, held-for-trading investments with fair value of HK$559,734,000 were pledged to secure other loan of HK$154,752,000 (Note 38).

24. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as bank trust account balances under the current assets section in the consolidated statement of financial position and recognised the corresponding payable to the respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

25. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.01% to 2.00% (2015: 0.01% to 1.35%) per annum and have original maturity of three months or less.

Bank balances and cash of the Group include an amount of HK$405,000 (2015: HK$46,445,000) that is denominated in Renminbi ("RMB").

26. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payable		
Amounts payable arising from financial services operation		
– Clients (note (i) and (ii))	**62,251**	66,341
– Clearing house (note (i) and (ii))	**10,088**	28,055
	72,339	94,396
Other payables	**2,258**	176,992
Accruals	**12,205**	12,788
Total other payables and accruals	**86,802**	284,176

Notes:

(i) The majority of the trade payables balances are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

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

(iii) No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of these businesses.

27. SHARE CAPITAL

	Number of shares	**Total value** HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 31 January 2015, 31 December 2015 and 31 December 2016	**30,000,000,000**	**300,000**

27. SHARE CAPITAL *(Continued)*

	Number of shares	Total value HK$'000
Issued and fully paid:		
At 1 January 2015	4,446,518,230	44,465
Issue of shares upon subscription of shares (note (a))	2,223,259,115	22,232
Issue of shares by placements (note (b))	12,920,650,000	129,207
At 31 December 2015 and 1 January 2016	19,590,427,345	195,904
Exercise of share options (note (c))	755,900,000	7,559
Capital reorganisation (note (d))	(18,311,694,611)	(183,117)
Issue of shares by placements (note (e))	877,080,000	8,771
At 31 December 2016	**2,911,712,734**	**29,117**

Notes:

The movements of the ordinary share capital for the years ended 31 December 2015 and 2016 were as follows:

(a) On 10 June 2015, the Company issues 2,223,259,115 ordinary shares to Mr. Bai Liang and Silver Idea Investments Limited, the shareholder of the Company at 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.

(b) During the year ended 2015, 889,300,000 and 12,031,350,000 ordinary shares of HK$0.01 each were allotted and issued to independent investors at HK$0.158 per share and HK$0.113 per share respectively.

Premium on the issue of shares amounted to HK$1,863,112,000 from the transactions disclosed in (a) and (b), net of transaction costs of HK$63,548,000 was credited to the Company's share premium.

27. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(c) On 31 March 2016, 755,900,000 share options were exercised, resulting in the issue of 755,900,000 ordinary shares at HK$0.0374 per share.

(d) On 15 February 2016, 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) the share consolidation of 10 pre-consolidated shares into 1 share of HK$0.10;

(ii) the reduction of the share capital of the Company whereby the par value of each of the issued consolidated shares of HK$0.10 each was reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the issued consolidated share;

(iii) the credits arising in the books of the Company from (a) the cancellation of any fraction in the issued share capital of the Company which may arise from the share consolidation; and (b) the capital reduction, which in aggregate, amount to HK$183,116,946 would be credited to the contributed surplus account of the Company within the meaning of the Companies Act of Bermuda; and

(iv) immediately following the capital reduction, each of the authorised but unissued consolidated shares of par value of HK$0.10 each were sub-divided into 10 new shares of par value of HK$0.01 each.

The Capital Reorganisation was duly passed as a special resolution by the shareholders of the Company at the special general meeting of the Company held on 5 April 2016 and the Capital Reorganisation became effective on 6 April 2016.

(e) On 4 May 2016 and 5 October 2016, 391,800,000 and 485,280,000 ordinary shares of HK$0.01 each were allotted and issued to independent investors at HK$0.238 per share and HK$0.18 per share respectively. Premium on the issue of shares amounted to HK$165,726,000, net of transaction costs of HK$6,102,000, in aggregate was credited to the Company's share premium.

