中國金洋
CHINA GOLDJOY

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號：1282

TOWARDS A NEW ERA
高瞻遠矚 洞悉未來

ANNUAL REPORT 2016 年報

CORPORATE PROFILE

China Goldjoy Group Limited (the "Company") was established in 2009 and listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 December 2010 (Stock code: 1282). The Company and its subsidiaries (collectively, the "Group") is currently engaged in financial services business, automation business, manufacturing business and diversified investment.

Since 2016, the Group has began to focus on the provision of financial services and is growing it as one of the core businesses. The Group is pushing forward with transforming its business at full thrust, aiming to turn itself into a high value-added and well-diversified business and eliminate its low-margin and low value-added electronic manufacturing operations. Currently, through its licensed subsidiaries, the Group is providing asset and wealth management, securities, futures, precious metals trading and credit financing services in Hong Kong and operating private equity funds in China. The Group holds major financial service licenses under the Securities and Futures Ordinance ("SFO"), namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) for regulated activities. As for pursuit of business opportunities in emerging industries, the Group has set its eyes on the new energy industry and light-emitting diode (LED) manufacturing business.

Going forward, the Group will continue to consolidate the core businesses to actively identify opportunities in the burgeoning finance health, intelligence manufacturing, new energy and new technology industry, keeping abreast of the development trend in the market and build a broader business layout for the market at home and abroad.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Yao Jianhui – *Chairman and Chief Executive Officer*
Mr. Shao Zuosheng – *Senior Vice President*
Mr. Li Minbin – *Vice President*

Non-Executive Director
Mr. Huang Wei

Independent Non-Executive Directors
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung

AUDIT COMMITTEE

Mr. Wong Chun Bong – *Chairman*
Mr. Huang Wei
Professor Lee Kwok On, Matthew

NOMINATION COMMITTEE

Mr. Yao Jianhui – *Chairman*
Mr. Wong Chun Bong
Mr. Lee Kwan Hung

REMUNERATION COMMITTEE

Professor Lee Kwok On, Matthew – *Chairman*
Mr. Yao Jianhui
Mr. Wong Chun Bong

STRATEGIC COMMITTEE

Mr. Yao Jianhui – *Chairman*
Mr. Shao Zuosheng
Mr. Li Minbin
Professor Lee Kwok On, Matthew

INVESTMENT COMMITTEE
(formerly known as Investment and fund raising committee)

Mr. Yao Jianhui – *Chairman*
Mr. Shao Zuosheng
Mr. Li Minbin

COMPANY SECRETARY

Ms. Kwok Ling Yee, Pearl Elizabeth

PRINCIPAL BANKERS

China CITIC Bank International Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISER

As to Hong Kong Law:
Sidley Austin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1908 to 1909, 19/F, Tower 2
Lippo Centre, No. 89 Queensway
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING VENUE

Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE

1282

COMPANY WEBSITE

http://www.hk1282.com

Financial Highlights

FINANCIAL HIGHLIGHTS

	As of 31 December				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
FINANCIAL POSITION					
Total assets	**7,005,740**	4,332,000	877,279	1,772,950	1,739,130
Net assets	**5,149,362**	4,150,005	491,158	1,203,720	1,065,534
Net current assets	**2,338,669**	3,825,245	175,776	214,260	183,432
Net (cash)/debt	**(756,061)**	(3,221,336)	15,785	(20,270)	(2,866)
Current ratio	**2.65**	25.3	1.5	1.4	1.3
Quick ratio	**2.63**	25.2	1.2	1.1	1.0
Gearing ratio	**N/A**	N/A	3.9%	N/A	N/A

	For the year ended 31 December				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
OPERATING RESULTS					
Revenue	**995,560**	711,849	741,056	1,036,662	1,200,435
Gross profit/(loss)	**473,438**	264,936	(250,784)	31,843	125,835
EBITDA	**860,885**	244,927	(481,946)	234,610	47,953
Profit/(loss) from operations	**818,600**	209,911	(564,091)	144,244	(48,939)
Profit/(loss) attributable to equity shareholders	**466,593**	181,687	(583,152)	128,666	(54,608)
KEY STATISTICS					
Gross profit/(loss) margin	**48%**	37%	(34%)	3%	10%
EBITDA margin	**86%**	34%	(65%)	23%	4%
Operating profit/(loss) margin	**82%**	29%	(76%)	14%	(4%)
Net profit/(loss) margin	**47%**	26%	(79%)	12%	(5%)
Return on equity	**10%**	4%	(119%)	11%	N/A
Interest coverage	**1,034.6**	32.9	N/A	16	N/A
Inventory turnover days	**18**	72	65	59	60
Debtors' turnover days	**63**	96	85	82	62
Creditors' turnover days	**77**	54	57	61	54

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the board of directors of China Goldjoy Group Limited (the "Company"), I am pleased to present the results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016.

