



JUN YANG FINANCIAL HOLDINGS LIMITED
君陽金融控股有限公司

(to be renamed as Power Financial Group Limited 權威金融集團有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code : 397)

Annual Report 2017



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Tang Sing Hing, Kenny (*Vice Chairman*)
Mr. Wu William Wai Leung (*Chief Executive Officer*)
Mr. Sit Sai Hung, Billy

Non-executive Director

Mr. Choi Chun Chung, Danny (*Chairman*)

Independent Non-executive Directors

Mr. Wong Kun To
Mr. Chu Hau Lim
Ms. Lim Xue Ling, Charlene

AUDIT COMMITTEE

Mr. Chu Hau Lim (*Chairman*)
Mr. Wong Kun To
Ms. Lim Xue Ling, Charlene

REMUNERATION COMMITTEE

Mr. Wong Kun To (*Chairman*)
Mr. Choi Chun Chung, Danny
Mr. Chu Hau Lim
Ms. Lim Xue Ling, Charlene

NOMINATION COMMITTEE

Mr. Choi Chun Chung, Danny (*Chairman*)
Mr. Wong Kun To
Mr. Chu Hau Lim
Ms. Lim Xue Ling, Charlene

COMPANY SECRETARY

Mr. Siu Kam Chau

AUDITOR

BDO Limited
Certified Public Accountants
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 503, 5/F
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

www.junyangfinancial.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Jun Yang Financial Holdings Limited (to be renamed as Power Financial Group Limited) (the "Company", together with its subsidiaries, the "Group"), I am pleased to present to you the annual report for the year ended 31 December 2017.

2017 was undoubtedly a tough year for the Group. Leaving aside the highly volatile world market, the Group had faced various challenges which had eventually caused negative impacts on our business, operation and reputation. In this regard, it was imperative for us to review our internal control and corporate governance system while stepping up efforts in developing effective measures to enhance the operation system.

To reinforce the business credibility and strengthen a healthy corporate culture, the Group has revamped the Board in a timely manner. Now, with most of the Board being replaced, the new management team is comprised of seasoned financial professionals with proven track record of sound decision making, inspiring vision, and most importantly, strong commitment to integrity, the foundation upon which a long-lasting business is built.

Following the Board restructuring, we have proposed to change the Company's name to Power Financial Group Limited to demonstrate our firm determination to reform. The new name represents our relentless pursuit of professional excellence to become an authoritative and influential industry leader. To realise this vision, the Group will be committed to maintaining a high standard of corporate governance practices and policies by establishing a risk management system and strengthening the oversight mechanism, where a greater role will be given to internal auditing. We believe this will help create a business environment of trust, transparency and accountability to support investment, financial stability and sustainable growth.

Under the new leadership, the Group has set a clear direction for future business development. As providing financial services remains the Group's core business, we strive to extend our service offerings meanwhile switching our focus from retail clients to institutional and professional investors, in a view to driving revenue growth and business diversification. In alignment with the Group's strategy, we plan to recruit suitably qualified talents to bolster our operations and expertise across all areas of the business. With our enhanced professional capability and abundant capital, the Group will continue to search for suitable investment opportunities across Asia in a proactive and prudent manner to build a high-quality and value-creating portfolio.

Finally, I would like to express my heartfelt gratitude to our shareholders, investors and business partners for their unwavering support and trust in the Group, and to all employees for their unmatched dedication and contribution during the year. Though the road ahead is still winding with obstacles, with the extensive experience and know-how of the new management team, we will work hard to navigate through the troubled waters and get back on the fast growth track, thereby delivering long-term returns to our shareholders.

Choi Chun Chung, Danny

Chairman

27 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2017 (the “Year”), Jun Yang Financial Holdings Limited (to be renamed as Power Financial Group Limited) (the “Company”) and its subsidiaries (the “Group”) recorded revenue of approximately HK\$35,545,000 (2016: approximately HK\$70,555,000), and net loss attributable to owners of the Company of approximately HK\$922,661,000 (2016: approximately HK\$926,717,000). The net loss was principally attributable to the losses arising from fair value changes of held-for-trading investments of approximately HK\$764 million (comprising realised losses of approximately HK\$316 million and unrealised losses of approximately HK\$448 million) and impairment loss on available-for-sale investments of approximately HK\$141 million. The aforesaid unrealised losses and impairment loss are non-cash in nature and will not have any impact on the cash flow of the Group. The Group has bank balances and cash of approximately HK\$863,552,000 (2016: approximately HK\$182,286,000). In spite of the continuous significant loss, the fundamental of the financial business is still on track and the Group is still prudent in managing its business and risks.

BUSINESS REVIEW

Hong Kong, the gateway connecting China with the world

In the first half of 2017, uncertainty over the pace of the US Federal Reserve’s interest rates increase and balance sheet normalisation, Brexit talk and geopolitical tension across the world had continued to cloud global economic prospects. However, driven by the strong-than-expected economic performance in Mainland China and the successful launch of the Shenzhen-Hong Kong Stock Connect Program in late 2016, the market sentiment had started to improve from second quarter onwards.

Meanwhile, the global economic and financial market had a turnaround since the second half of 2017, The momentum in the US economy strengthened, while the outcomes of the national elections in France and Germany eliminated some of the political uncertainties. Furthermore, while the US Federal Reserve did raise interest rates three times as expected and began to reduce its balance sheet in October, the US dollar exchange rate went down and the US yield curve did not shoot up. All these favourable factors fueled the investment activities across the globe.

Hong Kong, being the financial hub in the global market and the gateway connecting China with the world, had benefited greatly from the active market. Hong Kong’s securities market set several new records in 2017, according to full year market statistics released by Hong Kong Exchanges and Clearing Limited. The market capitalisation of the securities market reached HK\$33,998.8 billion, exceeding the previous record of HK\$31,549.9 billion set on 26 May 2015. The number of new listings also hit an all-time high of 174 companies. The growing financial market has brought opportunities to the Group’s diversified financial services business.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial services

The Group started its financial services business since October 2014 and has expanded its service offerings from securities brokerage to corporate finance and asset management. By now, this segment has become the core business segment for the Group.

During the Year, financial services business segment has generated revenue of approximately HK\$32,034,000 (2016: approximately HK\$60,137,000) and recorded a net loss of approximately HK\$21,099,000 (2016: net profit of approximately HK\$31,443,000). During the Year, Power Securities Company Limited (formerly known as Jun Yang Securities Company Limited) successfully completed 11 (2016: 27) fund-raising transactions and raised a total amount of approximately HK\$110,494,000 (2016: approximately HK\$1,351,053,000) for its clients. As the fund raising transactions for the Year were not as active as the year of 2016, income from placing and underwriting activities registered a decrease of 88.6% year-on-year to approximately HK\$2,362,000. The significant turnaround from net profit to net loss for financial services business segment was mainly attributable to the recognition of an impairment loss on trade receivables of approximately HK\$29,904,000 (2016: approximately HK\$858,000) during the Year.

As a part of re-branding exercise of the Group, Jun Yang Securities Company Limited had changed its company name to Power Securities Company Limited in March 2018.

Money lending

The Group has been engaged in money lending business through E Finance Limited. During the Year, money lending business segment recorded an interest income of approximately HK\$3,511,000 (2016: approximately HK\$10,418,000). In addition, the Group disposed of 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 in February 2017 and loss on disposal of approximately HK\$4,326,000 was recognised. As at 31 December 2017, the net proceeds of approximately HK\$51,000,000 was used for general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets investment

In respect of the assets investment business, the Group continued to record a significant loss, principally attributable to the loss arising from fair value changes of held-for-trading investments of approximately HK\$763,792,000 (2016: approximately HK\$790,225,000).

On 25 April 2017, the Group entered into the sale and purchase agreement to sell, an aggregate of 30% of the issued share capital of AP Assets Limited, at the consideration of HK\$27,092,000 to an independent third party and loss on disposal of approximately HK\$2,344,000 was recognised. AP Assets Limited is principally engaged in real estate agency business in particular for the sales of properties in Australia and the United Kingdom. After completion, the Group has ceased to hold any interest in AP Assets Limited. By realising its investment in AP Assets Limited, the Directors believe that the Group can allocate more resources for its assets investment business. As at 31 December 2017, the net proceeds of approximately HK\$27,092,000 was used for general working capital of the Group.

Significant Investments

As at 31 December 2017, the Group's held-for-trading investments amounted to approximately HK\$765,733,000 (2016: approximately HK\$1,916,926,000), of which approximately HK\$717,292,000 were investments in equity securities listed in Hong Kong, approximately HK\$36,540,000 were investments in the United States stock market and approximately HK\$11,901,000 were unlisted investment funds.

During the Year, the Group's held-for-trading investments portfolio comprised over 19 equity securities listed in Hong Kong, 9 equity securities listed in the United States and over 20 unlisted investment funds. Among them, 46 equity securities of such investments accounted for less than 1% of the Group's audited total assets and the remaining accounted for approximately 1.08% to approximately 14.63% of the Group's audited total assets as at 31 December 2017.

In addition to that, the Group's certain unlisted available-for-sale investments have incurred losses and the impairment loss on available-for-sale investments is approximately HK\$141,126,000 in 2017. As at 31 December 2017, the Group's total available-for-sale investments valued at approximately HK\$326,342,000, including equity securities listed in Hong Kong of approximately HK\$13,325,000, and investment funds at cost less impairment of approximately HK\$313,017,000.

The Directors considered that investments with a carrying amount that account for more than 5% of the Group's audited total assets as at 31 December 2017 as significant investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Held-for-trading investments

Description of investments	Brief description of the business	Market value of investments as at 31 December		Number of shares held as at 31 December		Percentage of shareholding in the investee as at 31 December 2017	Percentage of the Group's net assets as at 31 December 2017	Dividends received during the Year (HK\$'000)	Realised gain/(loss) during the Year (HK\$'000)	Unrealised gain/(loss) during the Year (HK\$'000)
		2016 (HK\$'000)	2017 (HK\$'000)	2016 ('000)	2017 ('000)					
Significant investments										
Town Health International Medical Group Limited ("Town Health") (stock code: 3886)	Healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities	774,703	318,960	619,762	674,762	8.97%	15.84%	1,889	-	(521,743)
Kingston Financial Group Limited ("Kingston") (stock code: 1031)	Financial services including securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory, futures brokerage and asset management services	98,162	219,765	29,302	29,302	0.22%	10.91%	733	-	121,603
Other investments										
Other listed shares in Hong Kong*										
(i) First Credit Finance Group Limited ("First Credit") (stock code: 8215)	Money lending and securities trading	162,750	-	350,000	-	-	-	700	(128,886)	-
(ii) Convoy Global Holdings Limited ("Convoy") (stock code: 1019)	Independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business	342,755	-	1,483,788	-	-	-	-	(52,870)	-

MANAGEMENT DISCUSSION AND ANALYSIS

Description of investments	Brief description of the business	Market value of investments as at 31 December		Number of shares held as at 31 December		Percentage of shareholding in the investee as at 31 December 2017	Percentage of the Group's net assets as at 31 December 2017	Dividends received during the Year (HK\$'000)	Realised gain/(loss) during the Year (HK\$'000)	Unrealised gain/(loss) during the Year (HK\$'000)
		2016 (HK\$'000)	2017 (HK\$'000)	2016 ('000)	2017 ('000)					
(iii) AMCO United Holding Limited ("AMCO") (stock code: 630)	Manufacture and sale of medical devices products; manufacture and sale of plastic moulding products; provision of construction services in building construction, building maintenance and improvement works, project management, renovation and decoration works; provision of money lending; and investment in securities	47,247	-	80,080	-	-	-	-	(41,022)	-
(iv) LEAP Holdings Group Limited ("LEAP") (stock code: 1499)	Foundation works and ancillary services; construction wastes handling; investments in securities; and money lending business	67,954	-	130,680	-	-	-	-	(35,267)	-
(v) Others		398,499	178,567					2,383	(73,539)	(52,753)
Listed shares outside Hong Kong		14,111	36,540					48	15,083	3,659
Unlisted investment funds		10,745	11,901					34	399	1,544
Grand total for the held-for-trading investments		1,916,926	765,733					5,787	(316,102)	(447,690)

* Other listed shares in Hong Kong mainly represented the Group's investments in over 17 companies whose shares are listed on the Main Board and GEM of the Stock Exchange. Each of the investments in the other listed shares (both in and outside Hong Kong) has a carrying amount that accounted for not more than 5% of the Group's audited total assets as at 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The fair value changes of held-for-trading investments during the Year of approximately HK\$764 million mainly comprised unrealised loss of approximately HK\$522 million on shares of Town Health. The unrealised loss is attributable to the decrease in the share price of Town Health from the closing price of HK\$1.25 (as at 31 December 2016) to HK\$0.69 (the share price on the date of the suspension of trading of shares of Town Health) and fair value change made with reference to the share price of HK\$0.4727 (as at 31 December 2017) assessed by an independent professional valuer using the index return method, which adjusts the last traded price of the shares of Town Health by the return of a synthetic index that comprises guideline public companies in the period since the suspension date with discount of liquidity. The basis and key assumptions adopted during valuation include choosing 6 comparable listed companies which are listed on the Stock Exchange, actively traded on the market and in the healthcare sector and healthcare facilities and services industry, and have similar operations with Town Health by comparing the overall business and revenue stream. Such loss is partially offset by the unrealised gain of approximately HK\$122 million on shares of Kingston, the share price of which increased from HK\$3.35 (as at 31 December 2016) to HK\$7.5 (as at 31 December 2017).

The realised losses on disposal of shares of First Credit, Convoy, AMCO and LEAP during the Year were approximately HK\$129 million, HK\$53 million, HK\$41 million and HK\$35 million respectively. In the financial year ended 31 December 2016, the Group disposed of 9,920,000 shares of AMCO and recognised a realised gain of approximately HK\$3 million, and did not dispose of any shares of First Credit, Convoy and LEAP.

Available-for-sale investments

Description of investments	Brief description of the business	Market value of investments as at 31 December		Number of shares held as at 31 December		Percentage of shareholding in the investee as at 31 December 2017	Percentage of the Group's net assets as at 31 December 2017	Dividends received during the Year	Fund returns received during the Year	Gain on disposal during the Year	Impairment loss recognised during the Year
		2016 (HK\$'000)	2017 (HK'000)	2016 ('000)	2017 ('000)			(HK\$'000)	(HK\$'000)	(HK'000)	(HK'000)
China Green (Holdings) Limited ("China Green") (stock code: 904)	Growing, processing and sales of agricultural products, and production and sales of consumer food products	81,727	13,325	444,168	444,168	6.40%	0.66%	-	-	-	68,402
Unlisted investment funds [#]		276,772	313,017					54,857	68,896	41,084	72,724
Grand total for available-for-sale investments		358,499	326,342					54,857	68,896	41,084	141,126

[#] The unlisted investment funds comprise 9 different private funds. The business/investment sector of the unlisted investment funds relates to various industries including, but not limited to, investments in listed companies in Hong Kong, Shanghai, Shenzhen, Singapore, Taiwan, London and New York; companies in consumer goods, retail, agricultural, medical service, social media, veterinary and healthcare sectors and internet-related and mobile-application-related industries; and low-risk investment grade bonds worldwide other than those in the Asia bond market.