28. BANK AND OTHER BORROWINGS

	2016 HK$'000	2015 HK$'000
Bank borrowing, secured (Note (a))	–	107,971
Other borrowing from a financial institution, secured (Note (b))	–	154,752
Loan notes, unsecured (Note (c))	280,800	175,051
	280,800	437,774
Carrying amount repayable:		
Within one year	180,800	437,774
In more than one year but not more than two years	100,000	–
	280,800	437,774

Notes:

(a) The bank borrowings as at 31 December 2015 was secured by pledged of rights of receiving income from sales of electricity generated by the green energy operation. The interest rate of the bank borrowings was ranging from 5.39% to 6.765%. The bank loan was denominated in RMB and was derecognised through disposal of subsidiary (set out in Note 35).

(b) The other borrowing is secured by the Group's held-for-trading investments with fair value of HK$591,952,000 as at 31 December 2015. The interest rate of the other borrowing is 8.00%. The other borrowing was denominated in HK$.

(c) The loan notes are unsecured and carry interest at 8%-9.3% (2015: 9.3%) per annum. The loan notes were denominated in HK$.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	2016 HK$'000	2015 HK$'000
Other financial liabilities		
Call/put options in listed equity securities	–	454

There is no call and put options as at 31 December 2016 (2015: HK$454,000) 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 prices.

30. DEFERRED INCOME

	2016 HK$'000	2015 HK$'000
Amount credited to profit or loss during the year (Note 10)	**8,936**	11,411
	8,936	11,411
Deferred income related to government grants (Note)	–	214,584
Less: current portion	–	(10,679)
Non-current portion	–	203,905

Note: 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.

31. 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 of the Company if this will result in this limit being exceeded.

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

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, 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 "Old 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 Old 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 Old Date of Grant.

The Company has adopted the New Share Option Scheme (the "New Share Option Scheme") on 4 June 2013.

31. SHARE OPTION SCHEME *(Continued)*

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

The following table discloses the movements of the share options granted under the Old Share Option Scheme during the year ended 31 December 2016:

Date of grant	Exercise period	Exercise price per share before capital reorganisation HK$ (Note 27(d))	Exercise price per share after capital reorganisation HK$ (Note 27(d))	Number of share options: Outstanding as at 1 January 2016	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Adjusted upon capital reorganisation	Outstanding as at 31 December 2016
Employees									
9/10/2007	9/10/2007 to 8/10/2017	28.04	280.40	2,011,764	–	–	–	(1,810,588)	201,176
18/4/2008	18/4/2008 to 17/4/2018	16.28	162.80	105,919	–	–	–	(95,328)	10,591
Total				2,117,683	–	–	–	(1,905,916)	211,767
Exercisable at the end of the year									211,767
Weighted average exercise price									HK$274.50

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 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	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

31. 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 "New 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 New 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 New Date of Grant.

31. SHARE OPTION SCHEME *(Continued)*

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

The following table discloses the movements of the share options granted under the New Share Option Scheme during the year ended 31 December 2016:

Name	Date of grant	Exercise period	Exercise price per share before capital reorganisation HK$ (Note 27(d))	Exercise price per share after capital reorganisation (Note 27(d))	Number of share options: Outstanding as at 1 January 2016	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Adjusted upon capital reorganisation	Outstanding as at 31 December 2016
Directors										
Mr. Kwok Sze Yiu, Gordon	21/1/2016	21/1/2016 to 20/1/2018	0.0374	N/A	–	195,900,000*	(195,900,000)*	–	N/A	–
Dr. Tang Sing Hing, Kenny	21/1/2016	21/1/2016 to 20/1/2018	0.0374	N/A	–	23,000,000*	(23,000,000)*	–	N/A	–
Mr. Ng Tang	21/1/2016	21/1/2016 to 20/1/2018	0.0374	N/A	–	195,000,000*	(195,000,000)*	–	N/A	–
Sub-total					–	413,900,000*	(413,900,000)*	–	N/A	–
Employees	21/1/2016	21/1/2016 to 20/1/2018	0.0374	N/A	–	342,000,000*	(342,000,000)*	–	N/A	–
Employees#	14/4/2015	14/7/2015 to 13/7/2017	0.297	2.97	243,031,250*	–	–	–	(218,728,125)	24,303,125
Total					243,031,250*	755,900,000*	(755,900,000)*	–	(218,728,125)	24,303,125
Exercisable at the end of the year										24,303,125
Weighted average exercise price										HK$2.97

* The number of share options have not been adjusted for the Capital Reorganisation which became effective on 6 April 2016.