2016 was a prosperous year for the Group and the Group has been moving towards fast track of transition and development. We actively promoted business transformation towards high-value added and diversified services through inner growth, investments and mergers, and resources allocation to businesses with higher growth potential. The current core businesses of the Group are financial services business, automation business and diversified investment. With the continuous optimization of the business structure, the profitability was remarkably improved. For the financial year ended 31 December 2016, the audited revenue totaled HK$995.6 million, representing an increase of 39.9% as compared to the previous year. The audited profit attributable to shareholders of the Group also jumped 156.8% to HK$466.6 million, due to the exceptional performance of the major business segments and the new financial service business as well as the considerable appreciation in the value of the land held.

In order to grasp the chance of demands for high-end automation equipment for the transformation and upgrading of China's manufacturing industry, the Group fully optimized and integrated the automation business in 2016. During the year, the revenue from the business increased drastically by 60.7% from last year, amounting to HK$553.7 million as it remained to be the preferred partner of major customers, which included leading smart phone manufacturers and semiconductor companies in China. With a growing awareness among manufacturers in China of the financial benefits derived from automation technologies, we are confident that this business will continue to contribute stable revenue to the Group in the long term.

As to our manufacturing business, in pursuit of steady and healthy business development, the Group continued its strategic elimination of low-margin and low value-added electronic manufacturing business and the Group was also actively seeking the opportunities of manufacturing transformation and upgrading to step into high-end manufacturing industry with high added-value while stepping up cooperation with top technology companies in the biometric security technology field and further strengthening its new energy and LED manufacturing business. In 2016, the Government of China has forged ahead with implementing the Thirteenth Five-Year Plan with policies addressing new energy which complements with the Group's development plan. The Group has acquired majority equity interests of Shenzhen B&K in 2016, which has further enhanced the Group's research and development capability and manufacturing capability, enabling it to grasp the opportunities arising in the new energy industry.

The Group has achieved pleasing performance in financial services business for this year, and initially established a financial service platform with Goldjoy Holding Group as the main body. In 2016, the Group completed the acquisition of certain wholly-owned subsidiaries from China Yinsheng Capital Group Limited ("China Yinsheng"). Established by the Group with China Yinsheng, Goldjoy Holding Limited ("Goldjoy Holding"), which to 80% owned by the Group and its subsidiaries currently own major financial services licenses to operate in the fields of global securities, futures, commodities, corporate finance and financial planning, with a focus on assets management and wealth management. The Group strives to use Goldjoy Holding as a vehicle to fully upgrade its capacity in providing integrated financial services. Leveraging the solid foundation and well-established connections of China Goldjoy in China and Hong Kong, as well as the talents and extensive experience in financial markets of the subsidiaries, the newly included financial service segment will become a crucial source of growth for the future business development of the Group. During the year, this new business contributed revenue of HK$85.0 million to the Group.

As to the industrial investment direction, the Group has focused on the industries that benefited from China's economic growth and transformation and upgrading. China will continue to promote the opening of her financial industry, the internationalization of the RMB, the convergence between mainland and international markets and deepen the Mainland China and Hong Kong's capital market interoperability. Mainland China, Hong Kong and to the extent, the Greater China financial market are still a broad space for development. With the implementation of the national strategy of "One Belt, One Road", Hong Kong, as an international financial, trade, shipping and information center, has the capacity and competitive advantage to fully service the "One Belt, One Road" national strategy, and is expected to play an important role on a broader platform. Hong Kong will actively promote the landing of the national strategy and further consolidate and enhance its position in the international economic and financial system at the same time. The Group will seize the opportunity to enhance its competitive advantage.

The Board has proposed to distribute a final dividend of HK$0.32 cents per ordinary share for the year ended 31 December 2016 (2015: HK$ 0.25 cents).

Higher and higher demands have been put forward to the management to identify new opportunities and quickly response to the complicated and volatile markets. Looking forward, the Group will consolidate its core business and continue to focus on different investment areas and actively explore investment opportunities in finance, health, intelligence manufacturing, new energy and new technology industries, keeping abreast of the development trend in the market and build a broader business layout for the market at home and abroad, to further enhance profitability. We are confident about the future business development prospects.

I would like to extend my heartfelt appreciation to my fellow board members and all staff members for their outstanding contributions to the Group over the past year, and also to express my sincere gratitude to the shareholders and stakeholders for their trust and support.