MANAGEMENT DISCUSSION AND ANALYSIS

The impairment loss recognised on the shares of China Green during the Year of approximately HK\$68 million was attributable to the decrease in the share price of China Green from HK\$0.184 (as at 31 December 2016) to HK\$0.03 (as at 31 December 2017).

None of the aforesaid available-for-sale investments has a carrying amount that accounts for more than 5% of the Group's audited total assets as at 31 December 2017.

In the coming year, the Group will enhance its monitoring of its available-for-sale investments closely by more frequent communications with fund managers. The Group will also monitor the performance of the funds and the markets and adjust the investment portfolio when possible. For any potential new investment funds, the Group will make prudent decision based on market trend and its resources to maximise the returns for the shareholders of the Company.

Performance and Future Prospects of Significant Investments under Held-for-trading Investments

The Directors would like to provide additional information on the Group's significant investments under held-for-trading investments as at 31 December 2017 as below:

Town Health International Medical Group Limited

As at 31 December 2017, the Group held 674,762,000 shares of Town Health, which represented approximately 8.97% of the issued shares of Town Health as at 31 December 2017; and the aggregate carrying amount of such investment was approximately HK\$319.0 million, representing approximately 14.63% of the Group's audited total assets as at 31 December 2017 and approximately 15.84% of the Group's audited net assets as at 31 December 2017.

During the Year, the Group received a final dividend of HK0.28 cents per ordinary share of Town Health for its shares held in Town Health in respect of the year ended 31 December 2016 amounting to approximately HK\$1.9 million. For the Year, the Group recorded a fair value loss of approximately HK\$521.7 million for its investment in Town Health.

With regards to the future prospects of Town Health based on published information, the Directors noted that Town Health would continue to focus on developing its quality healthcare businesses both in China and Hong Kong and will expand its healthcare business in China and proactively introduce Hong Kong style healthcare services into the China market with a vision to become the leading healthcare services operator in China, as disclosed in the annual report of Town Health for the year ended 31 December 2016 (the "TH Annual Report 2016").

It is also noted that the trading of shares of Town Health has been suspended since 27 November 2017 as it appears to the Securities and Futures Commission that:

- (i) Town Health's interim report for the six months ended 30 June 2016 published by Town Health on 7 September 2016 and the TH Annual Report 2016 published by Town Health on 27 April 2017 included materially false, incomplete or misleading information;
- (ii) it is necessary or expedient to do so in the interest of maintaining an orderly and fair market in the shares of Town Health; and
- (iii) it is in the interest of the investing public or in the public interest, or it is appropriate for the protection of investors generally or for the protection of investors in the shares of Town Health to do so.

MANAGEMENT DISCUSSION AND ANALYSIS

Kingston Financial Group Limited

As at 31 December 2017, the Group held 29,302,000 shares of Kingston, which represented approximately 0.22% of the issued shares of Kingston as at 31 December 2017; and the aggregate carrying amount of such investment was approximately HK\$219.8 million, representing approximately 10.08% of the Group's audited total assets as at 31 December 2017 and approximately 10.91% of the Group's audited net assets as at 31 December 2017.

During the Year, the Group received a final dividend of HK2.5 cents per ordinary share of Kingston for its shares held in Kingston in respect of the year ended 31 December 2016 amounting to approximately HK\$0.7 million. For the Year, the Group recorded a fair value gain of approximately HK\$121.6 million for its investment in Kingston.

With regards to the future prospects of Kingston based on published information, the Directors noted that Kingston would continue to strengthen its presence in the capital markets, and explore more business opportunities to further expand its geographical network in the financial service segment after its being a constituent of the Hang Seng Composite LargeCap & MidCap Index and its admission to the MSCI Global Standard Index- Hong Kong Index. And the Directors also noted that Kingston expects to stabilize its performance in the hotel and gaming business, as disclosed in the interim report of Kingston for the period ended 30 June 2017.

General Analysis of the Group's Held-for-trading Investments

The Directors expect that the stock market in Hong Kong will continue to be volatile in the year of 2018 and such investment environment may affect the value of both held-for-trading investments and available-for-sale investments of the Group. The Group will closely supervise the market prices of these shares and trading of these shares will continue in order to optimise return. To diversify risks, the Group will adjust its current investments portfolio from time to time according to market changes and may consider acquiring shares in other listed companies when opportunity arises.

Issue of 7% Coupon Notes Due 2020

On 25 January 2017, the Company as issuer and Convoy Asset Management Limited as placing agent (the "Placing Agent"), entered into a placing agreement pursuant to which the Placing Agent 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.

The 7% Coupon Notes in an aggregate principal amount of HK\$37,400,000 have been placed and issued ("7% Coupon Notes Issue") during the placing period.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) and their respective associates (within the meaning under the Listing Rules).

As at 31 December 2017, the net proceeds from the 7% Coupon Notes Issue in the sum of approximately HK\$36 million was used for general working capital of the Group.

Management Restructuring

During the Year, the Company experienced extensive management restructuring. The single largest shareholder of the Company, Mr. Choi Chun Chung, Danny has been appointed as the Chairman of the Board and a non-executive Director since 3 November 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Seasoned professional, Mr. Wu William Wai Leung has been appointed as an executive Director and the chief executive officer of the Group since 3 November 2017. Mr. Wu previously worked for a number of international investment banks and possesses over 24 years of experience in the investment banking, capital markets, institutional broking and direct investment businesses. Mr. Sit Sai Hung, Billy, with 31 years work experiences in the banking and financial related sector, has been appointed as an executive Director since 31 August 2017.

These appointments will set a new direction for the Group and enhance our financial service, as well as enhance the internal control and compliances.

Pre-conditional Voluntary Securities Exchange Partial Offer and Option Offer by Jicheng Investment Limited

On 17 November 2017, the Board received a letter from Jicheng Investment Limited (the "Offeror") notifying the Board of the Offeror's intention to make a pre-conditional voluntary securities exchange partial offer and option offer (the "Offers").

As disclosed in the announcement published by Offeror on 28 November 2017, the Offeror proposed to the Board that it would make the Offers to (i) acquire 1,593,874,096 issued shares of the Company (representing approximately 54.74% of the issued share capital of the Company as at 28 November 2017); and (ii) to cancel a maximum of 116,886,645 outstanding share options of the Company (representing approximately 54.74% of all outstanding share options of the Company as at 28 November 2017).

As stated in the announcement published by Offeror on 28 November 2017, the making of the Offers is subject to the fulfilment of certain pre-conditions and if any of the pre-conditions is not satisfied or waived (as applicable) on or before 30 June 2018, the Offers will not be made.

As disclosed in the announcement published by the Offeror on 28 February 2018, the pre-conditions have not yet been satisfied or waived (as applicable).

Please refer to the Offeror's announcements dated 28 November 2017, 28 December 2017, 17 January 2018, 26 January 2018 and 28 February 2018 and the Company's announcement dated 29 November 2017 for more details regarding the Offers.

Change of Company Name

On 1 February 2018, the Board proposed to change the English name of the Company from "Jun Yang Financial Holdings Limited" to "Power Financial Group Limited" and adopt the Chinese name "權威金融集團有限公司" as the Company's secondary name to replace "君陽金融控股有限公司".

The proposed change of Company name is part of a re-branding exercise of the Company in light of the recent changes in the composition of the Board. The Board considered that the change of Company name will better reflect the Group's enlarging and strengthening business which will benefit the Company's future business development and is in the best interests of the Company and its shareholders as a whole.

A special resolution approving the change of Company name was duly passed by the shareholders of the Company at the special general meeting of the Company held on 16 March 2018 by way of poll.

MANAGEMENT DISCUSSION AND ANALYSIS

Deal with the risks and uncertainty

The Company continues to improve 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.

The management believes the weak global economic growth and anti-globalisation 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 globalisation and the stock connect program enhanced and widened. These risks might 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 volatile.

To couple with the uncertainty and difficulties, the Group has extended our business offering to our customers by strengthening our service offering with assets management and corporate finance. To that end, new professionals has been hired, more detailed internal control policies has been implemented.

The Group has suffered a significant loss in the stock market turmoil in the Year under review both in listed shares and unlisted investments in Hong Kong. The management believes the Hong Kong 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 fixed income products generate more stable continuing income from our investment.

BUSINESS OUTLOOK

Moving into 2018, the global financial markets started the year strong, driven by the sentiment on improved global economy and the stronger than expected economic growth in China at an annual rate of 6.9% in 2017, higher than the preset growth target of around 6.5%, marking the first acceleration since 2010. Besides that, China's financial regulators have taken measures to enhance market credibility and transparency, minimise vulnerability and monitor financial compliance in banking, securities, and insurance industries. Under such context, market optimism continues to prevail currently and Hang Seng Index has reached a record high with increasing trading volume.

MANAGEMENT DISCUSSION AND ANALYSIS

However, as asset valuations in many financial markets have already surpassed their historical highs, the sustainability of the upward momentum will hinge crucially on whether some of the markets' current optimistic expectations will materialise. At present, it seems that the markets may have under-priced some risk factors, including whether the pace of US interest rate normalisation will need to quicken if inflationary pressure is greater than expected, whether the US government's trade policy and protectionism will have adverse effects on global trade and economy, and whether geopolitical tensions will flare up. It is believed that any of the above mentioned factors may trigger significant corrections and volatilities in financial markets. In addition, the prospects of trade war between the United States and its major trading partners such as China and the EU may also create troubles to the global economy and the market as well. Therefore, the management expects a difficult year ahead and will work hard to cope with the hardships and act prudently to achieve the best possible results for our shareholders. Having said that, the emergence of the Guangdong-Hong Kong-Macao Greater Bay can create a business momentum in the region.

The investment environment has always been complicated and this coming year will not be an exception. The Group will continue to manage its businesses prudently. The Group will remain agile and nimble, monitor market developments closely and deploy defensive measures as and when appropriate. First, in respect of investment direction, the Group will allocate more resources on investment in high-tech related products and targets. Secondly, the Group will also allocate a portion of its resources for investment in products with stable returns to balance investment risks and achieve more stable returns. Thirdly, in line with these new directions, the Group will dispose of the non-performing investments when appropriate opportunities arise to shift resources to more attractive investments.

The Group's mission is to become a value-added financial services provider in Hong Kong with a comprehensive range of high standard service offerings. In this regard, the Group has been actively soliciting and hiring professionals to build a productive and competitive team and more frontline staff will be added. In product and service offerings, the Group will allocate more resources on corporate financing and equity capital market businesses, which are value added services, while continuing to provide stock brokerage services.

Despite the Group is based in Hong Kong, the Group actively seeks business opportunities in the Mainland China, especially the opportunities emerging from the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Initiative. To diversify the revenue stream, the Group will continuously regulate its investment portfolio and enlarge its service offerings to cover mergers and acquisitions and asset management.

The Group will review its investment policies and procedures from time to time to safeguard its investments. The Group is confident that it will be able to make prudent decisions with reference to market environment in a timely manner and create long term returns for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group held bank balances and cash of approximately HK\$863,552,000 (2016: approximately HK\$182,286,000). Net current assets amounted to approximately HK\$1,627,134,000 (2016: approximately HK\$2,473,499,000). Current ratio (defined as total current assets divided by total current liabilities) was 13.63 times (2016: 9.89 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 7.6% (2016: 12%).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2017, the Group had outstanding borrowings of approximately HK\$137,400,000 (2016: approximately HK\$280,800,000). The borrowings are unsecured and carry interest at 7% to 8% (2016: 8% to 9.25% per annum) and repayable in accordance with the relevant loan note certificates. 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.

CAPITAL STRUCTURE

As at 31 December 2017, the Group had shareholders' equity of approximately HK\$30,864,000 (2016: approximately HK\$29,117,000).

On 22 December 2017, the Company allotted and issued 58,220,000 new shares of the Company, at the price of HK\$0.17 per share, pursuant to the exercise of share options granted under the share option scheme adopted by the Company on 4 June 2013.

On 29 December 2017, the Company allotted and issued 116,440,000 new shares of the Company, at the price of HK\$0.17 per share, pursuant to the exercise of share options granted under the share option scheme adopted by the Company on 4 June 2013.

CHARGES ON GROUP ASSETS

As at 31 December 2017, held-for-trading investments with carrying amounts of approximately HK\$18,270,000 (2016: Nil) have been pledged as security for the Group's margin payable in respect of its securities trading accounts.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed 29 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.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group is committed to supporting the environmental sustainability. We enhance the business sustainability by doing well for our customers and to provide them with security and reliable services. We also operate our business with the highest standard of corporate governance, caring our staff and protecting the environment. In recent years, the Group has implemented several policies to encourage employees for saving energy and paper. All these policies aim at reducing resources and saving costs which are beneficial to the environment and meet the commercial goals of the Group.

During the Year, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group as far as the Board is aware.

The Company understands that employees, customers and suppliers are key elements to the success of the Group's business. The Group provides competitive remuneration package to motivate and retain quality staff and the Group is committed to maintaining a safe and healthy workplace for our staff. The Group has established good relationship with customers and suppliers which will enhance the Group to achieve its business goals.

A report on the environmental, social and governance aspects is prepared in accordance with Appendix 27 to the Listing Rules to be issued within three months after the publication of this annual report.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Tang Sing Hing, Kenny, aged 49, joined Jun Yang Financial Holdings Limited (to be renamed as Power Financial Group Limited) (the “Company”) and its subsidiaries (the “Group”) in April 2015 and has been an executive director of the Company (the “Director”) and the Vice Chairman of the board of Directors (the “Board”) since 12 June 2015.

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.

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. Wu William Wai Leung, aged 51, was appointed as the chief executive officer of the Company and an executive Director with effect from 3 November 2017. He is also a director of certain subsidiaries of the Company.

Mr. Wu is the responsible officer of Power Securities Company Limited (formerly known as Jun Yang Securities Company Limited), Power Corporate Finance Company Limited (formerly known as Jun Yang Corporate Finance Company Limited) and Power Asset Management Company Limited (formerly known as Jun Yang Asset Management Company Limited), each a wholly-owned subsidiary of the Company, for Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “SFO”) respectively. Mr. Wu is also a registered licence holder to carry out Type 4 (advising on securities) regulated activities under the SFO. Mr. Wu previously worked for a number of international investment banks and possess over 24 years of experience in investment banking, capital markets, institutional broking and direct investment businesses.