\# Included in share options granted to employees, there were options held by resigned directors Mr. Bai Liang, Mr. Siu Kam Chau, Mr. Peng Libin and Mr. Liu Guangdian. Mr. Siu and Mr. Liu resigned as the executive directors of the Company and continued to be employees of the Company. Before the capital reorganisation, they held 24,303,125 outstanding share options each. No share options were granted, exercised, cancelled or lapsed during the period in regard of these former directors.

31. SHARE OPTION SCHEME *(Continued)*

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

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 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	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

Note:

At 31 December 2015, 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.

At 31 December 2016, after the effective of the Capital Reorganisation, the Company had 24,303,125 share options outstanding for the share options granted under the New Share Option Scheme and had 211,767 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 24,514,892 additional shares of HK$0.01 each in the capital of the Company and additional share capital of approximately HK$245,148 and share premium of approximately HK$130,065,000.

The fair value of 755,900,000 share options granted under the New Share Option Scheme on 21 January 2016 was determined by the directors to be approximately HK$5,015,000 and by the employees to be approximately HK$3,420,000 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$0.032, exercise price of HK$0.0374 per share, expected volatility of 97.52%, expected option life of 2 years, no expected dividend and estimated risk-free interest rate of 0.767%.

31. SHARE OPTION SCHEME *(Continued)*

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

Note: *(Continued)*

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

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$12,760,000 and by the employees to be approximately HK$14,875,000 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$0.297 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%.

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

For the year ended 31 December 2016, the Group recognised equity-settled share-based payments expenses in aggregate of approximately HK$8,435,000 (31 December 2015: HK$27,634,000) in respect of the New Share Option Scheme.

32. RETIREMENT BENEFIT SCHEMES

For the operations in Hong Kong, the Group operates the MPF Scheme (the "Scheme") for all qualifying employees including Directors in Hong Kong. The assets of the MPF Scheme are held separately from those of the Groups in funds under the control of independent trustees. Both the Group and the employees contribute a fixed percentage to the MPF Scheme based on their monthly salary in accordance with government regulations. The MPF 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 MPF 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 2016, the total amount contributed by the Group and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$593,000 (2015: HK$454,000).

33. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 19 October 2016, the Group acquired the entire equity interest in Bonus First Group Limited ("Bonus First"), from an independent third party at a cash consideration of approximately HK$56,500,000. Bonus First is principally engaged in property holding and is the registered owner of a property in Hong Kong, which does not constitute a business.

Assets acquired at the date of acquisition are as follows:

	HK$'000
Building	56,478
Prepayment	3
Utility and other deposit	19
	56,500
Net cash outflow on acquisition of Bonus First	56,500

34. ACQUISITION OF SUBSIDIARIES

(a) On 15 January 2016, the Group acquired 65% of the issued share capital of Rise Fountain Group Investment Limited and its subsidiaries ("Rise Fountain Group") at a consideration of HK$46,000,000, which include (i) HK$15 million cash consideration and (ii) HK$31 million contingent payment subject to the application of license related to the operation of the product identification, authorisation and tracking systems principally for the drug industry and the construction of a medical services network and pharmaceutical e-commerce business ("License") within one year from the date of the sales and purchase agreement. Subsequent to the completion of the acquisition, Rise Fountain Group ceased to apply the License due to the regulatory changes to obtain the license from relevant PRC government authority for the wholly foreign-owned enterprise, no contingent payment was required to be settled by the Group.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	631
Other receivables	3,680
Cash and bank balances	1,509
Other payables	(88)
Net asset	5,732
Cash consideration paid	15,000
Less: Bank balances and cash acquired	(1,509)
Net cash outflow on acquisition of a subsidiary	13,491
Goodwill arising on acquisition:	
Consideration paid	15,000
Less: Fair value of net identifiable assets	(5,732)
Non-controlling interest	2,007
Goodwill arising on acquisition	11,275

Included in the loss for the year is HK$866,000 and no revenue attributable to the additional business generated by Rise Fountain Group.