Yao Jianhui
Chairman

Hong Kong, 10 March 2017

Management Discussion and Analysis

OVERVIEW

2016 was a significant year for the Group's development. China's economy has been transforming and upgrading, and along with the continuous open of the financial market in the mainland, especially upon the open of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, great opportunities were brought to the Hong Kong financial market. The Group upheld the philosophy of industrial development and value investment, relying on the advantages of Hong Kong's platform, and closely grasped the business opportunities of the transformation and upgrading of Chinese market and economy to actively implement the business transformation strategy. In 2016, the Group has eliminated its low-profit and low value-added electronic manufacturing business and increased its investment in high value-added business. The principal business of the Group is automation business, integrated financial services and diversified investment. The results show that the Group's transformation strategy has achieved remarkable results during the year. The Group's shares are included in a number of HIS constituent stocks, and also as one of the investable stocks in Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, which fully demonstrate the recognition of the Company's value.

BUSINESS REVIEW

Automation

During the year, the Automation segment recorded a significant increase in revenue of 60.7% to HK$553.7 million (2015: HK$344.5 million), accounting for 55.6% of the Group's total revenue (2015: 48.4%). With the challenged environment, Gallant Tech spared its efforts to explore the market need of automatic manufacturing equipment, especially seized the chances of the rapid development of smart phone and semiconductor industry in China, and successfully obtained several multiple orders with large amount. The sales revenue and profits both recorded pleasing performance.

Financial Services

Revenue from the new Financial Services segment acquired by the Group during the year was HK$85.0 million, contributing to 8.6% of the Group's total revenue (2015: N/A).

With China continuing to pursue in-depth reform and embarking on a new round of efforts to open her economy to foreign investment, the Group has actively seized the opportunity to establish a platform in the financial services market in Hong Kong and by way of acquisition, it expanded a more comprehensive financial business and engaged in providing clients with high-quality financial services that linked China and overseas markets.

In 2016, the Group purchased from China Yinsheng Capital Group Limited ("China Yinsheng") 70% interests in the subsidiaries (the "Subsidiaries") held by it, at a consideration of HK$255,779,000, which marked the Group's formal entry into the financial service market in Hong Kong.

On 12 August 2016, the Group and the non-controlling shareholders completed an addition round of financing in the China Yinsheng Asset Management Limited, China Yinsheng Wealth Management Limited, China Yinsheng Securities Limited, KB Investment Limited, KB Credit Limited and KB Bullion Limited (collectively named as "Goldjoy Holding Group") at a consideration of HK$300,000,000 and HK$33,333,000 respectively. Upon the completion of this round of financing, the Group increased its interest in Goldjoy Holding Group from 70% to 80%. Furthermore, on 29 November 2016, the Group made further investment in Goldjoy Holding Group at a consideration of HK$200,000,000, maintaining its interest in Goldjoy Holding Group at 80%. In December 2016, the Subsidiaries were renamed China Goldjoy Securities Limited ("China Goldjoy Securities"), China Goldjoy Asset Management Limited ("China Goldjoy Asset Management"), China Goldjoy Wealth Management Limited ("China Goldjoy Wealth Management"), China Goldjoy Credit Limited ("China Goldjoy Credit"), China Goldjoy Bullion Limited ("China Goldjoy Bullion") and China Goldjoy Investment Limited ("China Goldjoy Investment").

China Goldjoy Asset Management principally operates Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in Hong Kong.

China Goldjoy Securities principally engages in the provision of Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong.

China Goldjoy Wealth Management provides wealth management and insurance services in Hong Kong. The wide array of services it avails included one-stop investment immigration, tax planning, family trusts, wealth management, life insurance, investment-linked savings plans, critical illness and health insurance and general insurance.

China Goldjoy Bullion is a recognised e-trading member of The Chinese Gold & Silver Exchange Society and possesses the valid operating license for Type A1 transaction, which is capable of conducting businesses in 99%-Gold, HK Dollar Kilobar, London gold, London silver, and etc.

China Goldjoy Credit provides loan and credit financing services in Hong Kong.

In addition, after China Goldjoy Securities obtained a Type 6 License (advising on corporate finance) under the SFO in January 2017, the Group now possesses major financial service licenses.

China Goldjoy Investment is an investment holding company that wholly owns Shanghai Hunlicar Investment Management Company Limited ("Hunlicar Capital"), a professional wealth management institution specifically established for the ultra high net worth clients in China. With the obtaining of Private Equity Fund Manager License in China, its principal businesses include the issuance of various types of innovative products for private equity funds, and investment management services in Greater China region.

Separately, the Group completed the acquisition of 33.21% equity interests in the mainland financial institution 湛江集付通金融服務股份有限公司 (for identification only, Zhanjiang Jifutong Financial Services Joint Stock Company Limited, "Zhanjiang JFT") in April 2016 (being diluted to 22.62% interest after Zhanjiang JFT issued additional shares on 22 November 2016). Now an associate of the Group, Zhanjiang JFT provides securities investment; provision of consultancy services for financial institutions, trading of goods and provision of credit or financing facilities services. The acquisition has enabled the Group to lay out and innovate financial business, starting to provide internet financial services and enhance the value of its financial services offerings.