Mr. Wu holds a Bachelor of Business Administration degree and a Master of Business Administration degree of Simon Fraser University in Canada. He qualified as a chartered financial analyst of The Institute of Chartered Financial Analysts in 1996. He has been appointed as a member of the Guangxi Zhuang Autonomous Region Committee of the Chinese People’s Political Consultative Conference since January 2013.

Mr. Wu is currently an independent non-executive director of Asia Allied Infrastructure Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 711). He was also an executive director and chief executive officer of SW Kingsway Capital Holdings Limited (now known as Sunwah Kingsway Capital Holdings Limited), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 188), from April 2006 and June 2006 respectively to September 2010. Mr. Wu was a director and chief executive officer of RHB Hong Kong Limited from April 2011 to October 2017.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Sit Sai Hung, Billy, aged 61, was appointed as an executive Director with effect from 31 August 2017. He is also a director of various subsidiaries of the Company.

Mr. Sit obtained a Bachelor of Social Science degree at The Chinese University of Hong Kong in 1981, a Diploma in Surveying at The College of Estate Management in 1996 and a Master of Law degree at The University of Beijing in 2002. Mr. Sit also completed the Merchant Banking Program at the School of Business Administration of The University of Washington in 1994. Mr. Sit has been working in the banking and financial related sector for more than 31 years.

Mr. Sit is currently an independent non-executive director of China Trustful Group Limited, a company whose shares are listed on GEM of the Stock Exchange (stock code: 8265).

NON-EXECUTIVE DIRECTOR

Mr. Choi Chun Chung, Danny, aged 56, was appointed as the chairman of the Board and a non-executive Director with effect from 3 November 2017. He is also the chairman of the nomination committee and a member of the remuneration committee of the Board.

Mr. Choi is currently a member of the Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference, the chairman of the Federation of HK Guangxi Qinzhou Organisations Limited, the vice-chairman of the Federation of HK Guangxi Community Organisations and the honorary chairman of the Yuen Long Sports Association.

Mr. Choi has extensive experience in the wholesaling of diamonds and jewellery. He was employed by Wing Hang Company from 1979 to 1990. Wing Hang Company was principally engaged in wholesales of diamonds and jewellery in Hong Kong. Since 1991, he has been a director of Diamond Outline Limited, the business of which includes wholesales of diamonds and jewellery products worldwide.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kun To, aged 61, was appointed as an independent non-executive Director with effect from 20 October 2017. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Board.

Mr. Wong has over 25 years of experience in property development, investment and construction management. He started his career in the Shui On Group as a graduate engineer and worked for the Shui On Group from 1979 to 1992 to the position of deputy general manager. He rejoined the Shui On Group in 2006 to oversee the property division of SOCAM Development Limited ("SOCAM Development"), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 983), and successfully led a number of property acquisitions and transactions. During the period from July 2009 to June 2013, Mr. Wong has served SOCAM Development in various roles which included executive director, chief executive officer and managing director. Mr. Wong was subsequently re-designated as a non-executive director of SOCAM Development in July 2013 and he had served in such role until May 2015.

Mr. Wong was also an executive director and the managing director of Shui On Land Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 272), from January 2014 to June 2015. He was also the chief executive officer of China Xintiandi Limited, a wholly-owned subsidiary of Shui On Land Limited, from July 2013 to September 2015.

Mr. Wong holds a Bachelor of Engineering degree, and is a member of the Dalian Municipal Committee of the Chinese People's Political Consultative Conference and the Hong Kong Institution of Engineers.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chu Hau Lim, aged 52, was appointed as an independent non-executive Director with effect from 29 September 2017. He is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Board.

Mr. Chu possesses more than 30 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations. Mr. Chu had served duties as the chief financial officer in various listed property development companies in mainland China during the years from 2006 to 2013. During the years from 1996 to 2006, he also worked in one of the major international accounting firms as a senior manager where he accumulated experience in international capital market transactions and business advisory of a wide variety of business.

Mr. Chu is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration Degree from Heriot-Watt University, the United Kingdom.

Mr. Chu was a director and the chief executive officer of SQ Technology Holdings Limited from October 2015 to October 2016, a company whose shares are listed on the Taiwan OTC Exchange (stock code: 3219). He is currently the chief financial officer and the company secretary of Ta Yang Group Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1991).

Ms. Lim Xue Ling, Charlene, aged 30, was appointed as an independent non-executive Director with effect from 20 October 2017. She is also a member of the audit committee, remuneration committee and nomination committee of the Board.

Ms. Lim possesses more than 8 years of experience in internal controls and financial planning. Ms. Lim has been the cluster controller at Coats Shenzhen Limited since 2015. During the years from 2009 to 2013, she also worked in one of the major international accounting firms as a senior auditor where she accumulated experience in external audit and assurances.

She is an associate member of the Institute of Singapore Chartered Accountants. She holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Siu Kam Chau, aged 53, 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 28 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 56, 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 17 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 43, currently a director of Power Securities Company Limited (formerly known as Jun Yang Securities Company Limited) ("Power Securities"), a subsidiary of the Company. He is currently licensed with Securities Futures Commission as a responsible officer of Power Securities for Type 1 (dealing in securities). Mr. Ho holds a bachelor's degree in business administration conferred by Lingnan University in Hong Kong. He also obtained the Certified Financial Planner certification in 2008. Mr. Ho has over 20 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) Dr. Tang Sing Hing, Kenny resigned as a director of Power Securities Company Limited (formerly known as Jun Yang Securities Company Limited) ("Power Securities"), Power Asset Management Company Limited (formerly known as Jun Yang Asset Management Company Limited) ("Power Asset Management") and Key Winner Investments Limited, the subsidiaries of the Company, with effect from 20 December 2017. He also ceased to be the responsible officer of Power Securities and Power Asset Management with effect from 28 November 2017.
- (2) Details of the emoluments of the directors of the Company for the year ended 31 December 2017 are set out in note 13 to the consolidated financial statements.

REPORT OF THE DIRECTORS

The directors (the “Directors”) of Jun Yang Financial Holdings Limited (to be renamed as Power Financial Group 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 2017 (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 41 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 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 47 to 48 of this annual report. The financial positions of the Company and of the Group as at 31 December 2017 are set out in the note 44 to the consolidated financial statements and on pages 49 to 50 of this annual report respectively.

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 142 of this annual report.

DONATIONS

Charitable donations made by the Group during the Year amounted to approximately HK\$50,000.

SUBSIDIARIES

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

Details of the Company’s principal subsidiaries as at 31 December 2017 are set out in note 41 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 15 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately HK\$4,174,000 for the expansion of its business.

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

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 28 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 of the Company.

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 51 to 52 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in note 44 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2017, 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 66.73% of the turnover of the Group. The largest customer accounted for approximately 32.21% of the turnover of the Group.

The Group had no major supplier due to the nature of the principal activities of the Group.

As far as the Directors are aware, none of the Directors, their close associates or any shareholder of the Company (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 suppliers and customers.

BORROWINGS

Details of borrowings of the Group are set out in note 29 to the consolidated financial statements.

REPORT OF THE DIRECTORS

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2017 are set out in note 43 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

Dr. Tang Sing Hing, Kenny (<i>Vice Chairman</i>)	
Mr. Wu William Wai Leung (<i>Chief Executive Officer</i>)	(appointed on 3 November 2017)
Mr. Sit Sai Hung, Billy	(appointed on 31 August 2017)
Mr. Kwok Sze Yiu, Gordon	(resigned with effect from 20 October 2017)
Mr. Ng Tang	(resigned with effect from 31 August 2017)

Non-executive Director

Mr. Choi Chun Chung, Danny (<i>Chairman</i>)	(appointed on 3 November 2017)
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Independent Non-executive Directors

Mr. Wong Kun To	(appointed on 20 October 2017)
Mr. Chu Hau Lim	(appointed on 29 September 2017)
Ms. Lim Xue Ling, Charlene	(appointed on 20 October 2017)
Mr. Chan Chi Yuen	(resigned with effect from 20 October 2017)
Mr. Chik Chi Man	(resigned with effect from 20 October 2017)
Ms. Yiu Wai Yee, Catherine	(resigned with effect from 29 September 2017)

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"), Dr. Tang Sing Hing, Kenny, Mr. Sit Sai Hung, Billy and Mr. Chu Hau Lim will retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, offer themselves for re-election at the AGM.

The biographical details of the Directors as at the date of this report are set out in "Profiles of Directors and Senior Management" on pages 16 to 19 of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors are set out in note 13 to the consolidated financial statements. The Directors' remuneration package is determined by the remuneration committee of the board of Directors (the "Board") with reference to their responsibilities, the Company's remuneration policy and the prevailing market conditions.

Details of emoluments of the five highest paid individuals of the Group are set out in note 14 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

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

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 40 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 2017, 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
Dr. Tang Sing Hing, Kenny	China Hong Kong Capital Asset Management Company Limited	Financial services	Director
	China Hong Kong Capital Finance Limited	Money lending	Director

As 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.

REPORT OF THE DIRECTORS

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

As at 31 December 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the 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 2017
Mr. Choi Chun Chung, Danny	Beneficial owner	822,480,000	26.65%
Dr. Tang Sing Hing, Kenny	Beneficial owner	31,410,000	1.02%

Save as disclosed above, as at 31 December 2017, 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.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES

(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 30(a) to the consolidated financial statements.

(b) 2013 Share Option Scheme

A new share option scheme was approved and adopted by the shareholders of the Company 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 30(b) to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save for the share option schemes of the Group as set out under the section headed “Share Option Schemes” of this report, no equity-linked agreements were entered into by the Group, or existed during the Year.

PERMITTED INDEMNITY PROVISION

The bye-laws of the Company provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty. The relevant bye-law was in force during the Year and as at the date of this report. The Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the directors and officers of the Company and its subsidiaries.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Schemes" 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 2017, 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 the shares of the Company

Name of shareholder	Capacity	Number of shares of the Company	Approximate % of the issued share capital of the Company as at 31 December 2017 (Note 2)
Wong Ka Man	Beneficial owner	174,394,000	5.65%
China Mobile Games and Entertainment Group LTD.	Beneficial owner	176,994,000 (Note 1)	5.73%

Notes:

- (1) The number of shares held by the shareholder 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 2017.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2017, there was no other persons (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the "Corporate Governance Report" on pages 29 to 40 of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 December 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 ("Deloitte").

On 20 December 2017, BDO Limited ("BDO") had been appointed as auditor of the Company to fill the casual vacancy following the resignation of Deloitte.

The consolidated financial statements for the year ended 31 December 2017 were audited by BDO 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 BDO 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 auditor of the Company in any of the preceding three years.

On behalf of the Board

Choi Chun Chung, Danny

Chairman

27 March 2018

CORPORATE GOVERNANCE REPORT

The board of directors (the “Directors”) of Jun Yang Financial Holdings Limited (to be renamed as Power Financial Group 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 of the Company (the “Shareholders”) and other stakeholders.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions of 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 2017 (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 is comprised of seven Directors including three executive Directors, one non-executive Director and three independent non-executive Directors. The biographical details of the Directors are set out in “Profiles of Directors and Senior Management” on pages 16 to 19 of this annual report.

The Board held 8 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. An updated list of Board members identifying their roles and functions is maintained on the websites of the Stock Exchange and the Company.

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.

CORPORATE GOVERNANCE REPORT

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

Directors	Number of meetings attended/eligible to attend	
	Board	Annual General Meeting
<i>Executive Directors</i>		
Dr. Tang Sing Hing, Kenny (<i>Vice Chairman</i>)	6/8	1/1
Mr. Wu William Wai Leung (<i>Chief Executive Officer</i>) (appointed on 3 November 2017)	4/4	0/0
Mr. Sit Sai Hung, Billy (appointed on 31 August 2017)	5/5	0/0
Mr. Kwok Sze Yiu, Gordon (resigned with effect from 20 October 2017)	2/3	1/1
Mr. Ng Tang (resigned with effect from 31 August 2017)	3/3	1/1
<i>Non-executive Director</i>		
Mr. Choi Chun Chung, Danny (<i>Chairman</i>) (appointed on 3 November 2017)	4/4	0/0
<i>Independent non-executive Directors</i>		
Mr. Wong Kun To (appointed on 20 October 2017)	3/5	0/0
Mr. Chu Hau Lim (appointed on 29 September 2017)	5/5	0/0
Ms. Lim Xue Ling, Charlene (appointed on 20 October 2017)	4/5	0/0
Mr. Chan Chi Yuen (resigned with effect from 20 October 2017)	3/3	1/1
Mr. Chik Chi Man (resigned with effect from 20 October 2017)	3/3	1/1
Ms. Yiu Wai Yee, Catherine (resigned with effect from 29 September 2017)	3/3	1/1

CORPORATE GOVERNANCE REPORT

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
<i>Executive Directors</i>	
Dr. Tang Sing Hing, Kenny	✓
Mr. Wu William Wai Leung (appointed on 3 November 2017)	✓
Mr. Sit Sai Hung, Billy (appointed on 31 August 2017)	✓
Mr. Kwok Sze Yiu, Gordon (resigned with effect from 20 October 2017)	✓
Mr. Ng Tang (resigned with effect from 31 August 2017)	✓
<i>Non-executive Director</i>	
Mr. Choi Chun Chung, Danny (appointed on 3 November 2017)	✓
<i>Independent non-executive Directors</i>	
Mr. Wong Kun To (appointed on 20 October 2017)	✓
Mr. Chu Hau Lim (appointed on 29 September 2017)	✓
Ms. Lim Xue Ling, Charlene (appointed on 20 October 2017)	✓
Mr. Chan Chi Yuen (resigned with effect from 20 October 2017)	✓
Mr. Chik Chi Man (resigned with effect from 20 October 2017)	✓
Ms. Yiu Wai Yee, Catherine (resigned with effect from 29 September 2017)	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Choi Chun Chung, Danny is the Chairman of the Board and Mr. Wu William Wai Leung is the chief executive officer of the Group, 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.

CORPORATE GOVERNANCE REPORT

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 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 Group 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 and one non-executive Director, namely Mr. Wong Kun To (the chairman of the Remuneration Committee), Mr. Choi Chun Chung, Danny, Mr. Chu Hau Lim and Ms. Lim Xue Ling, Charlene.

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 Directors and senior management of the Group and recommended specific remuneration packages of the Directors and senior management of the Group to the Board.