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

Had the acquisition been completed on 1 January 2016, total group revenue for the year would been approximately HK$70,555,000 and loss for the year would have been approximately HK$928,426,000. The pro forma information is for illustrative purposes only and is not necessarily an indicator of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

Subsequent to the completion of acquisition, impairment of goodwill of HK$11,275,000 has been recognised. In the opinion of the directors of the Company, the impairment loss identified is mainly attributed to the failure of the application of License which is the essential element for the ongoing operations of Rise Fountain Group.

(b) On 30 June 2016, the Group acquired the entire issued share capital of Superior Control Limited and its subsidiaries ("Superior Control Group") and assigned a loan due to the vendor to the Group ("Sales Loan") at a consideration of approximately HK$4,000,000. Superior Control Group is engaged in investment and corporate management consultancy service.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	91
Other receivables	753
Cash and bank balances	3,926
Other payables	(1,458)
Sales Loan	(25,054)
Net liabilities	(21,742)
Cash consideration paid	4,000
Less: Bank balances and cash acquired	(3,926)
Net cash outflow on acquisition of a subsidiary	74
Goodwill arising on acquisition:	
Consideration paid	4,000
Assignment of Sales Loan	(25,054)
Less: Fair value of net identifiable liabilities	21,742
Goodwill arising on acquisition	688

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) *(Continued)*

Included in the loss for the year is HK$3,474,000 and no revenue attributable to the additional business generated by Superior Control Group.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been approximately HK$70,555,000 and loss for the year would have been approximately HK$931,034,000. The pro forma information is for illustrative purposes only and is not necessarily an indicator of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

Subsequent to the completion of the acquisition, impairment of goodwill of HK$688,000 has been recognised. In view of the actual revenue and result from Superior Control Group have fallen below their original expectation, the management has adjusted downward the cash flow projections which resulted in the impairment loss on goodwill being recognised.

35. DISPOSAL OF A SUBSIDIARY

(a) Disposal of partial interests in subsidiary resulting in loss of control

For the year ended 31 December 2016

As set out in Note 10, the Group disposed of, in aggregate 52.5% equity interests in Jun Yang Solar Power to independent third parties resulting in loss of control upon completion of the transactions. The Group retains 47.5% of issued share capital of Jun Yang Solar Power. The directors of the Company consider that the Group does have significant influence over Jun Yang Solar Power because it has the power to appoint two out of six directors. It is classified as an assocate of the Group accordingly and measured at fair value at the initial recognition of the retained interests. The management engaged an independent professional valuer to perform a valuation of retained interests. The valuation is prepared based on the income approach with the present value technique derived by discounted future cash flow generated by Jun Yang Solar Power and it required the estimation of key assumptions, including the discount rate, growth rate, budgeted sales and gross margin.

The aggregate amounts of the assets and liabilities attributable to the disposed subsidiary on the date of loss of control were as follows:

35. DISPOSAL OF A SUBSIDIARY *(Continued)*

(a) Disposal of partial interests in subsidiary resulting in loss of control *(Continued)*

For the year ended 31 December 2016 *(Continued)*

	HK$'000
Property, plant and equipment	505,825
Accounts and other receivables	82,243
Bank balance and cash	59,167
Tax recoverable	76
Accounts and other payables	(212,268)
Bank and other borrowings	(118,717)
Deferred income	(204,724)
Net assets disposed of	111,602
Loss on disposal of subsidiaries:	
Cash consideration	5,790
Fair value of retained interest	53,011
Net assets disposed of	(111,602)
Non-controlling interests	48,143
Cumulative exchange differences in respect of the net assets of a subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	(12,767)
Loss on disposal of 5% equity interests	(17,425)
Net cash outflow on disposal of 5% equity interest:	
Cash consideration received	5,790
Less: Bank balances and cash disposed of	(59,167)
	(53,377)