Through acquisition of financial institutions and development of the diversified financial services, the Group is now able to provide more comprehensive financial services to its clients and reap better synergies from cross-selling and having an all-engulfing platform that gives clients convenient access to different financial services.

Manufacturing

As a result of the Group's strategy to eliminate its low-margin and low value-added electronic manufacturing business, revenue from this segment recorded a significant drop of 64.0% to HK$58.1 million (2015: HK$161.6 million), its segment's contribution to the Group's total revenue decreased to 5.8% (2015: 22.7%). At the same time, the Group is also actively seeking the opportunities of manufacturing transformation and upgrading as well as supply-side reform to step into the high-end manufacturing industry with high added-value. The business also included HK$37.4 million (2015: nil) from new energy industry and light-emitting diode ("LED") manufacturing business which started at the second quarter of 2016.

In 2016, the Group held 75.5% equity interests of 深圳邦凱新能源有限公司 (for identification only, Shenzhen B&K New Energy Co., Ltd, "Shenzhen B&K") by way of acquisition, at a consideration of RMB606,178,800 (equivalent to approximately HK$691,939,000).

Shenzhen B&K is principally engaged in the production and operation of machinery and electronic products and development of new energy technologies. The acquisition has provided the Group with additional resources to develop its new energy and LED manufacturing businesses, and also strengthened its research and development capability.

Shenzhen B&K holds a piece of land (the "Land") of approximately 120,000 square meters in the core area of Guangming New District in Shenzhen. Construction of properties of approximately 100,000 square meters has been completed and the remaining undeveloped land is reserved for the development of a science and technology industrial park.

Securities Investment

Revenue from the Securities Investment segment climbed 45.3% to approximately HK$298.8 million (2015: HK$205.7 million), accounting for 30.0% of the Group's total revenue (2015: 28.9%). The inclusion of this business since 2015 has proven to be successful in broadening the sources of revenue and offering better returns to shareholders.

INVESTMENT AND PARTNERSHIP

Seeing copious business possibilities and promises in innovative and cutting-edge technologies, the Group has invested in a number of industry-leading technology companies listed and unlisted, specialising in such as biometric security, wireless data transmission and communications technologies. Besides, in line with its strategic goal to capture development opportunities in financial services enterprises in the PRC, the Group also invests in financial institutions.

Listed Companies

As at 31 December 2016, the Group owns stake in the following listed technology companies: 1) BIO-key (a U.S. public company listed and traded on the OTCQB, specialising in advanced biometric solutions, has filed a listing application with The Nasdaq Capital Market); 2) IDEX ASA (a Norwegian public company listed on the Oslo Axess market of the Oslo Stock Exchange, primarily engages in the development and sales of information technology products).

As a long-term investment, the Group holds approximately 5.47% and 1.16% of the total H shares and total issued shares, respectively, of China Zheshang Bank Co., Ltd. (HKEX: 2016).

Unlisted Companies

As at 31 December 2016, the Group owns stakes in the following unlisted companies: 1) Keyssa Inc. (a U.S. privately-held company that develops wireless technology for data transfer); 2) Kili Corporation ("Kili", a private technology company primarily engages in authentication in civilian markets and secure payment software technology. It holds interests in Square, Inc. ("Square", a mobile payment and retail technology company listed on the New York Stock Exchange), through which the Group also indirectly holds equity interests in Square); and 3) Powermat Technologies Ltd. ("Powermat", a U.S. privately-held company which provides wireless power solutions for consumers, OEMs and public venues).

Properties

As at 31 December 2016, benefiting from the rapid growth in property market price in Shenzhen, the value of lands and properties held by Shenzhen B&K recorded significant appreciation.

In addition, the Group acquired several properties in Admiralty, Hong Kong in November and December 2016. Part of the acquired properties are being used as the headquarters of the Group, and the rest will be leased for property investment purpose. Given its prime location and continuous market demand in Grade A office buildings, the investment properties are expected to bring considerable return to the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2016 increased by 39.9% to approximately HK$995.6 million (2015: HK$711.8 million). The revenue analysis by segment is below:

	2016		2015		
	HK$' million		*HK$' million*		*% change*
Automation	**553.7**	**55.6%**	344.5	48.4%	60.7%
Financial services	**85.0**	**8.6%**	–	–	N/A
Manufacturing	**58.1**	**5.8%**	161.6	22.7%	(64.0)%
Securities Investment	**298.8**	**30.0%**	205.7	28.9%	45.3%
	995.6	**100%**	711.8	100%	39.9%

During the year ended 31 December 2016, the increase was mainly attributable to increased revenue generated from the (i) existing Automation segment, (ii) Securities Investment segment and (iii) the newly added Financial Services segment. During the year, the Automation segment continued to be the major source of revenue of the Group, accounting for 55.6% of the total revenue. The Group continued to execute its business transformation plan by eliminating its low-margin and low value-added electronic manufacturing business, while the new energy industry and LED manufacturing business has just started during at the second quarter of 2016, the contribution to the Group's revenue from the manufacturing segment decreased to 5.8%.