CORPORATE GOVERNANCE REPORT

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
<i>Independent non-executive Directors</i>	
Mr. Wong Kun To (<i>Chairman</i>) (appointed on 20 October 2017)	1/1
Mr. Chu Hau Lim (appointed on 29 September 2017)	1/1
Ms. Lim Xue Ling, Charlene (appointed on 20 October 2017)	1/1
Mr. Chan Chi Yuen (resigned with effect from 20 October 2017)	0/0
Mr. Chik Chi Man (resigned with effect from 20 October 2017)	0/0
Ms. Yiu Wai Yee, Catherine (resigned with effect from 29 September 2017)	0/0
<i>Non-executive Director</i>	
Mr. Choi Chun Chung, Danny (appointed on 3 November 2017)	1/1

NOMINATION COMMITTEE

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

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

CORPORATE GOVERNANCE REPORT

The Nomination Committee comprises one non-executive Director and three independent non-executive Directors, namely Mr. Choi Chun Chung, Danny (the chairman of the Nomination Committee), Mr. Wong Kun To, Mr. Chu Hau Lim and Ms. Lim Xue Ling, Charlene.

The Nomination Committee held two meetings 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 meetings during the Year is set out below:

Committee members	Number of meetings attended/eligible to attend
<i>Non-executive Director</i>	
Mr. Choi Chun Chung, Danny (<i>Chairman</i>) (appointed on 3 November 2017)	0/0
<i>Independent non-executive Directors</i>	
Mr. Wong Kun To (appointed on 20 October 2017)	1/1
Mr. Chu Hau Lim (appointed on 29 September 2017)	1/1
Ms. Lim Xue Ling, Charlene (appointed on 20 October 2017)	1/1
Mr. Chan Chi Yuen (resigned with effect from 20 October 2017)	1/1
Mr. Chik Chi Man (resigned with effect from 20 October 2017)	1/1
Ms. Yiu Wai Yee, Catherine (resigned with effect from 29 September 2017)	1/1

CORPORATE GOVERNANCE REPORT

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. Chu Hau Lim (the chairman of the Audit Committee), Mr. Wong Kun To and Ms. Lim Xue Ling, Charlene.

The Audit Committee held three meetings during the Year. During the Year, the Audit Committee reviewed the Group’s audited financial statements for the year ended 31 December 2016 and the unaudited financial statements for the six months ended 30 June 2017 respectively, discussed audit scope and findings with the Company’s independent auditors, reviewed the Group’s financial reporting system and internal control system, and made recommendation to the Board regarding appointment and remuneration of the external auditor. In the meeting of the Audit Committee held in March 2018, the Audit Committee reviewed the Group’s audited financial statements for the year ended 31 December 2017 prior to recommending them to the Board for approval and discussed the internal control review report and other supporting documents 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
<i>Independent non-executive Directors</i>	
Mr. Chu Hau Lim (<i>Chairman</i>) (appointed on 29 September 2017)	1/1
Mr. Wong Kun To (appointed on 20 October 2017)	0/1
Ms. Lim Xue Ling, Charlene (appointed on 20 October 2017)	1/1
Mr. Chan Chi Yuen (resigned with effect from 20 October 2017)	2/2
Mr. Chik Chi Man (resigned with effect from 20 October 2017)	2/2
Ms. Yiu Wai Yee, Catherine (resigned with effect from 29 September 2017)	2/2

CORPORATE GOVERNANCE REPORT

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 Group, 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, BDO Limited, for their audit services and non-audit services for the Year are set out as follows:

	Fees paid/payable HK\$'000
Services rendered	
Audit for the Year	1,630
Non-audit services	
Tax related services	85
Total	1,715

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 2017. 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 46 of this annual report.

The consolidated financial statements for the year ended 31 December 2017 were audited by BDO Limited who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. The Audit Committee has recommended to the Board that BDO Limited be re-appointed as the auditor of the Company at the forthcoming annual general meeting.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such 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, the Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

During the Year, the Group appointed Baker Tilly Hong Kong Risk Assurance Limited ("Baker Tilly") to:

- assist in identifying and assessing the risks of the Group through interviews; and
- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by Baker Tilly to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of Baker Tilly as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the Securities and Futures Ordinance. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, and staff training arrangements, etc.

CORPORATE GOVERNANCE REPORT

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

Our Risk Control Mechanism

The Group adopts a “three lines of defence” corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by Baker Tilly. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management’s action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group’s system of internal controls and risk management annually and further enhance the Group’s internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

CORPORATE GOVERNANCE REPORT

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.

During the Year, there were no amendments made to the constitutional documents of the Company. The latest version of Memorandum of Association and New Bye-laws is available on the websites of the Stock Exchange and the Company.

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.

CORPORATE GOVERNANCE REPORT

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.

INDEPENDENT AUDITOR'S REPORT



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**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 (together "the Group") set out on pages 47 to 141, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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 2017, 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 ("HKSAAs") 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.

INDEPENDENT AUDITOR'S REPORT

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.

Valuation of held-for-trading investments classified as Level 3 fair value (refer to Note 4(g) on significant accounting policies and Notes 24 and 39 to the consolidated financial statements)

As at 31 December 2017, held-for-trading investments amounted to approximately HK\$765,733,000 which represented 38.0% of the net assets of the Group. These financial assets were mainly equity securities listed in The Stock Exchange of Hong Kong Limited or outside Hong Kong. They were kept by custodians and measured at fair value. Furthermore, as at 31 December 2017, held-for-trading investments classified as Level 3 fair value amounting to approximately HK\$344,954,000 were suspended shares which represented 17.1% of the net assets of the Group. Independent external valuation reports were obtained in order to support management's judgement and estimates.

We identified the valuation of held-for-trading investments classified as Level 3 fair value as a key audit matter due to the significance of the judgment and estimates made by the management and the subjectivity in determination of level 3 fair value given the lack of availability of market-based data.

Our response:

Our procedures in relation to valuation of held-for-trading investments classified as Level 3 fair value included:

- obtaining independent confirmations from the custodians and counterparties of the investment portfolio held at 31 December 2017, and agreed the quantities held to the financial records;
- evaluating the independent valuer's competence, capabilities and objectivity;
- evaluating the appropriateness of the valuation methodologies and assumptions based on the industry knowledge;
- evaluating the appropriateness of the key inputs by independently checking to the external data; by evaluating the rationale of management's judgment on the key inputs; and
- engaging our internal valuation specialist to assist us evaluating and assessing the appropriateness of the key assumptions used in the valuation.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Impairment of available-for-sale ("AFS") investments *(refer to Note 4(g) on significant accounting policies and Note 20 to the consolidated financial statements)*

As at 31 December 2017, the Group had AFS investments at cost and AFS investments at fair value of approximately HK\$313,017,000 and approximately HK\$13,325,000 respectively, representing 16.2% of the Group's net assets in total.

For AFS investments at cost, the Group assesses the issuers' latest financial information and the market and economic environment to determine if there is any objective evidence of impairment. An impairment provision of approximately HK\$72,724,000 has been recorded for the year ended 31 December 2017.

For AFS investments at fair value, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. An impairment provision of approximately HK\$68,402,000 has been recognised for the year ended 31 December 2017.

We identified the impairment assessment of AFS investments as a key audit matter since it is a process which requires significant management judgement.

Our response:

Our procedures in relation to the management's impairment assessment of AFS investments included:

- understanding, through inquiry with management, the established policies and procedures in respect of the impairment assessment process for AFS investments;
- in respect of AFS investments at cost, comparing management's assessment of objective evidence of impairment with reference to the private entities' financial performance and financial position and the market and economic environment;
- in respect of AFS investments at fair value, checking to the available market information and assessing if there is any significant or prolonged decline in their fair value;
- checking the mathematical accuracy of management's calculations for impairment of AFS investments; and
- obtaining independent confirmations from the custodians and counterparties of the investment portfolio held at 31 December 2017, and agreed the quantities held to the financial records.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee 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 the directors, 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.

BDO Limited

Certified Public Accountants

Li Yin Fan

Practising Certificate Number P03113

Hong Kong, 27 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Continuing operations			
Revenue	6	35,545	70,555
Direct operating costs		(11,444)	(16,981)
Gross profit		24,101	53,574
Other income, gains and losses	8	(799,993)	(833,864)
Administrative expenses		(107,789)	(74,715)
Share of results of associates		(20,906)	(17,591)
Finance costs	9	(17,844)	(43,131)
Loss before tax	10	(922,431)	(915,727)
Income tax expense	11	(450)	(5,847)
Loss for the year from continuing operations		(922,881)	(921,574)
Discontinued operation			
Loss for the year from discontinued operation	12	–	(5,986)
Loss for the year		(922,881)	(927,560)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		235	(5,712)
Share of other comprehensive income (expense) of associates		9,908	(8,312)
Release of cumulative exchange differences upon disposal of a foreign operation		–	12,767
Other comprehensive income (expense) for the year, net of income tax		10,143	(1,257)
Total comprehensive expense for the year		(912,738)	(928,817)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Loss for the year attributable to owners of the Company			
Continuing operations		(922,661)	(921,205)
Discontinued operation		–	(5,512)
		(922,661)	(926,717)
Loss for the year attributable to non-controlling interests			
Continuing operations		(220)	(369)
Discontinued operation		–	(474)
		(220)	(843)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(912,518)	(927,974)
Non-controlling interests		(220)	(843)
		(912,738)	(928,817)
Loss per share			
From continuing and discontinued operation	16		
– Basic (HK cents)		(31.66)	(41.22)
– Diluted (HK cents)		(31.66)	(41.22)
From continuing operations			
– Basic (HK cents)		(31.66)	(40.98)
– Diluted (HK cents)		(31.66)	(40.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment	17	59,878	60,916
Goodwill	18	808	808
Interests in associates	19	37,222	80,191
Available-for-sale investments	20	326,342	358,499
Other assets		225	225
		424,475	500,639
Current assets			
Loan receivables	21	27,560	27,830
Amounts due from associates	22	37,166	77,287
Trade and other receivables	23	39,689	441,701
Tax recoverable		2,951	–
Held-for-trading investments	24	765,733	1,916,926
Bank trust account balances	25	19,283	60,993
Bank balances and cash	26	863,552	182,286
		1,755,934	2,707,023
Assets classified as held for sale	19	–	44,761
		1,755,934	2,751,784
Current liabilities			
Trade and other payables	27	28,800	86,802
Tax payable		–	10,683
Borrowings	29	100,000	180,800
		128,800	278,285
Net current assets		1,627,134	2,473,499
Total assets less current liabilities		2,051,609	2,974,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Non-current liability			
Borrowings	29	37,400	100,000
Net assets		2,014,209	2,874,138
Capital and reserves			
Share capital	28	30,864	29,117
Reserves		1,978,463	2,839,919
Equity attributable to owners of the Company		2,009,327	2,869,036
Non-controlling interests		4,882	5,102
Total equity		2,014,209	2,874,138

The consolidated financial statements on pages 47 to 141 were approved and authorised for issue by the Board of Directors on 27 March 2018 and are signed on its behalf by:

Mr. Wu William Wai Leung
DIRECTOR

Mr. Sit Sai Hung, Billy
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company										
	Share capital HK\$'000 (Note 28)	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 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) income for the year	-	-	-	-	(8,312)	7,055	-	-	(1,257)	-	(1,257)
Total comprehensive (expense) income for the year	-	-	-	-	(8,312)	7,055	-	(926,717)	(927,974)	(843)	(928,817)
Issue of shares upon subscription (Note 28(c))	8,771	165,726	-	-	-	-	-	-	174,497	-	174,497
Effects of the capital reorganisation (Note 28(b))	(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 and 1 January 2017	29,117	3,801,296	861	494,907	(14,120)	-	38,810	(1,481,835)	2,869,036	5,102	2,874,138
Loss for the year	-	-	-	-	-	-	-	(922,661)	(922,661)	(220)	(922,881)
Other comprehensive income for the year	-	-	-	-	9,908	235	-	-	10,143	-	10,143
Total comprehensive income (expense) for the year	-	-	-	-	9,908	235	-	(922,661)	(912,518)	(220)	(912,738)
Issue of shares upon exercise of share options (Note 28(d))	1,747	39,321	-	-	-	-	(11,378)	-	29,690	-	29,690
Lapse of share options	-	-	-	-	-	-	(39,958)	39,958	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	15,089	-	15,089	-	15,089
Disposal of an associate	-	-	-	-	8,030	-	-	-	8,030	-	8,030
At 31 December 2017	30,864	3,840,617	861	494,907	3,818	235	2,563	(2,364,538)	2,009,327	4,882	2,014,209

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

Notes:

- (i) The contributed surplus represents reserves arising from (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the corporate reorganisation prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 1993; and (ii) the Company's capital reorganisation exercises in current and prior financial years. Under the Companies Act of Bermuda, the contributed surplus of the Company is distributable to shareholders under certain circumstances.
- (ii) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are reclassified to profit or loss upon the disposal of foreign operations.
- (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 30.
- (iv) The other reserves as at year end date solely relates to the share of translation reserve of the net assets of the associates' operation from their functional currency to the Group's presentation currency.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

Notes	2017 HK\$'000	2016 HK\$'000
Operating activities		
Loss for the year	(922,881)	(927,560)
Adjustments for:		
Income tax expense	450	6,030
Loss on disposal of a subsidiary	4,326	17,425
Loss on disposal of an associate	2,344	–
Gain on deregistration of a subsidiary	(1,028)	–
Gain on disposal of available-for-sale investments	(41,084)	(30,647)
Fair value changes of held-for-trading investments	763,792	790,225
Fair value changes of derivative financial instruments	–	(454)
Loss on disposal of property, plant and equipment	1,938	9,633
Amortisation of deferred income	–	(8,936)
Finance costs	17,844	48,711
Interest income	(27,641)	(40,891)
Depreciation of property, plant and equipment	3,265	24,853
Share of results of associates	20,906	17,591
Impairment loss on available-for-sale investments	141,126	84,733
Impairment loss on property, plant and equipment	–	6,111
Equity-settled share-based payments expenses	15,089	8,435
Impairment loss on trade receivables	29,904	858
Recovery of impairment loss on trade receivables	(876)	(18)
Impairment loss on goodwill	–	11,963
Dividend income from held-for-trading investments	(5,788)	(12,091)
Dividend income from available-for-sale investments	(54,857)	(6,033)
Operating cash flows before movements in working capital	(53,171)	(62)
Decrease in trade and other receivables	373,404	31,622
Decrease in other assets	–	386
Decrease in loan receivables	270	382,802
Decrease (increase) in held-for-trading investments	387,401	(567,676)
Decrease in bank trust account balances	41,710	8,132
(Decrease) increase in trade and other payables	(59,094)	3,668
Decrease in deferred income	–	(924)
Cash generated from (used in) operations	690,520	(142,052)
Income taxes paid	(14,084)	(1,206)
Dividend income received from held-for-trading investments	5,788	12,091
Interest income received	27,394	39,453
Net cash generated from (used in) operating activities	709,618	(91,714)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Investing activities			
Interest income received		855	1,438
Acquisition of assets through acquisition of a subsidiary	33	–	(56,500)
Acquisition of investments in associates	19	–	(20,000)
Acquisition of subsidiaries	34	–	(13,565)
Purchase of property, plant and equipment		(4,174)	(97,222)
Proceeds from partial disposal in subsidiaries without loss of control without loss of control		–	55,000
Repayment from (advance to) an associate		40,121	(77,287)
Purchase of available-for-sale investments		(148,437)	(112,270)
Proceeds from disposal of available-for-sale investments		80,552	65,726
Proceeds from disposal of an associate		27,092	–
Net cash inflow (outflow) on disposal of a subsidiary	35	51,000	(53,377)
Dividend income received from available-for-sale investments		54,857	6,033
Net cash generated from (used in) investing activities		101,866	(302,024)
Financing activities			
Interest paid		(17,844)	(48,861)
Proceeds from issue of shares by placements net of transaction costs		–	174,497
Proceeds from issue of loan notes		37,400	100,000
Proceeds from margin financing		1,092	–
Repayment of loan notes		(180,800)	–
Repayment of borrowings		–	(138,257)
Proceeds from exercise of share options		29,690	28,271
Net cash (used in) generated from financing activities		(130,462)	115,650
Net increase (decrease) in cash and cash equivalents		681,022	(278,088)
Cash and cash equivalents at the beginning of the year			
		182,286	461,301
Effect of foreign exchange rate changes		244	(927)
Cash and cash equivalents at the end of the year, represented by bank balances and cash		863,552	182,286

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

Jun Yang Financial Holdings Limited (to be renamed as Power Financial Group 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 Unit 503, 5/F, Wing On House, 71 Des Voeux Road Central, Hong Kong.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in Note 41.