35. DISPOSAL OF A SUBSIDIARY *(Continued)*

(b) Disposal of a subsidiary

For the year ended 31 December 2015

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

	HK$'000
Property, plant and equipment	847
Other receivables	677
Cash and cash equivalent	7,691
Other payables	(342)
Sales Loan (Note)	(20,017)
Net assets	(11,144)
Gain on disposals of subsidiaries:	
Cash consideration received	9,270
Assignment of Sales Loan (Note)	(20,017)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	(152)
Net assets disposed of	11,144
Gain on disposal	245
Net cash inflow on disposal of Superior Control:	
Cash consideration received	9,270
Less: bank balances and cash disposal of	(7,691)
	1,579

Note: Upon disposal date, the sales loan due by Superior Control was assigned to the Group.

36. OPERATING LEASES

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:

	2016 HK$'000	2015 HK$'000
Within one year	**1,311**	5,790
In the second to fifth years inclusive	–	4,465
Over five years	–	3,791
	1,311	14,046

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated and rentals are fixed for terms ranging from 1 to 3 years (2015: from 1 to 25 years).

37. CAPITAL COMMITMENTS

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

	2016 HK$'000	2015 HK$'000
Acquisition of property, plant and equipment	–	184,206

	2016 HK$'000	2015 HK$'000
Commitment contracted for but not provided for in respect of investment in investment fund which will be recognised as available-for-sale investments	**139,999**	155,597

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. As at 31 December 2016, the Group has not entered into sub-underwriting agreements.

38. PLEDGE OF ASSETS

At 31 December 2015, the Group has outstanding principal of other loan of HK$154,752,000. The loan is secured by the Group's listed investments with fair value of HK$559,734,000. The loan was denominated in Hong Kong Dollars.

39. 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 prior year.

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 management monitors the capital structure on a regular basis by using a gearing ratio. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting period were as follows:

	2016 **HK$'000**	2015 HK$'000
Debt (Note (i))	**280,800**	437,774
Cash and cash equivalents	**(182,286)**	(461,301)
Net debt	**98,514**	(23,527)
Equity (Note (ii))	**2,869,036**	3,579,424
Net debt-to-equity ratio	**3.43%**	N/A

Notes:

(i) Debt comprised bank and other borrowings as detailed in Note 28.

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

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 HK$'000	2015 HK$'000 (Restated)
Financial assets		
Loans and receivables:		
– Other assets	225	611
– Trade and other receivables	438,632	482,913
– Loan receivables	27,830	410,632
– Amount due from an associate	77,287	–
– Bank trust account balances	60,993	69,125
– Cash and cash equivalents	182,286	461,301
	787,253	1,424,582
Held-for-trading investments	1,916,926	2,139,475
Available-for-sale investments	358,499	374,041
Financial liabilities		
Amortised cost:		
– Trade and other payables	74,597	271,388
– Bank and other borrowings	280,800	437,774
	355,397	709,162
Derivative financial instruments	–	454

Financial risk management objectives and policies

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

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to the loan receivables, amount due from an associate and other borrowings which carry at fixed rates. The Group currently does not have any interest rate hedging policy. The Group monitors the interest rate risk exposure closely and may consider to enter any hedging activities if the need arises.

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 deposits interest rate arising from the Group's variable-rate bank deposits and on the fluctuation of lending rate arising from the Group's HK$, United States Dollars ("USD") and RMB denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been prepared based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2015: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points (2015: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2016 would increase/decrease by HK$1,557,000 (2015: increase/decrease in post-tax loss by approximately HK$3,542,000).