Gross Profit and Margin

Gross profit for the year improved by a marked 78.7% to approximately HK$473.4 million (2015: HK$264.9 million), while gross profit margin climbed to 47.6% (2015: 37.2%). The change was owed mainly to the better performance of the automation and securities investment segments, as well as contributions of the newly added financial services business.

Other Gain/(Loss) – Net

The net other gain for the year amounted to approximately HK$0.2 million (2015: net other loss HK$8.4 million). The net other gain was mainly due to increase in realised gain of HK$12.6 million (2015: HK$10.3 million) on disposal of available-for-sale financial assets and decrease in impairment loss on goodwill and available-for-sale financial assets.

Other Income – Net

The net other income increased to approximately HK$79.3 million (2015: HK$81.8 million), mainly because of a increase in the net consulting fee income of HK$35.2 million (2015: nil) and dividend income of HK$31.5 million (2015: nil) from available-for-sale investments. Such increase was net off with decrease in net license fee income of HK$78.2 million compared with 2015.

Distribution Costs

Distribution costs remained stable compared to 2015, at HK$22.1 million (2015: HK$22.3 million), accounting for 2.22% (2015: 3.14%) of total revenue.

Administrative Expenses

Administrative expenses increased to approximately HK$174.9 million (2015: HK$106.1 million), mainly due to the (i) increase in exchange loss by HK$14.7 million caused by the depreciation of Renminbi, (ii) increase in legal and professional fee by HK$7.8 million and increase in staff salaries and director's emolument by HK$17.2 million caused by business expansion.

Finance Income – Net

Net finance income was approximately HK$19.9 million (2015: HK$1.7 million). The change primarily reflected the increase in interest income from interest income from bank deposits and loan to an independent third party of approximately HK$12.2 million (2015: HK$8.2 million) and HK$6.9 million (2015: nil) respectively.

Income Tax Expense

Income tax expense increased by approximately 677.7% to approximately HK$195.2 million (2015: HK$25.1 million) because of the deferred tax liability on revaluation of properties at approximately HK$115.0 million (2015: Nil) and increase in taxable profits.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased significantly by 156.8% to approximately HK$466.6 million, (2015: HK$181.7 million). The increase was mainly due to (1) a significant appreciation in value of the land and properties held by the Company; (2) an increase in gain from the Group's financial assets through profit or loss; (3) an increase in profits generated by the automation segment; (4) the profits generated by the financial services segment; and (5) an increase in interest income; which was offset by (a) a decrease in the net licensing fee to BIO-key Hong Kong Limited of certain intellectual property rights in relation to the biometric fingerprint privacy protection platform FingerQ and related devices, and (b) an increase in administration expenses at the head office of the Company.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Debt Structure

Adopting a prudent financial management approach, the Group continued to maintain a healthy and solid liquidity position. As at 31 December 2016, the Group's cash and cash equivalents totaled approximately HK$1,535.6 million (31 December 2015: HK$3,251.6 million (excluding balance transferred to assets classified as held-for-sale)). Working capital represented by net current assets amounted to approximately HK$2,338.7 million (31 December 2015: HK$3,825.2 million). Current ratio was approximately 2.7 (31 December 2015: 25.3).

Bank borrowings included trust receipt loans of approximately HK$98.5 million (31 December 2015: HK$5.3 million) and bank loans of approximately HK$681.1 million (31 December 2015: HK$25.0 million). These bank borrowings were secured by corporate guarantees provided by the Company and certain of its subsidiaries and secured by building and listed securities with carrying amounts of approximately HK$268.6 million and HK$816.5 million respectively. The Group was in a net cash position of approximately HK$756.1 million (31 December 2015: HK$3,221.3 million).

Capital Commitments

As at 31 December 2016, the Group had contracted but not provided for capital commitments of HK$2.1 million, HK$145 million and HK$4.7 million (31 December 2015: Nil) relating to the additions of property, plant and equipment, investment properties and investment cost in a subsidiary, respectively.

Currency Exposure and Management

During the year, the Group's receipts were mainly denominated in Hong Kong dollars, Renminbi, and US dollars. The Group's payments were mainly made in Hong Kong dollars, Renminbi and US dollars.