The consolidated financial statements for the year ended 31 December 2017 were approved by the board (the “Board”) of directors (the “Directors”) on 27 March 2018.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Hong Kong Companies Ordinance (“CO”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period.

(c) Functional and presentation currency

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The application of the amendments to HKAS 7 has led to the additional disclosure presented in the notes to the consolidated statement of cash flows (Note 42).

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The application of the amendments to HKAS 12 has no impact on these consolidated financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)* **Annual Improvements to HKFRSs 2014–2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities**

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The application of the amendments to HKFRS 12 has no impact on these consolidated financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

The Group has not only early adopted the following new and amendments to HKFRSs that are potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards ¹
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures ¹
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions ¹
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
HKFRS 16	Leases ²
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)* **Annual Improvements to HKFRSs 2014–2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards**

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to HKFRSs 2014–2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HK(IFRIC) – Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income ("FVTOCI") if specified conditions are met – instead of at fair value through profit or loss ("FVTPL").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)* **HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments**

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

Except as described below, the Directors are not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.

HKFRS 9 – Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)* **HKFRS 9 – Financial instruments** *(Continued)*

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, 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, may classify as either FYTPL or irrevocably elect to designate as FVTOCI (subject to fulfilment of the designation criteria) on transition to HKFRS 9.

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. Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would increase the opening accumulated losses at 1 January 2018.

HKFRS 15 – Revenue from contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)*

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

HKFRS 15 requires the application of a five steps 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 each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not have significant impact, when applied, on the consolidated financial statements of the Group.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors do not anticipate that the application of this standard will have material impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“the Group”). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group’s previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) **Business combination and basis of consolidation** *(Continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) **Subsidiaries**

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment loss, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(d) Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Goodwill *(Continued)*

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The depreciation rates are as follows:

Leasehold improvements	10% to 20%
Building	Over the remaining term of lease
Office equipment	10% to 40%
Furniture and fixtures	10% to 40%
Motor vehicles	20%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leasing

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

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(g) Financial Instruments

(i) *Financial assets*

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at FVTPL or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at FVTPL

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial Instruments *(Continued)*

(i) Financial assets *(Continued)*

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale 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 instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial Instruments *(Continued)*

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(vii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) 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.

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.

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.

(j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) **Income taxes** *(Continued)*

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(k) **Foreign currency**

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. 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 translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

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.

(m) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share-based payments reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

(n) Impairment of assets (other than financial assets and goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- interests in subsidiaries and associates (except for those classified as held for sale (or included in a disposal group that is classified as held for sale) (see Note 4(h))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Impairment of assets (other than financial assets and goodwill) *(Continued)*

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, 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 or cash generating unit.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) 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.

(r) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Equity securities listed in and outside Hong Kong classified as held-for-trading investments (Note 24)
- Unlisted investment funds classified as held-for-trading investments (Note 24)
- Equity securities listed in Hong Kong classified as available-for-sales investments (Note 20)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors 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 differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Impairment review of interests in associates in respect of Jun Yang Energy Holdings Limited (formerly known as Jun Yang Solar Power Investment Holdings Limited) ("Jun Yang Energy")

Management regularly reviews the recoverable amount of the interests in associates in respect of Jun Yang Energy. 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 2017, the carrying amount of interests in associates in respect of Jun Yang Energy amounted to approximately HK\$37,222,000 (2016: HK\$48,463,000).

Impairment of loan receivables and advances to customers

The Group reviews its loan receivables and advances to customers 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 21 and 23, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

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 loss on available-for-sale investments as at 31 December 2017 was approximately HK\$72,724,000 (2016: HK\$54,190,000) 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, the impairment loss of approximately HK\$68,402,000 on the Group's available-for-sale investments measured at fair value has been recognised in the profit or loss during the year ended 31 December 2017 (2016: HK\$30,543,000). 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 20.

Fair value of financial instruments

When the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as the share price of the underlying investment, correlation, volatility and transactions of shares. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

HKFRS 13 requires disclosures relating to fair value measurements using a three-tier fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Company performs sensitivity analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

Determination of consolidation scope

Management makes significant judgment on whether the Group controls and therefore is required to consolidate its structured entity. The decision outcome affects accounting treatment and the financial results of the Group.

The principle of control sets out the following three elements of control: (1) power over the investee; (2) exposure, or rights, to variable returns from involvement with the investee; and (3) the ability to use power over the investee to affect the amount of the investor's returns.

When assessing whether there is control over the structured entity, the Group also considers whether the decisions it makes are as a principal or as an agent. Aspects of considerations normally include the decision-making scope over the structured entity, substantive rights of third parties, reward of the Group, and the risk of undertaking variable returns from owning other benefits of the structured entity.

6. REVENUE

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

	2017 HK\$'000	2016 HK\$'000
Continuing operations		
Interest income from money lending	3,511	10,418
Income from financial services		
– Commission income from securities brokerage	6,397	10,423
– Commission income from placing and underwriting	2,362	20,679
– Interest income from clients	23,275	29,035
	35,545	70,555
Discontinued operation		
Income from green energy operation		
– Provision of consultancy services	–	4,409
– Sales of electricity	–	49,160
	–	53,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. SEGMENT INFORMATION

Information reported to 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:

- Financial services segment – Provision of financial services including securities brokerage, placing and underwriting in Hong Kong;
- Money lending segment – Provision of loan financing in Hong Kong; and
- Assets investment segment – Investment in listed and unlisted securities and investment funds.

During the year ended 31 December 2016, the Group lost its controlling interest in Jun Yang Energy 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 details are set out in Note 12.

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 2017

	Continuing operations			Total HK\$'000
	Financial services segment HK\$'000	Money lending segment HK\$'000	Assets investment segment HK\$'000	
Revenue				
Segment revenue	32,034	3,511	–	35,545
Results				
Segment results	(21,099)	2,054	(853,998)	(873,043)
Unallocated corporate income				855
Unallocated corporate expenses				(11,493)
Finance costs				(17,844)
Share of results of associates				(20,906)
Loss before tax				(922,431)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2016

	Continuing operations			Total HK\$'000
	Financial services segment HK\$'000	Money lending segment HK\$'000	Assets investment segment HK\$'000	
Revenue				
Segment revenue	60,137	10,418	–	70,555
Results				
Segment results	31,443	7,937	(852,183)	(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)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2017 (2016: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2017 HK\$'000	2016 HK\$'000
Segment assets		
Continuing operations		
Financial services segment	53,393	422,264
Money lending segment	31,114	27,643
Assets investment segment	1,358,152	2,416,958
Total segment assets	1,442,659	2,866,865
Unallocated		
– Bank balances and cash	658,249	157,003
– Other unallocated assets	79,501	228,555
Consolidated total assets	2,180,409	3,252,423
Segment liabilities		
Continuing operations		
Financial services segment	24,954	74,878
Money lending segment	382	820
Assets investment segment	2,728	11,104
Total segment liabilities	28,064	86,802
Unallocated	138,136	291,483
Consolidated total liabilities	166,200	378,285

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, tax recoverable, amounts due from associates and interests in associates not allocated to segment assets; and
- all liabilities are allocated to operating segments other than borrowings and tax payable not allocated to segment liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2017

	Financial services segment HK\$'000	Money lending segment HK\$'000	Assets investment segment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current assets	793	6	2,521	854	4,174
Fair value changes of held-for-trading investments	–	–	(763,792)	–	(763,792)
Interest income	23,275	3,511	–	855	27,641
Interest expenses	–	–	–	(17,844)	(17,844)
Income tax expense	(4)	(399)	–	(47)	(450)
Depreciation of property, plant and equipment	(926)	(60)	(1,918)	(361)	(3,265)
Impairment loss on available-for-sale investments	–	–	(141,126)	–	(141,126)
Impairment loss on trade receivables	(29,904)	–	–	–	(29,904)
Recovery of impairment loss on trade receivables	876	–	–	–	876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2016

	Financial services segment HK\$'000	Money lending segment HK\$'000	Assets investment segment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current assets	292	8	53	96,869	97,222
Fair value changes of held-for-trading investments	-	-	(790,225)	-	(790,225)
Interest income	29,035	10,418	-	949	40,402
Interest expenses	-	-	-	(43,131)	(43,131)
Income tax expense	(4,495)	(1,310)	-	(42)	(5,847)
Depreciation of property, plant and equipment	(1,383)	(103)	(325)	(434)	(2,245)
Impairment loss on available-for-sale investments	-	-	(84,733)	-	(84,733)
Impairment loss on goodwill	-	-	-	(11,963)	(11,963)
Impairment loss on trade receivables	(858)	-	-	-	(858)
Recovery of impairment loss on trade receivables	18	-	-	-	18

Note: Non-current assets excluded those relating to discontinued operation, interests in associates and financial instruments.

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

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2017 HK\$'000	2016 HK\$'000
Customer A (revenue from financial services business and money lending business)	11,034	—*
Customer B (revenue from financial services business)	4,494	—*
Customer C (revenue from financial services business)	3,601	—*

* The corresponding revenue did not contribute 10% or more of the total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

8. OTHER INCOME, GAINS AND LOSSES

	2017 HK\$'000	2016 HK\$'000
Continuing operations		
Interest income	855	949
Sundry income	7,983	2,883
Dividend income from available-for-sale investments	54,857	6,033
Dividend income from held-for-trading investments	5,788	12,091
Fair value changes of held-for-trading investments	(763,792)	(790,225)
Loss on disposal of a subsidiary	(4,326)	–
Gain on deregistration of a subsidiary	1,028	–
Gain on disposal of available-for-sale Investments	41,084	30,647
Loss on disposal of an associate	(2,344)	–
Fair value changes of derivative financial instruments	–	454
Impairment loss on available-for-sale investments	(141,126)	(84,733)
Impairment loss on goodwill	–	(11,963)
	(799,993)	(833,864)

9. FINANCE COSTS

	2017 HK\$'000	2016 HK\$'000
Continuing operations		
Interest on other borrowings	108	18,521
Interest on loan notes	17,736	24,610
	17,844	43,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

10. LOSS BEFORE TAX

	2017 HK\$'000	2016 HK\$'000
Continuing operations		
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 13)	9,895	8,370
Other staff costs	23,010	24,211
Other staff retirement benefits scheme contributions	454	570
Equity-settled share-based payments (including directors' equity-settled share-based payments)	15,089	8,435
	48,448	41,586
Depreciation of property, plant and equipment	3,265	2,245
Loss on disposal of property, plant and equipment	1,938	468
Auditor's remuneration	1,630	1,180
Operating lease payments in respect of land and buildings	2,222	4,577
Exchange losses, net	223	61
Impairment loss on trade receivables	29,904	858
Recovery of impairment loss on trade receivables	(876)	(18)

11. INCOME TAX EXPENSE

	2017 HK\$'000	2016 HK\$'000
Continuing operations		
Current tax:		
– Hong Kong Profits Tax	399	5,894
– Under-provision (over-provision) in prior years	51	(47)
Tax expense for the year	450	5,847

Hong Kong Profits Tax is calculated at 16.5% (2016: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

11. INCOME TAX EXPENSE *(Continued)*

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:

	2017 HK\$'000	2016 HK\$'000
Loss before tax from continuing operations	(922,431)	(915,727)
Tax at the Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	(152,201)	(151,095)
Tax effect of expenses not deductible for tax purpose	147,961	146,342
Tax effect of income not taxable for tax purpose	(9,819)	(2,112)
Tax effect of share of results of associates	3,449	2,903
Effect of different tax rates of subsidiaries operating in other countries	–	1,258
Under-provision (over-provision) in prior years	51	(47)
Tax effect of tax losses not recognised	11,129	8,598
Tax effect of deductible temporary difference not recognised	(90)	–
Tax concession	(30)	–
Income tax expense for the year from continuing operations	450	5,847

At the end of the reporting period, the Group has unused tax losses of approximately HK\$610,448,000 (2016: HK\$543,000,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

12. 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 approximately 30% of its shareholding in Jun Yang Energy, which carried out all of the Group’s green energy operation, at a cash consideration of HK\$34,500,000 (the “First Disposal”).

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

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

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

The loss for the year ended 31 December 2016 from discontinued operation is set out below.