(iii) Other price risk

The Group's available-for-sale investments, 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, available-for-sale investments and derivative financial instruments at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Other price risk (Continued)

Sensitivity analysis *(Continued)*

If the prices of the respective equity instruments had been 5% (2015: 5%) higher/lower:

- post-tax loss for the year ended 31 December 2016 would decrease/increase by HK$80,032,000 (2015: increase/decrease by HK$89,304,000) as a result of the changes in fair value of held-for-trading investments; and

- post-tax loss for the year ended 31 December 2016 would decrease/increase by HK$3,412,000 (2015: increase/decrease by nil) for the Group as a result of the change in fair value of available-for-sale investments.

Credit risk

As at 31 December 2016, 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 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 and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

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.

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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

Further quantitative data in respect of the Group's exposure to credit risk arising from loan receivables are disclosed in Note 20.

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 100% (2015: 99%) of the total trade receivables as at 31 December 2016. As at 31 December 2016, the Group has certain concentrations of credit risk as 15%(2015: 47%) of the Group's trade and other receivables were due from the Group's largest customer, and 67% (2015: 79%) were due from the five largest customers determined on the same basis.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of 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.

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.

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.

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(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 instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlements. 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 that contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity tables

	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$'000	Carrying amount at 31 December 2016 HK$'000
At 31 December 2016							
Non-derivative financial liabilities							
Trade and other payables	–	74,597	–	–	–	74,597	74,597
Bank and other borrowings	8.8%	198,556	104,379	–	–	302,935	280,800
		273,153	104,379	–	–	377,532	355,397

	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$'000	Carrying amount at 31 December 2015 HK$'000
At 31 December 2015							
Non-derivative financial liabilities							
Trade and other payables	–	271,388	–	–	–	271,388	271,388
Bank and other borrowings	9%	499,647	–	–	–	499,647	437,774
		771,035	–	–	–	771,035	709,162
Derivative (all put options in listed equity securities)		454	–	–	–	454	454

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subjected to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurements of financial instruments

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

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 2016	Fair value hierarchy	Valuation technique(s) and significant input(s)
Equity securities and debt securities listed in and outside Hong Kong classified as held-for-trading investments	HK$1,906,181,000 (2015: HK$2,129,591,000) (Note 23)	Level 1	Quoted bid prices
Unlisted investment funds classified as held-for-trading investments	HK$10,745,000 (2015: HK$9,884,000) (Note 23)	Level 2	Broker's quoted prices
Equity securities listed in Hong Kong classified as "available-for-sale" investments	HK$81,727,000 (2015: nil) (Note 19)	Level 1	Quoted bid prices

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.

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's consolidated financial position.

As at 31 December 2016

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not offset in the consolidated statement of financial position: Financial instruments	Related amount not offset in the consolidated statement of financial position: Collateral received	Net amount
Trade receivables arising from the business of dealing in securities	**417,456**	**(299)**	**417,157**	**(55)**	**(417,102)**	**–**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not offset in the consolidated statement of financial position: Financial instruments	Related amount not offset in the consolidated statement of financial position: Collateral pledged	Net amount
Trade payables arising from the business of dealing in securities	**72,638**	**(299)**	**72,339**	**(104)**	**–**	**72,235**

As at 31 December 2015

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not offset in the consolidated statement of financial position: Financial instruments	Related amount not offset in the consolidated statement of financial position: Collateral received	Net amount
Trade receivables arising from the business of dealing in securities	462,800	(9,830)	452,970	–	(452,970)	–

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities offsetting *(Continued)*

As at 31 December 2015 (Continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not offset in the consolidated statement of financial position: Financial instruments	Related amount not offset in the consolidated statement of financial position: Collateral pledged	Net amount
Trade payables arising from the business of dealing in securities	104,226	(9,830)	94,396	(50)	–	94,346

41. RELATED PARTY TRANSACTIONS

Same as disclosed below, there were no other significant transactions with related parties during the year or significant balances with them at the end of the reporting period.