As the Group's production for Manufacturing segments are located in the mainland China, most of its labour costs and manufacturing overheads were denominated in Renminbi. As such, fluctuation of the Renminbi will have an impact on the Group's profitability. The Group will closely monitor the movements of Renminbi and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the year under review, the Group had not entered into any foreign exchange forward contracts.

Future plans for capital investment and expected source of funding

The Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow and shareholders' equity, and to an extent by bank borrowings. The Group has sufficient resources and unutilised banking facilities to meet its capital expenditure and working capital requirement.

EMPLOYEES

As at 31 December 2016, the Group had approximately 400 (31 December 2015: 500) full-time employees mainly in Hong Kong and Mainland China.

The Group remunerates and provides benefits to its employees based on current industry practice. Discretionary bonuses are awarded to staff members based on the financial performance of the Group and performance of individual employees.

In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme adopted on 24 November 2010.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company was listed on the Main Board of the Stock Exchange on 15 December 2010 and the proceeds raised by the placing and public offering, net of listing expenses, were approximately HK$642.0 million. During the period from the listing date to 31 December 2016, the net proceeds were utilised as follows:

		HK$' million
1.	Purchase of equipment for the production of capacitive touch screen products and upgrading production capacity	175.8
2.	Research and development costs on company products	138.1
3.	Acquisitions of new technology or cooperation	83.5
4.	Acquisitions for vertical integration	57.8
5.	Construction of additional production plants	57.8
6.	General working capital purpose	64.2
Total net proceed utilised		577.2

The balance of the net proceeds was deposited with the banks in the mainland China and Hong Kong and will be used for the intended uses as set out in the prospectus of the Company dated 2 December 2010.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN AUGUST 2015

On 9 May 2015, the Company entered into a subscription agreement with, among others, eight investors pursuant to which the investors agreed to subscribe for 18,611,994,100 new shares ("Share Subscription"). The Share Subscription was completed on 3 August 2015. The net proceeds from the Share Subscription were approximately HK$3,346.2 million and had been utilised as follows:

		HK$' million
1.	Strengthen and expand the existing business of the Group	173.8
2.	Exploration of business opportunities in the energy-saving lighting industry in the PRC	98.9
3.	Completion of the potential acquisition of the Optoelectronic Enterprise, including (i) land acquisition, (ii) construction of new plants or acquisition of existing plants, and (iii) purchase of machinery and equipment	705.1
4.	Acquisition of the equity interest of a domestic financial enterprise for diversification, business extension and capture business opportunities	1,003.9
5.	General working capital of the Company	286.7
Total net proceed utilised		2,268.4

The balance of the net proceeds was deposited with the banks in the mainland China and Hong Kong and will be used for the intended uses as set out in the Circular of the Company dated 29 June 2015.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN SEPTEMBER 2016

On 14 September 2016, the Company entered into a Placing Agreement with China Goldjoy Securities ("the Placing Agent"), pursuant to which the Company agreed to place, through the Placing Agent on a best effort basis, up to 600,000,000 new Shares to not less than six Placees at the Placing Price of HK$0.68 per Placing Share. The Placing Shares were allotted and issued pursuant to the General Mandate. The net proceeds from the Placing were approximately HK$401,880,000 (net of transaction costs of HK$6,120,000 which was paid to a subsidiary) and had been utilised as follows:

		HK$' million
1.	Development on finance lease business	–
2.	Acquisition of the equity interests of financial services related enterprises	201.0
Total net proceed utilised		201.0

The balance of the net proceeds was deposited with the banks in the mainland China and Hong Kong and will be used for the intended uses as set out in the Circular of the Company dated 14 September 2016.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 14 September 2016, the Company entered into a Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place, through the Placing Agent on a best effort basis, up to 600,000,000 new Shares to not less than six Placees at the Placing Price of HK$0.68 per Placing Share. The Placing Shares were allotted and issued pursuant to the General Mandate. The proceeds of the Group from the Placing were approximately HK$408,000,000.

The 600,000,000 Placing Shares represent (i) 2.78% of the total number of issued Shares as at the date of the announcement; and (ii) 2.71% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares.

BUSINESS OUTLOOK

Going forward, developing well diversified and value-added businesses remains the strategic focus of the Group. The Group will continue its efforts to promote business transformation, take prudent financial management approach and put shareholder interests first to continuously optimizing its business and financial performance.

The Group expects to provide the invested corporations with competitive value-added services and greater energy to support them to commence the acquisition around the upstream and downstream of its industry, and bring higher returns for the shareholders by the coordinated development of inner growth and external expansion.

As a major international financial centre, Hong Kong will continue to play a prominent role in connecting the Mainland China market with the rest of the world, thereby creating a constructive operating environment for the city's financial services sector to flourish.