	2016 HK\$'000
Profit of green energy operation	11,439
Loss on disposal (Note 35(a))	(17,425)
	<u>(5,986)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

12. 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
Revenue	53,569
Cost of sales	<u>(26,967)</u>
Gross profit	26,602
Other income	9,446
Administrative expenses	(12,735)
Impairment loss on property, plant and equipment	(6,111)
Finance costs	<u>(5,580)</u>
Profit (loss) before tax	11,622
Income tax expense	<u>(183)</u>
Profit for the period	<u>11,439</u>
Profit for the period from discontinued operation arrived at after charging (crediting):	
Total staff costs	4,311
Depreciation of property, plant and equipment	22,608
Loss on disposal of property, plant and equipment	9,165
Operating lease payments in respect of office premises and warehouse	1,141
Exchange gains, net	(1,336)
Interest income	(489)
Government grant	<u>(8,936)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

12. DISCONTINUED OPERATION *(Continued)*

Cash flows for the period from 1 January 2016 to 31 October 2016 from discontinued operation were as follows:

	Period ended 31 October 2016 HK\$'000
Net cash used in operating activities	(11,940)
Net cash used in investing activities	(96,869)
Net cash generated from financing activities	5,166
Net cash outflows	<u>(103,643)</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) is as follows:

For the year ended 31 December 2017

	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance bonus HK\$'000 (Note a)	Contributions to retirement benefits scheme HK\$'000	Equity- settled share-based payments HK\$'000 (Note b)	Total emoluments HK\$'000
Executive Directors						
Mr. Kwok Sze Yiu, Gordon (Resigned with effect from 20 October 2017)	193	4,350	-	-	2,259	6,802
Dr. Tang Sing Hing, Kenny	-	2,870	429	16	2,259	5,574
Mr. Ng Tang (Resigned with effect from 31 August 2017)	240	-	-	-	2,259	2,499
Mr. Sit Sai Hung, Billy (Appointed on 31 August 2017)	-	259	-	3	-	262
Mr. Wu William Wai Leung (Appointed on 3 November 2017)	-	967	-	-	-	967
Non-executive Director						
Mr. Choi Chun Chung, Danny (Appointed on 3 November 2017)	193	-	-	-	-	193
Independent non-executive Directors						
Ms. Yiu Wai Yee, Catherine (Resigned with effect from 29 September 2017)	90	-	-	-	-	90
Mr. Chan Chi Yuen (Resigned with effect from 20 October 2017)	96	-	-	-	-	96
Mr. Chik Chi Man (Resigned with effect from 20 October 2017)	96	-	-	-	-	96
Mr. Chu Hau Lim (Appointed on 29 September 2017)	45	-	-	-	-	45
Mr. Wong Kun To (Appointed on 20 October 2017)	24	-	-	-	-	24
Ms. Lim Xue Ling, Charlene (Appointed on 20 October 2017)	24	-	-	-	-	24
	1,001	8,446	429	19	6,777	16,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

For the year ended 31 December 2016

	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance bonus HK\$'000 (Note a)	Contributions to retirement benefits scheme HK\$'000	Equity- settled share-based payments HK\$'000 (Note b)	Total emoluments HK\$'000
Executive Directors						
Mr. Siu Kam Chau (Resigned with effect from 1 February 2016)	-	211	-	2	-	213
Mr. Jiang You (Resigned with effect from 1 February 2016)	-	362	-	8	-	370
Mr. Liu Guangdian (Resigned with effect from 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 (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 with effect from 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

The executive Directors' and chief executives' 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.

Notes:

- Performance bonus is based on the Group's operation performance.
- Share options were granted to certain Directors 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 30.

During the year ended 31 December 2017, no emoluments were paid by the Group to the Directors or chief executives of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

14. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, three (2016: two) were Directors whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining two (2016: three) individuals were as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries and other benefits	3,434	5,776
Performance bonus	291	759
Equity-settled share-based payments	3,248	1,710
Contributions to retirement benefits scheme	36	33
	7,009	8,278

Their emoluments were within the following bands:

	2017 No. of individuals	2016 No. of individuals
HK\$2,500,001 – HK\$3,000,000	1	3
HK\$4,000,001 – HK\$4,500,000	1	–

The emoluments paid or payable to members of senior management were within the following bands:

	2017 No. of individuals	2016 No. of individuals
HK\$2,500,001 – HK\$3,000,000	2	2

During the year ended 31 December 2017, 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 (2016: Nil).

During the years ended 31 December 2017 and 2016, 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 30.

15. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. 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:

	2017 HK\$'000	2016 HK\$'000
Loss for the year from continuing and discontinued operations attributable to owners of the Company	(922,661)	(926,717)
Less: loss for the year from discontinued operation	–	5,512
Loss for the purpose of basic and diluted loss from continuing operations	(922,661)	(921,205)
	2017 '000	2016 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,914,265	2,248,058

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 computation of diluted loss per share for the year ended 31 December 2017 and 2016 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

For the year ended 31 December 2016, basic and diluted earnings per share for discontinued operation are HK0.24 cents and HK0.24 cents per share, respectively, based on the loss for the year from discontinued operation of HK\$5,512,000 and the denominators detailed above for both basic and diluted loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

17. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements HK\$'000	Building HK\$'000	Plant machinery and equipment HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST								
At 1 January 2016	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
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 and 1 January 2017	2,818	56,478	-	4,631	435	799	-	65,161
Exchange adjustments	-	-	-	(7)	-	-	-	(7)
Additions	3,457	-	-	612	105	-	-	4,174
Disposals	(2,796)	-	-	(394)	(427)	(799)	-	(4,416)
At 31 December 2017	3,479	56,478	-	4,842	113	-	-	64,912
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2016	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 and 1 January 2017	1,600	-	-	2,286	26	333	-	4,245
Exchange adjustments	-	-	-	2	-	-	-	2
Provided for the year	793	1,491	-	874	27	80	-	3,265
Eliminated on disposal	(1,830)	-	-	(197)	(38)	(413)	-	(2,478)
At 31 December 2017	563	1,491	-	2,965	15	-	-	5,034
CARRYING AMOUNTS								
At 31 December 2017	2,916	54,987	-	1,877	98	-	-	59,878
At 31 December 2016	1,218	56,478	-	2,345	409	466	-	60,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

During the prior 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 an independent professional valuer. 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 in respect of plant, machinery and equipment.

18. GOODWILL

	HK\$'000
COST	
At 1 January 2016	4,258
Acquisition of subsidiaries (Note 34)	11,963
	<hr/>
At 31 December 2016 and 31 December 2017	16,221
	<hr/>
IMPAIRMENT	
At 1 January 2016	3,450
Impairment loss recognised in the year (Note 34)	11,963
	<hr/>
At 31 December 2016 and 31 December 2017	15,413
	<hr/>
CARRYING AMOUNTS	
At 31 December 2017	808
	<hr/>
At 31 December 2016	808
	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

18. 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 activity of Power Securities Company Limited (formerly known as Jun Yang Securities Company Limited) ("Power Securities") which is engaged in the 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.

	2017 HK\$'000	2016 HK\$'000
Power Securities – financial services business	672	672
E Finance – money lending business	136	136
	808	808

The recoverable amounts of the CGUs were determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period are extrapolated using growth rate of 3% (2016: 3%) for Power Securities and 3% (2016: 3%) for E Finance. The cash flow projections of Power Securities and E Finance are discounted at pre-tax discount rates of 12.40% (2016: 15.45%) and 12.43% (2016: 10.05%) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

19. INTERESTS IN ASSOCIATES

	2017 HK\$'000	2016 HK\$'000
Cost of investment in associates, unlisted	48,463	228,431
Share of post-acquisition losses and other comprehensive income	(11,241)	(103,479)
	37,222	124,952
Less: Assets classified as held for sale	–	(44,761)
	37,222	80,191

Included in the cost of investments in associates was goodwill of HK\$Nil (2016: HK\$18,437,000) arising from acquisition of associates.

At 31 December 2017 and 2016, the Group had interest in the following associates:

Name of entity	Place of establishment/ incorporation	Principal place of operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2017	2016	2017	2016	
Trillion Epoch Limited ("Trillion Epoch") (Note 1)	British Virgin Islands	Hong Kong	–	31.2%	–	31.2%	Engaged in money lending business in the PRC
Modern Blue Inc. Limited ("Modern Blue") (Note 2)	Hong Kong	Hong Kong	–	40%	–	40%	Investment holdings
Jun Yang Energy (Note 3)	Cayman Islands	PRC	47.5%	47.5%	47.5%	47.5%	Engaged in operation of amorphous silicon thin film solar photovoltaic power station
AP Assets Limited ("AP Assets") (Note 4)	Hong Kong	Hong Kong	–	30%	–	30%	Engaged in provision of agency services for real estates
Heemin Capital Management Limited	Cayman Islands	Hong Kong	40%	–	40%	–	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

19. INTERESTS IN ASSOCIATES *(Continued)*

Notes:

1. On 17 November 2016, the Company entered into an agreement with an independent third party, to disposal of the entire issued share capital in Top Sense Worldwide Ltd ("Top Sense"), which holds 31.2% of the total issued share capital of Trillion Epoch, and the entire sum owed by Top Sense to the Company at a cash consideration of HK\$51,000,000. 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 completion of the transaction took place on 15 February 2017. Details of the disposal are disclosed in Note 35(b).
2. On 23 March 2017, the Group disposed of 40% equity interest in Modern Blue and completed the disposal on the same date.
3. During the year ended 31 December 2016, the Group disposed of 52.5% shareholding in Jun Yang Energy at cash consideration of HK\$60,790,000 in total and details of the disposals are disclosed in Note 12 and Note 35(a).
4. 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.

On 25 April 2017, the Group disposed of 30% equity interest in AP Assets at a cash consideration of HK\$27,092,000, resulting in a net loss on disposal of approximately HK\$2,344,000 after taking into account the disposal expense. The disposal of AP Assets was completed on 11 May 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

19. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. 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
Current assets	142,985
Non-current assets	563
Current liabilities	(83)
Net assets	143,465
Group's share of the net assets of the associate	44,761
Revenue	4,097
Loss for the year	(65,144)
Other comprehensive expense for the year	(15,247)
Total comprehensive expense for the year	(80,391)
Dividends received from the associate during the year	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

19. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

(b) Jun Yang Energy

	2017 HK\$'000	2016 HK\$'000
Current assets	158,795	122,874
Non-current assets	530,472	590,372
Current liabilities	(570,090)	(611,218)
Non-current liabilities	(40,815)	–
Net assets	78,362	102,028
Group's share of the net assets of the associate	37,222	48,463
Revenue	84,719	7,314
Loss for the year/period from the date of being classified as an associate	(44,524)	(2,121)
Other comprehensive income (expense) for the year/ period from the date of being classified as an associate	20,859	(7,453)
Total comprehensive expense for the year/period from the date of being classified as an associate	(23,665)	(9,574)
Dividends received from the associate during the year/period	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

19. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

(c) AP Assets

	2016 HK\$'000
Current assets	49,887
Non-current assets	868
Current liabilities	(6,312)
Non-current liabilities	(137)
Net assets	44,306
Group's share of the net assets of the associate	13,291
Goodwill	18,437
Carrying amount of the Group's interest in AP Assets	31,728
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	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

20. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK\$'000	2016 HK\$'000
Equity securities listed in Hong Kong, at fair value (Note (a))	13,325	81,727
Investment funds, at cost (Note (b))	313,017	276,772
	326,342	358,499

Notes:

- (a) The Group recognised fair value losses of approximately HK\$68,402,000 (2016: 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.
- (b) 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 are of the opinion that fair values cannot be measured reliably. During the year ended 31 December 2017, impairment loss of approximately HK\$72,724,000 (2016: HK\$54,190,000) 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 investment funds with carrying amount of approximately HK\$39,468,000 (2016: HK\$35,079,000) which had been carried at cost less impairment before disposal. A gain on disposal of approximately HK\$41,084,000 (2016: HK\$30,647,000) has been recognised in profit or loss for the current year.

21. LOAN RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Fixed-rate loan receivables	27,560	27,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

21. 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:

	2017 HK\$'000	2016 HK\$'000
Fixed-rate loan receivables:		
Within one year	27,560	27,830

The effective interest rate of the loan receivables is 12% (2016: ranging from 8% to 8.5%) 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 Directors consider that the fair values of loan receivable are not materially different from their carrying amounts.

The ageing analysis of loan receivable (net of impairment loss) based on due date at the end of reporting period is as follows:

	2017 HK\$'000	2016 HK\$'000
Neither past due nor impaired	27,560	27,830

At 31 December 2017, loan receivables of approximately HK\$27,560,000 (2016: HK\$27,830,000) were neither past due nor impaired. The management believes that no impairment allowance is necessary in respect of the loan receivables as they are considered fully recoverable.

22. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates of approximately HK\$37,166,000 (2016: HK\$77,287,000) as at 31 December 2017 are of non-trade nature, unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

23. TRADE AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables from:		
Financial services operation		
– Cash clients (Note (a))	853	868
– Margin clients (Note (b))	47,328	417,407
– Clearing house (Note (a))	12,936	55
Money lending operation (Note (c))	1,538	2,146
Less: provision for impairment loss on trade receivables	(30,201)	(1,173)
	32,454	419,303
Other receivables	7,235	22,398
Total trade and other receivables	39,689	441,701

Notes:

- (a) The settlement terms of trade receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are one or two days after the respective trade date.

Except for the amount of approximately HK\$297,000 (2016: HK\$315,000) which were fully impaired, there was no other impaired debt from cash clients for the years ended 31 December 2017 and 2016.

No ageing analysis is disclosed as, in the opinion of the Directors, an ageing analysis does not give additional value on view of nature of these cash clients.

Receivables that were past due but not impaired represent unsettled trade transacted on the last two days prior to the end of reporting period and also relates to a wide range of independent clients for whom there are no recent history of default.

- (b) Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 December 2017, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK\$34,687,000 (2016: HK\$865,878,000).

The advance to customers in margin financing have been reviewed by the management to assess impairment allowances which based on evaluation of collectability and on management's judgement, including the current creditworthiness and the past collection statistics of individual account. Except for the amount of approximately HK\$29,904,000 (2016: HK\$858,000) which were fully impaired, there was no other impaired debt from margin financing for the years ended 31 December 2017 and 2016.

No ageing analysis is disclosed as, in the opinion of the Directors, the aged analysis is not meaningful in the view of the revolving nature of securities business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

23. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (c) At 31 December 2017, loan interest receivables in money lending operation of approximately HK\$1,538,000 (2016: HK\$2,146,000) were neither past due nor impaired. The management believes that no impairment allowance is necessary in respect of the loan interest receivables as they are considered fully recoverable.

The movements of impairment loss on trade receivables are as follows:

	2017 HK\$'000	2016 HK\$'000
At 1 January	1,173	333
Impairment recognised	29,904	858
Recovery of impairment loss previously recognised	(876)	(18)
At 31 December	30,201	1,173

The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk.