Compensation of key management personnel

	2016 HK$'000	2015 HK$'000
Short-term employee benefits	**8,340**	27,771
Post-employment benefits	**30**	348
Share-based payments	**5,015**	12,760
	13,385	40,879

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries directly and indirectly held by the Company at 31 December 2016 and 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				Proportion of voting power held by the Company	
				Directly		Indirectly			
				2016	2015	2016	2015	2016	2015
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%
Fast Choice Limited	Hong Kong	Ordinary share HK$1	Personnel management	–	–	100%	100%	100%	100%
Top Sense Worldwide Ltd ("Top Sense")	British Virgin Islands	Ordinary share US$1	Investment holding	100%	100%	–	–	100%	100%
Plenty Cash Investment Limited	British Virgin Islands	Ordinary share US$1	Investment holding	100%	100%	–	–	100%	100%
Superior Control	British Virgin Islands	Ordinary share US$1	Investment holding	100%	–	–	–	100%	–
Profitsway Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	–	100%	100%	100%	100%
Favour Brightness Limited	British Virgin Islands	Ordinary share US$1	Investment holding	–	–	100%	100%	100%	100%
E Finance	Hong Kong	Ordinary share HK$100	Provision for money lending	–	–	100%	100%	100%	100%
Golden Moral Investments Limited	British Virgin Islands	Ordinary share US$2	Investment holding	100%	100%	–	–	100%	100%
Jun Yang Securities	Hong Kong	Ordinary share HK$500,000,000	Licensed to carry on regulated activity in connection with dealing in securities	–	–	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%
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$7,000,000	Asset Management	–	–	100%	100%	100%	100%
Jun Yang Corporate Finance Company Limited	Hong Kong	Ordinary share HK$5,000,000	Corporate Finance	–	–	100%	100%	100%	100%
Rise Fountain	British Virgin Islands	Ordinary share US$100	Investment holding	–	–	65%	–	65%	–
Key Winner Investments Limited	British Virgin Islands	Ordinary share US$1	Investment holding	100%	–	–	–	100%	–
Heemin Capital Investment Group Limited	British Virgin Islands	Ordinary share US$1	Investment holding	100%	–	–	–	100%	–
Estate Sun Global Limited	British Virgin Islands	Ordinary share US$200	Investment holding	–	–	100%	–	100%	–
Bonus First	British Virgin Islands	Ordinary share US$200	Property holding	–	–	100%	–	100%	–
Heemin Capital Global Enhanced Yield Bond Fund	Cayman Islands	Ordinary share US$1	Investment holding	–	–	100%	–	100%	–

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2016	2015
Green energy operation	PRC	–	10
Investments holding and treasury management	Hong Kong	22	16
	PRC	2	–

43. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been reclassified to conform with the current year's presentation of the Group:

(i) Reversal of a reclassification of investment in listed equity securities in Hong Kong of HK$412,551,000 from held-for-trading investments to available-for-sale investments made in the previously reported consolidated statement of financial position as at 31 December 2015.

(ii) Certain trade receivables and payables were reclassified due to the offsetting enforceable master netting arrangements and similar agreements.

43. COMPARATIVE FIGURES *(Continued)*

(iii) Reclassification of certain amounts of administrative expenses to direct operating cost to fairly present the nature of costs incurred.

In the opinion of the directors of the Company, the reclassifications made to the comparative figures have insignificant impact to the Group's consolidated statement of financial position as at 1 January 2015 and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015. Except those mentioned above, there were no other reclassifications or adjustments made to the comparative figures of the Group.

In addition, certain comparative figures in the statement of financial position and reserve movement of the Company (Note 45) have been restated for the followings:

(iv) Interests in subsidiaries as at 31 December 2015 of HK$149,320,000 were impaired and adjusted against the Company's profit or loss for the year ended 31 December 2015.

(v) Amounts due from subsidiaries of HK$3,296,333 as at 31 December 2015 have been adjusted for the fair value at initial recognition and imputed interest income of HK$50,827,000 and HK$17,760,000, respectively, which have been debited to interests in subsidiaries as capital contribution and credited to profit or loss for the year ended 31 December 2015, respectively.