To capture the enormous growth potential in the financial services markets in the Greater China region, and the vast opportunities arising from the Shanghai-Hong Kong Stock Connect and newly launched Shenzhen-Hong Kong Stock Connect, China Goldjoy, through Goldjoy Holding, will continue to enhance its capability to provide even more comprehensive financial services and expand business coverage in the Greater China market specifically Mainland China, Hong Kong and Macau, trying best to create value for clients, shareholders and business partners. Boasting strong relation with top financial institutions in the world, usage of Fintech, an expanding product mix and optimising financial services platform, Goldjoy Holding will seek to establish a firm operation net in other major cities in Mainland China adding to its presence in Shanghai and Shenzhen.

Additionally, the Group by way of cross-selling and the versatile client platform that offers access to different financial services it built via acquisition and development of various financial institutions, it aims to provide more comprehensive financial services to clients and generate better synergies. With a proven business model, the Group remains cautiously optimistic about its ability to fully tap potentials in the capital market and attain long-term solid business growth.

Regarding the automated production equipment segment, to strengthen the business, the Group's wholly-owned subsidiary Gallant Tech Limited ("Gallant Tech") plans to expand its product lines to include peripheral auxiliary equipment, aside from the existing SMT assembly and testing equipment and semiconductor packaging equipment. It will also further fortify its after-sales and maintenance services to meet customer needs. In order to broaden the income source of Gallant Tech and increase its competitiveness within the industry, Gallant Tech will explore its equipment finance leasing business to offer the clients with more diversified value-added services. Gallant Tech will also seek the investment opportunities in smart manufacturing and smart production system, develop or acquire relevant industry manufacturers to provide clients with more perfect customization, integration services and assist clients to improve production efficiency and funds efficiency to help them gain the first chance in the in the fiercely competitive manufacturing industry. The Group is confident about the long-term development of its automation business.

Moreover, the Group directed efforts into building its new energy industry and LED manufacturing businesses during the first half of 2016. It intends to adopt advanced techniques and bring in high-calibre personnel to give it leading-edge product research and development and manufacturing capabilities, which will enable it to launch products worldwide and improve its competitiveness. Boasting extensive operational experience, the Group is poised to benefit from the rising demand for LED equipment and new energy. The Group has a strong grasp of the fast evolving market trends and is looking forward to the contribution from this segment.

Since the inclusion of securities investment sector in the business in 2015, the Group has broadened its revenue sources. It will continue to seek potential business opportunities in the market with the aim of making better use of existing resources to improve its financial position.

As for the financial services segment, Goldjoy Holdings, through its subsidiary, was granted a Type 6 License by the Securities and Futures Commission (SFC) in January 2017, enabling it to perform on corporate finance related work. This has strengthened the Group's financial service portfolio and capabilities for capturing future business opportunities.

Drawing on its competitive edges, the Group will continue to seek investment opportunities in financial services, the assurance and reassurance industry, high-end manufacturing industry, health, new energy and new technologies as it endeavors to generate optimal returns for its shareholders.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are discussed in this section. There may be other risks and uncertainties in addition to those shown below, which are not known to the Group or which may not be material now but which could become material in the future. Furthermore, risks can never be eliminated completely due to inherent limitations in measures taken to address them. Also, risks may be accepted for strategic reasons or if it is deemed not cost-effective to mitigate them.

Operational Risk

Operational risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems. Responsibility for managing operational risks in the Group rests with every function at both divisional and departmental levels.

Key functions in the Group are guided by standard operating procedures, limits of authority and a reporting framework. The Group will identify and assess key operational exposures and report such risk issues to senior management as early as possible so that appropriate risk responses can be taken.

Industry Risk

The financial services business of the Group is subject to extensive regulatory requirements, which the operating subsidiaries of the Group are required to be licensed for the regulated activities under the Securities and Futures Ordinance. In this regard, the Group is required to ensure continuous compliance with all applicable laws, regulations and guidelines and satisfy the relevant regulatory authorities that we remain fit and proper to be licensed. If there is any change or tightening of the relevant laws, regulations and guidelines, it may materially and adversely affect our ability to continue to carrying out the business. In addition, if we fail to comply with the applicable rules and regulations from time to time, we may face fines or restrictions on our business activities or even suspension or revocation of some or all of our licenses for operating the financial services business. Furthermore, the financial services business, like all other businesses of the Group, is not immune from market changes. Any downturn in the finance market may also adversely affect the financial services business of the Group.

The Automation and Manufacturing businesses of the Group operate in highly competitive industry sectors. The Group faces competition from global technology companies and rapid technological change, which may render technologies developed and employed by the Group obsolete. As such, the Group's products may not be able to compete effectively with those of its rivals, adversely affecting its ability to maintain its market share. Failure to maintain the Group's competitive position may materially adversely affect the results and profit margins of these business segments.