24. HELD-FOR-TRADING INVESTMENTS

	2017 HK\$'000	2016 HK\$'000
Equity securities listed in Hong Kong (Note (a))	717,292	1,892,070
Equity securities listed outside Hong Kong (Note (a))	36,540	14,111
Unlisted investment funds (Note (b))	11,901	10,745
	765,733	1,916,926

Notes:

- (a) The fair value of the listed equity securities and listed debt securities were determined based on the quoted market prices in an active market, except for certain listed equity securities, the trading of which on the Stock Exchange has been suspended by the Securities and Futures Commission (the "Suspended Shares"), the market value was determined with reference to the valuations performed by the independent professional valuer.
- (b) The 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

24. HELD-FOR-TRADING INVESTMENTS *(Continued)*

The realised losses and unrealised losses on the held-for-trading investments for the year ended 31 December 2017 are approximately HK\$316,102,000 (2016: HK\$147,279,000) and HK\$447,690,000 (2016: HK\$642,946,000) respectively. The aggregate of which is recorded as fair value changes of held-for-trading investments in the consolidated statement of profit or loss and other comprehensive income.

At 31 December 2017, held-for-trading investments with carrying amounts of approximately HK\$18,270,000 (2016: Nil) have been pledged as security for the Group's margin payable in respect of its securities trading account.

25. 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.

26. 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 1.4% (2016: 0.01% to 2.00%) per annum and have original maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

27. TRADE AND OTHER PAYABLES

	2017 HK\$'000	2016 HK\$'000
Trade payable		
Financial services operation		
– Cash Clients (Note (a) and (b))	7,240	21,469
– Margin Clients (Note (a) and (b))	15,355	40,782
– Clearing house (Note (a) and (b))	242	10,088
	22,837	72,339
Other payables (Note (d))	1,214	2,258
Accruals	4,749	12,205
	28,800	86,802

Notes:

- (a) The majority of the trade payables are repayable on demand except where certain balances 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.
- (b) The settlement terms of trade payables arising from the ordinary course of business of dealing in securities from clients and clearing house are two days after trade date.
- (c) No ageing analysis is disclosed as, in the opinion of the Directors, the ageing analysis is not meaningful in view of the nature of these businesses.
- (d) As at 31 December 2017, other payables include a margin payable of approximately HK\$1,092,000 (2016: Nil) from the securities trading accounts with interest rate of 2.78% per annum and is secured by the held-for-trading investments (Note 24) amounting to HK\$18,270,000 (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

28. SHARE CAPITAL

	Number of shares	Total value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 January 2016, 31 December 2016 and 31 December 2017	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2016	19,590,427,345	195,904
Exercise of share options (Note (a))	755,900,000	7,559
Capital reorganisation (Note (b))	(18,311,694,611)	(183,117)
Issue of shares by placements (Note (c))	877,080,000	8,771
At 31 December 2016 and 1 January 2017	2,911,712,734	29,117
Exercise of share options (Note (d))	174,660,000	1,747
At 31 December 2017	3,086,372,734	30,864

Notes:

The movements of the ordinary share capital for the years ended 31 December 2016 and 2017 were as follows:

- (a) 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.
- (b) 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 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 of Bermuda; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

28. SHARE CAPITAL (Continued)

Notes: (Continued)

- (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 and the Capital Reorganisation became effective on 6 April 2016.

- (c) 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.
- (d) On 22 December 2017 and 29 December 2017, 58,220,000 and 116,440,000 share options were exercised respectively, resulting in the issue of 174,660,000 ordinary shares at HK\$0.17 per share.

29. BORROWINGS

	2017 HK\$'000	2016 HK\$'000
Loan notes, unsecured	137,400	280,800
Carrying amount repayable:		
Within one year	100,000	180,800
In more than one year but not more than two years	37,400	100,000
	137,400	280,800

The loan notes are unsecured and carry interest at 7% to 8% (2016: 8% to 9.25%) per annum. The loan notes were denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

30. SHARE OPTION SCHEMES

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

30. SHARE OPTION SCHEMES (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 2017:

Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				Outstanding as at 31 December 2017
			Outstanding as at 1 January 2017	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	
Employees							
9/10/2007	9/10/2007 to 8/10/2017	280.40	201,176	-	-	(201,176)	-
18/4/2008	18/4/2008 to 17/4/2018	162.80	10,591	-	-	-	10,591
Total			211,767	-	-	(201,176)	10,591
Exercisable at the end of the year							10,591
Weighted average exercise price							HK\$162.80

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 the Capital Reorganisation (Note 28(b)) HK\$	Exercise price per share after the Capital Reorganisation (Note 28(b)) HK\$	Number of share options					Outstanding as at 31 December 2016
				Outstanding as at 1 January 2016	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Adjusted upon the Capital Reorganisation	
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

30. SHARE OPTION SCHEMES *(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.

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30. SHARE OPTION SCHEMES (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 2017:

Name or category of participant	Date of grant	Exercise period	Exercise price per share (Note 30(b)) HK\$	Number of share options				Outstanding as at 31 December 2017
				Outstanding as at 1 January 2017	Granted during the year (Note 30(b))	Exercised during the year (Note 30(b))	Cancelled/ lapsed during the year	
Directors								
Mr. Kwok Sze Yiu, Gordon [#]	24/1/2017	24/1/2017 to 23/1/2019	0.17	-	29,110,000	(29,110,000)	-	-
Dr. Tang Sing Hing, Kenny	24/1/2017	24/1/2017 to 23/1/2019	0.17	-	29,110,000	(29,110,000)	-	-
Mr. Ng Tang [#]	24/1/2017	24/1/2017 to 23/1/2019	0.17	-	29,110,000	-	(29,110,000)	-
Sub-total				-	87,330,000	(58,220,000)	(29,110,000)	-
Directors of an associate company	10/4/2017	10/4/2017 to 9/4/2019	0.142	-	38,860,000	-	-	38,860,000
Employees	14/4/2015	14/7/2015 to 13/7/2017	2.97	24,303,125	-	-	(24,303,125)	-
Employees	24/1/2017	24/1/2017 to 23/1/2019	0.17	-	116,440,000	(116,440,000)	-	-
Total				24,303,125	242,630,000	(174,660,000)	(53,413,125)	38,860,000
Exercisable at the end of the year								38,860,000
Weighted average exercise price								0.142

[#] Mr. Kwok Sze Yiu, Gordon resigned as an executive Director with effect from 20 October 2017. Mr. Ng Tang resigned as an executive Director with effect from 31 August 2017.

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30. SHARE OPTION SCHEMES (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 or category of participant	Date of grant	Exercise period	Exercise price	Exercise price	Number of share options					
			per share before the Capital Reorganisation (Note 28(b)) HK\$	per share after the Capital Reorganisation (Note 28(b)) HK\$	Outstanding as at 1 January 2016	Granted during the year (Note 30(b))	Exercised during the year (Note 30(b))	Cancelled/lapsed during the year	Adjusted upon the Capital Reorganisation (Note 28(b))	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. Siu Kam Chau and Mr. Liu Guangdian. Mr. Siu Kam Chau and Mr. Liu Guangdian 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

30. SHARE OPTION SCHEMES *(Continued)*

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

The exercise price of share options outstanding at the end of the year ended 31 December 2017 ranged between HK\$0.142 and HK\$162.8 (2016: HK\$2.97 (after the Capital Reorganisation) and HK\$280.4 (after capital reorganisation)) and their weighted average remaining contractual life was 1.27 years (2016: 0.53 years).

Of the total number of share options outstanding at the end of the year ended 31 December 2017, 38,870,591 (2016: 24,514,892) had vested and were exercisable.

The closing prices of the shares of the Company on the business day immediately preceding the date of grant of share options in respect of the New Share Option Scheme on 21 January 2016, 24 January 2017 and 10 April 2017 were HK\$0.039 (before the Capital Reorganisation), HK\$0.17 and HK\$0.153 per share respectively.

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2017 was HK\$0.17 (2016: HK\$0.0374 (before the Capital Reorganisation)).

The weighted average fair value of each option granted during the year ended 31 December 2017 was HK\$0.062 (2016: HK\$0.011).

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 of the Company 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%.

The fair value of 203,770,000 share options granted under the New Share Option Scheme on 24 January 2017 was determined by the Directors to be approximately HK\$6,777,000 and by the employees to be approximately HK\$6,497,000 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\$0.17, exercise price of HK\$0.17 per share, expected volatility of 97.08%, expected option life of 2 years, no expected dividend and estimated risk-free interest rate of 0.981%.

The fair value of 38,860,000 share options granted under the New Share Option Scheme on 10 April 2017 was determined by the directors of an associate company to be approximately HK\$1,815,000 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\$0.142, exercise price of HK\$0.142 per share, expected volatility of 97.68%, expected option life of 2 years, no expected dividend and estimated risk-free interest rate of 0.938%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

30. SHARE OPTION SCHEMES *(Continued)*

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

The model requires the input of subjective assumptions, including the volatility of share price. As changes in subjective input assumptions can materially affect the fair value estimate, in the Directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of shares options.

The risk-free rate was based on market yield from Hong Kong Exchange Fund Note with maturity matching the contractual option life of the share options as at the valuation date. 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 2017, the Group recognised equity-settled share-based payments expenses in aggregate of approximately HK\$15,089,000 (2016: HK\$8,435,000) in respect of the New Share Option Scheme.

31. RETIREMENT BENEFIT SCHEMES

The Group operates the MPF 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.

During the year ended 31 December 2017, 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\$473,000 (2016: HK\$593,000).

32. INTEREST IN AN UNCONSOLIDATED STRUCTURED ENTITY

The Group invested in a certain structured entity, Heemin Capital Global Enhanced Yield Bond Fund, including investment fund with primary objectives for capital appreciation, investment income or selling in the near future for profit. Pursuant to subscription agreement or equivalent documents, the beneficial interests held by the Group in this structured entity are in the form of participating shares or interests which primarily provide the Group with the share of returns from the structured entity but not any decision making power nor any voting right to involve in and control the daily operation.

This structured entity is set up and managed by respective investment manager who has the power and authority to manage and make decisions for the structured entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

32. INTEREST IN AN UNCONSOLIDATED STRUCTURED ENTITY *(Continued)*

Among that investment funds held by the Group where the Group directly involves as investment manager, the Group regularly assesses and determines whether:

- the Group is acting as an agent or a principal in such investment fund;
- substantive removal rights held by other parties may remove the Group as an investment fund manager; and
- the investment interests held together with its remuneration from servicing and managing these structured entities create significant exposure to variability of returns in these investment funds.

In the opinion of the Directors, the variable returns that the Group to such structured entity is not significant and the Group is primarily acting as an agent and subject to substantive removal right held by other parties who may remove the Group as an investment manager. Therefore, the Group did not consolidate such structured entity.

The Group classified such investment fund as available-for-sale investments as appropriate in Note 20.

33. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

For the year ended 31 December 2016

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 HK\$56,500,000. Bonus First is principally engaged in investment holding and is the registered owner of 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
	<hr/>
Net assets	56,500
	<hr/>
Net cash outflow on acquisition of Bonus First	56,500
	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

34. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2016

- (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) cash consideration of HK\$15,000,000 and (ii) contingent payment of HK\$31,000,000 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 the 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 assets	<u>5,732</u>
Cash consideration paid	15,000
Less: Bank balances and cash acquired	<u>(1,509)</u>
Net cash outflow on acquisition of Rise Fountain Group	<u>13,491</u>
Goodwill arising on acquisition:	
Consideration paid	15,000
Less: Fair value of net identifiable assets	(5,732)
Non-controlling interests	<u>2,007</u>
Goodwill arising on acquisition	<u>11,275</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

(a) *(Continued)*

Had the acquisition been completed on 1 January 2016, total group revenue for the year would be 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 the acquisition, impairment loss on goodwill of HK\$11,275,000 has been recognised. In the opinion of the Directors, 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 ("Sale Loan") at a consideration of 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)
Sale Loan	(25,054)
	<hr/>
Net liabilities	(21,742)
	<hr/>
Cash consideration paid	4,000
Less: Bank balances and cash acquired	(3,926)
	<hr/>
Net cash outflow on acquisition of Superior Control Group	74
	<hr/>
Goodwill arising on acquisition:	
Consideration paid	4,000
Assignment of Sale Loan	(25,054)
Less: Fair value of net identifiable liabilities	21,742
	<hr/>
Goodwill arising on acquisition	688
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2016 *(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 loss on 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 12, the Group disposed of, in aggregate approximately 52.5% equity interests in Jun Yang Energy to independent third parties resulting in loss of control upon completion of the transactions. The Group retains approximately 47.5% of issued share capital of Jun Yang Energy. The Directors consider that the Group does have significant influence over Jun Yang Energy because it has the power to appoint two out of six directors. It is classified as an associate 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 Energy and it required the estimation of key assumptions, including the discount rate, growth rate, budgeted sales and gross margin.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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)*

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

	HK\$'000
Property, plant and equipment	505,825
Trade and other receivables	82,243
Bank balance and cash	59,167
Tax recoverable	76
Trade and other payables	(212,268)
Bank and other borrowings	(118,717)
Deferred income	(204,724)
	<hr/>
Net assets disposed of	111,602
	<hr/>
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
Release of cumulative exchange differences upon disposal	(12,767)
	<hr/>
Loss on disposal of 5% equity interests	(17,425)
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Cash consideration received	5,790
Less: Bank balances and cash disposed of	(59,167)
	<hr/>
Net cash outflow on disposal of Jun Yang Energy	(53,377)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

35. DISPOSAL OF A SUBSIDIARY *(Continued)*

(b) Disposal of a subsidiary

For the year ended 31 December 2017

On 17 November 2016, the Company entered into an agreement with an independent third party, to dispose all interest in a subsidiary, Top Sense, at a consideration of HK\$51,000,000. The disposal was completed on 15 February 2017 and the Group recognised a loss on disposal of a subsidiary of approximately HK\$4,326,000. After completion of disposal, Top Sense ceased to be a subsidiary of the Group. The net assets of Top Sense at the date of disposal as follow:

	HK\$'000
Interest in an associate	44,761
Release of cumulative exchange differences upon disposal	10,565
	<u>55,326</u>
Cash consideration received	51,000
Net cash inflow on disposal of Top Sense	<u>51,000</u>
Loss on disposal of a subsidiary	<u>(4,326)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

36. OPERATING LEASE COMMITMENTS

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:

	2017 HK\$'000	2016 HK\$'000
Within one year	–	1,311

Operating lease payments represent rentals payable by the Group for certain office premises. As at 31 December 2016, leases were negotiated and rentals were fixed for terms ranging from 1 to 3 years. The relevant leases were expired or terminated during the year and thus there was no operating lease commitment as at 31 December 2017.