44. EVENT AFTER THE REPORTING PERIOD

On 17 November 2016, the Company entered into an agreement with an independent third party, to dispose all of its interest in an associate, Trillion Epoch, for a cash consideration of HK$51 million (Note 18). The transaction was completed on 15 February 2017 and a gain of approximately HK$6 million on the disposal is expected to be recognised by the Group.

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

	2016 HK$'000	2015 HK$'000 (Restated)
Non-current assets		
Property, plant and equipment	291	563
Interests in subsidiaries	236,564	237,942
Investment in an associate	55,005	–
	291,860	238,505
Current assets		
Amounts due from subsidiaries	3,704,369	3,296,333
Amount due from an associate	77,287	–
Other receivables	21,290	40,047
Cash and cash equivalents	16,787	14,151
	3,819,733	3,350,531
Current liabilities		
Amounts due to subsidiaries	260,698	–
Other payables and accruals	10,183	6,602
Other borrowings	180,800	175,051
	451,681	181,653
Net current assets	3,368,052	3,168,878
Total assets less current liabilities	3,659,912	3,407,383
Non-current liability		
Other borrowings	100,000	–
	3,559,912	3,407,383
Capital and reserves		
Share capital	29,117	195,904
Reserves	3,530,795	3,211,479
	3,559,912	3,407,383

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

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share-based payments reserve HK$'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
Loss and total comprehensive expense for the year (restated)	–	–	–	–	(127,843)	(127,843)
Issue of shares upon subscription of shares	1,863,112	–	–	–	–	1,863,112
Recognition of equity-settled share–based payments	–	–	–	27,634	–	27,634
At 31 December 2015 and 1 January 2016 (restated)	**3,606,423**	**861**	**311,790**	**38,810**	**(746,405)**	**3,211,479**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(58,674)**	**(58,674)**
Issue of shares upon subscription of shares	**165,726**	**–**	**–**	**–**	**–**	**165,726**
Effect of the capital reorganisation	**–**	**–**	**183,117**	**–**	**–**	**183,117**
Issue of shares upon exercise of share options	**29,147**	**–**	**–**	**(8,435)**	**–**	**20,712**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**8,435**	**–**	**8,435**
At 31 December 2016	**3,801,296**	**861**	**494,907**	**38,810**	**(805,079)**	**3,530,795**

FINANCIAL SUMMARY

For the year ended 31 December 2016

RESULTS

	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016 HK$'000**
RESULTS					
Revenue					
– Continuing operations	3,444	20,715	32,889	131,152	**70,555**
– Discontinued operation	14,215	42,288	30,812	40,143	**53,569**
	17,659	63,003	63,701	171,295	**124,124**
Profit (loss) before taxation	(549,930)	14,476	272,902	(148,909)	**(915,727)**
Income tax (expense) credit	(209)	(414)	1,142	(7,044)	**(5,847)**
Loss for the year/period from discontinued operation	(8,349)	(47,950)	(20,979)	(36,272)	**(5,986)**
Profit (loss) for the year	(558,488)	(33,888)	253,065	(192,225)	**(927,560)**
Profit (loss) attributable to:					
Owners of the Company	(418,000)	(18,049)	255,398	(191,838)	**(926,717)**
Non-controlling interests	(140,488)	(15,839)	(2,333)	(387)	**(843)**
	(558,488)	(33,888)	253,065	(192,225)	**(927,560)**

ASSETS AND LIABILITIES

	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016 HK$'000**
Total assets	1,317,599	1,449,699	2,237,930	4,525,659	**3,252,423**
Total liabilities	(392,865)	(394,471)	(469,203)	(942,771)	**(378,285)**
	924,734	1,055,228	1,768,727	3,582,888	**2,874,138**
Equity attributable to owners of the Company	824,188	996,086	1,759,506	3,579,424	**2,869,036**
Non-controlling interests	100,546	59,142	9,221	3,464	**5,102**
	924,734	1,055,228	1,768,727	3,582,888	**2,874,138**