37. CAPITAL COMMITMENTS

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

	2017 HK\$'000	2016 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	7,116	139,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

38. 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 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 net debt-to-equity ratio. The Group's policy is to maintain the net debt-to-equity ratio at a reasonable level. The net debt-to-equity ratio as at the end of the reporting period was as follows:

	2017 HK\$'000	2016 HK\$'000
Debt (Note (i))	137,400	280,800
Cash and cash equivalents	(863,552)	(182,286)
Net debt	(726,152)	98,514
Equity (Note (ii))	2,009,327	2,869,036
Net debt-to-equity ratio	N/A	3.43%

Notes:

- (i) Debt comprised borrowings as detailed in Note 29.
- (ii) Equity includes all capital and reserves attributable to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 HK\$'000	2016 HK\$'000
Financial assets		
Loans and receivables:		
– Other assets	225	225
– Trade and other receivables	36,650	438,632
– Loan receivables	27,560	27,830
– Amounts due from associates	37,166	77,287
– Bank trust account balances	19,283	60,993
– Bank balances and cash	863,552	182,286
	984,436	787,253
Held-for-trading investments	765,733	1,916,926
Available-for-sale investments	326,342	358,499
Financial liabilities		
Amortised cost:		
– Trade and other payables	22,959	74,597
– Borrowings	137,400	280,800
	160,359	355,397

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, bank trust account balances, bank balances and cash, held-for-trading investments, available-for-sale investments, amounts due from associates, trade and other payables and borrowings. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. 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 and 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. 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.

Sensitivity analysis

The sensitivity analysis 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 (2016: 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 (2016: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2017 would decrease/increase by approximately HK\$1,913,000 (2016: HK\$655,000).

(iii) Other price risk

The Group's available-for-sale investments and held-for-trading investments are measured at fair value at the end of the 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 analysis below have been determined based on the exposure to equity price risk of held-for-trading investments and available-for-sale investments at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. 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% (2016: 5%) higher/lower:

- post-tax loss for the year ended 31 December 2017 would decrease/increase by approximately HK\$31,969,000 (2016: HK\$80,032,000) as a result of the changes in fair value of held-for-trading investments; and
- post-tax loss for the year ended 31 December 2017, would decrease/increase by approximately HK\$556,000 (2016: HK\$3,412,000) for the Group as a result of the change in fair value of available-for-sale investments.

Credit risk

As at 31 December 2017, 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 consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

For the loan 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 21.

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% (2016: 100%) of the total trade receivables as at 31 December 2017. As at 31 December 2017, the Group has certain concentrations of credit risk as 28% (2016: 15%) of the Group's trade receivables were due from the Group's largest customer, and 55% (2016: 67%) were due from the five largest customers determined on the same basis.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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 undiscount cash flows HK\$'000	Carrying amount at 31 December 2017 HK\$'000
At 31 December 2017							
Non-derivative financial liabilities							
Trade and other payables	–	22,959	–	–	–	22,959	22,959
Bank and other borrowings	7.4%	107,011	2,618	38,055	–	147,684	137,400
		129,970	2,618	38,055	–	170,643	160,359

	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 undiscount 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
Borrowings	8.8%	198,556	104,379	–	–	302,935	280,800
		273,153	104,379	–	–	377,532	355,397

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments

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

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.

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 technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31 December 2017	Fair value hierarchy	Valuation technique(s) and significant input(s)
Equity securities listed in and outside Hong Kong classified as held-for-trading investments	HK\$408,878,000 (2016: HK\$1,906,181,000) (Note 24)	Level 1	Quoted bid prices
Suspended Shares listed in Hong Kong classified as held-for-trading investments	HK\$344,954,000 (2016: Nil) (Note 24)	Level 3	Index return method
Unlisted investment funds classified as held-for-trading investments	HK\$11,901,000 (2016: HK\$10,745,000) (Note 24)	Level 2	Broker's quoted prices
Equity securities listed in Hong Kong classified as available-for-sale investments	HK\$13,325,000 (2016: 81,727,000) (Note 20)	Level 1	Quoted bid prices

The fair values of listed equity investments are based on quoted bid prices. The fair values of the Suspended Shares, are based on the reference to market comparable companies. The valuation methods are based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates about the movements of share prices of other comparable companies during the suspension and discount for lack of marketability. Management believes that the estimated fair value resulting from the valuation technique is reasonable, and that it was the most appropriate value at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative analysis as at 31 December 2017:

Valuation technique	Significant unobservable input	Range/Amount	Sensitivity of fair value to the input
Suspended Shares listed in Hong Kong classified as held-for-trading investments	Change in share price of comparable companies during the suspension period	-19.42% to 19.69%	10% increase/decrease in the change in share price would result in decrease/increase in fair value by HK\$731,000
	Discount for lack of marketability	30%	10% increase/decrease in the discount for lack of marketability would result in decrease/increase in fair value by HK\$14,804,000

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2017

	Fair value measurement using			Total HK\$'000
	Quoted bid price in active markets Level 1 HK\$'000	Significant observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	
Held-for-trading investments				
Listed equity securities	408,878	–	344,954	753,832
Unlisted investment funds	–	11,901	–	11,901
Available-for-sale investments				
Listed equity securities	13,325	–	–	13,325
	422,203	11,901	344,954	779,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

As at 31 December 2016

	Fair value measurement using			Total HK\$'000
	Quoted bid price in active markets Level 1 HK\$'000	Significant observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	
Held-for-trading investments				
Listed equity securities	1,906,181	–	–	1,906,181
Unlisted investment funds	–	10,745	–	10,745
Available-for-sale investments				
Listed equity securities	81,727	–	–	81,727
	1,987,908	10,745	–	1,998,653

During the year ended 31 December 2017, there was a transfer of fair value measurements into Level 3 for held-for-trading investments (2016: Nil) and the movements in fair value measurements in Level 3 are as follows:

	2017 HK\$'000
Held-for-trading investments	
At 1 January	–
Net change in unrealised loss recognised in profit or loss	(157,952)
Transfer from Level 1	502,906
At 31 December	344,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. 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 2017

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		Net amount
				Financial instruments	Collateral received	
Trade receivables arising from the business of dealing in securities	35,279	(4,363)	30,916	(242)	(17,980)	12,694

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		Net amount
				Financial instruments	Collateral pledged	
Trade payables arising from the business of dealing in securities	27,200	(4,363)	22,837	(242)	–	22,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities offsetting *(Continued)*

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		Net amount
				Financial instruments	Collateral received	
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		Net amount
				Financial instruments	Collateral received	
Trade payables arising from the business of dealing in securities	72,638	(299)	72,339	(104)	-	72,235

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

40. 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

	2017 HK\$'000	2016 HK\$'000
Short-term employee benefits	9,876	8,340
Post-employment benefits	19	30
Share-based payments	6,777	5,015
	16,672	13,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries directly and indirectly held by the Company at 31 December 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation or establishment or 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		2017	2016
				2017	2016	2017	2016		
Classictime Investments Limited ("Classictime")	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	British Virgin Islands	Ordinary share US\$1	Investment holding	–	100%	–	–	–	100%
Plenty Cash Investment Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	100%	–	–	100%	100%
Superior Control Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	–	–	100%	100%	100%	100%
Profitsway Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	–	–	100%	100%	100%	100%
Favour Brightness Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	–	–	100%	100%	100%	100%
E Finance	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%
Power 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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation or establishment or 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		2017	2016
				2017	2016	2017	2016		
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 and securities trading	100%	100%	-	-	100%	100%
Energy Management Contract Pty Ltd	Australia	Ordinary share AUS\$100	Investment holding	-	-	90.10%	90.10%	90.10%	90.10%
Power Asset Management Company Limited (formerly known as Jun Yang Asset Management Company Limited)	Hong Kong	Ordinary share HK\$7,000,000	Asset Management	-	-	100%	100%	100%	100%
Power Corporate Finance Company Limited (formerly known as Jun Yang Corporate Finance Company Limited)	Hong Kong	Ordinary share HK\$5,000,000	Corporate Finance	-	-	100%	100%	100%	100%
Rise Fountain Group Investment Limited	British Virgin Islands	Ordinary share US\$100	Investment holding	-	-	65%	65%	65%	65%
Key Winner Investments Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	100%	-	-	100%	100%
Heemin Capital Investment Group Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	100%	-	-	100%	100%
Estate Sun Global Limited	British Virgin Islands	Ordinary share US\$200	Investment holding	-	-	100%	100%	100%	100%
Bonus First	British Virgin Islands	Ordinary share US\$200	Property holding	-	-	100%	100%	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

The above table lists the subsidiaries of the Company 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, result in particulars of excessive length.

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

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	
		2017	2016
Investment holding and treasury management	Hong Kong	15	22
	PRC	1	2

42. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Loan notes (Note 29) HK\$'000
At 1 January 2017	280,800
Changes from cash flows:	
Proceeds from issue of loan notes	37,400
Repayment of loan notes	(180,800)
Total changes from financing cash flows:	(143,400)
At 31 December 2017	(137,400)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

43. CONTINGENT LIABILITIES

(i) Writ of summons by Convoy Global Holdings Limited

Classictime, a wholly-owned subsidiary of the Company, is the 24th Defendant in a writ of summons ("Writ") delivered to the office of the Company on 19 December 2017 on behalf of Convoy Global Holdings Limited ("Convoy", the 1st Plaintiff), Convoy Collateral Limited ("CCL", the 2nd Plaintiff) and CSL Securities Limited ("CSL", the 3rd Plaintiff, together with Convoy and CCL, the "Plaintiffs") as the Plaintiffs under in a legal proceeding in the High Court of Hong Kong (the "HC Action"). Among other things, it is the Plaintiffs' case that the 1st Defendant and his associates (also named as defendants in the HC Action) implemented a scheme such that shares in Convoy would be allotted to and held by companies related to the 1st Defendant (the "Placees") which had agreed to act in accordance with the direction of the 1st Defendant. The Plaintiffs alleged that the 1st Defendant and his associates on the board of Convoy, CCL and/or CSL improperly used their power to allot shares and to grant loans to the detriment of the Convoy Group, constituting serious breaches of fiduciary duties or other director's duties, dishonest assistance, unlawful and/or lawful means conspiracy. Classictime is one of the six Placees named in the HC Action. Among other things, the Plaintiffs claim an order against Classictime that the allotment of shares to Classictime be set aside, and seek general or special damages, interests, costs, further and/or other reliefs.

Please refer to the Company's announcement dated 20 December 2017 for more details.

A Case Management Conference was held on 6 March 2018. The Court granted leave to the Plaintiffs to amend the Statement of Claim. Therefore, the parties would proceed to file pleadings. The next Case Management Conference is fixed for 26 July 2018.

(ii) Zhu Xiao Yan Petition

Classictime is the 24th Respondent in a petition ("Petition") delivered to the office of the Company on 2 January 2018 on behalf of Zhu Xiao Yan ("Petitioner") as the petitioner under a legal proceeding in the High Court of Hong Kong. In summary, the Petitioner alleged that she had suffered losses as a result of the acts of the defendants in the HC Action.

Please refer to the Company's announcement dated 3 January 2018 for more details.

A Case Management Conference was held on 6 March 2018. In summary, the Court directed that the Petition be stayed pending determination of the HC Action.

Given that the two litigations are still in a preliminary stage and has not gone into substantive pleading stage, having considered the alleged claims and consulted the Company's legal adviser, the Directors are of the views (i) it is premature to determine the possible outcome of any claim which is pending, either individually or on a combined basis; (ii) it is uncertain to quantify any financial impact which will have a material effect on the financial position of the Company; and (iii) no provision for the claims of these legal proceedings is required to be made based on its current development. The Directors monitor these litigations against the Group closely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	55	291
Investments in subsidiaries	217,745	236,564
Investment in an associate	55,005	55,005
	272,805	291,860
CURRENT ASSETS		
Amounts due from subsidiaries	3,314,778	3,704,369
Amount due from an associate	37,114	77,287
Other receivables	2,839	21,290
Bank balances and cash	239,980	16,787
	3,594,711	3,819,733
CURRENT LIABILITIES		
Amounts due to subsidiaries	296,412	260,698
Other payables and accruals	1,613	10,183
Borrowings	100,000	180,800
	398,025	451,681
NET CURRENT ASSETS	3,196,686	3,368,052
TOTAL ASSETS LESS CURRENT LIABILITIES	3,469,491	3,659,912
NON-CURRENT LIABILITY		
Borrowings	37,400	100,000
NET ASSETS	3,432,091	3,559,912
CAPITAL AND RESERVES		
Share capital	30,864	29,117
Reserves	3,401,227	3,530,795
TOTAL EQUITY	3,432,091	3,559,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

44. 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 2016	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 and 1 January 2017	3,801,296	861	494,907	38,810	(805,079)	3,530,795
Loss and total comprehensive expense for the year	-	-	-	-	(172,600)	(172,600)
Issue of shares upon exercise of shares options	39,321	-	-	(11,378)	-	27,943
Lapse of share options	-	-	-	(39,958)	39,958	-
Recognition of equity-settled share-based payments	-	-	-	15,089	-	15,089
At 31 December 2017	3,840,617	861	494,907	2,563	(937,721)	3,401,227

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2017

	Year ended 31/12/2013 HK\$'000	Year ended 31/12/2014 HK\$'000	Year ended 31/12/2015 HK\$'000	Year ended 31/12/2016 HK\$'000	Year ended 31/12/2017 HK\$'000
Revenue					
– Continuing operation	20,715	32,889	131,152	70,555	35,545
– Discontinued operation	42,288	30,812	40,143	53,569	–
	63,003	63,701	171,295	124,124	35,545
Profit (loss) before tax	14,476	272,902	(148,909)	(915,727)	(922,431)
Income tax (expense)/credit	(414)	1,142	(7,044)	(5,847)	(450)
Loss for the year/period from discontinued operation	(47,950)	(20,979)	(36,272)	(5,986)	–
(Loss) profit for the year	(33,888)	253,065	(192,225)	(927,560)	(922,881)
(Loss) profit for the year attributable to:					
Owners of the Company	(18,049)	255,398	(191,838)	(926,717)	(922,661)
Non-controlling interests	(15,839)	(2,333)	(387)	(843)	(220)
	(33,888)	253,065	(192,225)	(927,560)	(922,881)
	As at 31/12/2013 HK\$'000	As at 31/12/2014 HK\$'000	As at 31/12/2015 HK\$'000	As at 31/12/2016 HK\$'000	As at 31/12/2017 HK\$'000
Assets and liabilities					
Total assets	1,449,699	2,237,930	4,535,489	3,252,423	2,180,409
Total liabilities	(394,471)	(469,203)	(952,601)	(378,285)	(166,200)
Net assets	1,055,228	1,768,727	3,582,888	2,874,138	2,014,209
Capital and reserves					
Equity attributable to owners of the Company	996,086	1,759,506	3,579,424	2,869,036	2,009,327
Non-controlling interests	59,142	9,221	3,464	5,102	4,882
Total Equity	1,055,228	1,768,727	3,582,888	2,874,138	2,014,209