The securities investment business of the Group is affected by market conditions and fluctuations in the prices of the securities held by the Group. Any significant downturn in the securities market may affect the mark to market value of the Group's securities investments and may adversely affect the results of the Group.

Financial Risk

In the course of its business activities, the Group is exposed to various financial risks, including market, liquidity and credit risks. The currency environment and interest rates cycles may significantly affect the Group's financial condition and results of operations.

The Group's earnings and capital or its ability to meet its business objectives may be adversely affected by movements in foreign exchange rates, interest rates and equity prices. In particular, any depreciation in the Group's functional currency may affect its gross profit margin. The Group closely monitors the relative foreign exchange positions of its assets and liabilities and allocates its holdings of different currencies accordingly in order to minimise foreign currency risk.

The Group may also be subject to liquidity risk if it is unable to obtain adequate funding to finance its operations. In managing liquidity risk, the Group monitors its cash flows and maintains an adequate level of cash and credit facilities to enable it to finance its operations and reduce the effects of fluctuations in cash flows.

The Group is also subject to exposure to credit risk from its customers. New customers are subject to credit evaluation while the Group continues to monitor its existing customers, especially those with repayment issues. Cash is deposited with creditworthy banks with no recent history of default.

Manpower and Retention Risk

The competition for human resources in the countries that the Group operates in may result in the Group not being able to attract and retain key personnel with the skills, experience and levels of competence which meet its requirements. The Group will continue to provide remuneration packages and incentive plans which enable it to attract, retain and motivate suitable candidates and personnel.

Business Risk

The Group constantly faces the challenge of gauging and responding promptly to market changes within the industry sectors it operates in. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Directors and Key Personnels

EXECUTIVE DIRECTORS

Mr. Yao Jianhui (姚建輝), aged 45, is the Group's Chairman and Chief Executive Officer and was appointed as an Executive Director of the Company on 3 August 2015, and he also served as a director of several subsidiaries of the Company. He is also the Chairman of each of the Nomination Committee, Strategic Committee and Investment Committee (formerly known as Investment and Fund Raising Committee) of the Company, and a member of the Remuneration Committee. He graduated from the South China University of Technology in China with a postgraduate (part-time) diploma in business administration. Mr. Yao has held senior management positions with a number of enterprises and a listed company across a wide range of industries, including food, construction materials, real estate, commerce, agriculture and forestry, logistics, technology and finance. From March 2002 to March 2003, Mr. Yao acted as the executive vice president of 深圳市寶能投資集團有限公司(Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business. From March 2003 to July 2010, he was the executive deputy general manager, general manager and chairman of the board of directors of Shenzhen Shum Yip Logistics Group Holdings Co., Ltd. (深圳深業物流集團股份有限公司), a company principally engaged in the provision of logistics services, product exhibition and trading and micro-lending. From July 2010 to October 2014, Mr. Yao acted as the general manager and chairman of the board of directors of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (stock code: 600892), a company listed on Shanghai Stock Exchange and is principally engaged in the manufacturing of cables, hotel and trading business. From June 2006, he has been the chairman of the board of directors of Baoneng Holding (China) Co., Ltd. (寶能控股(中國)有限公司), a company principally engaged in property development.

Mr. Yao is a representative of the Sixth Shenzhen Municipal People's Congress, vice president of Shenzhen Entrepreneur Association, vice president of Shenzhen Logistics and Supply Chain Management Association and vice president of Shenzhen Luohu Charity Federation.

Mr. Shao Zuosheng (邵作生), aged 53, is the Group's Senior Vice President and was appointed as an Executive Director of the Company on 8 December 2016, and he also served as a director of several subsidiaries of the Company. He is also a member of each of the Strategic Committee and Investment Committee (formerly known as Investment and Fund Raising Committee) of the Company. He graduated with a Bachelor's Degree in Economics from the Heilongjiang University in China. He also obtained a Master's Degree in Economics from the Yokohama National University in Japan.

Mr. Shao has over 22 years of experience in the financial industry. From July 1986 to February 1988, Mr. Shao served as the Office Secretary of Heilongjiang Agricultural Production Information Company (黑龍江省農業生產資料公司), responsible for office general affairs. From June 1994 to June 1995, Mr. Shao was a director of the financial management department of the People's Bank of China (Shenzhen branch), responsible for the management of banks and other financial institutions. From June 1995 to July 1995, Mr. Shao served as the Office Secretary of the Industrial and Commercial Bank of China (Shenzhen branch), responsible for administrative work and coordination work of the bank president. From July 1995 to May 1998, Mr. Shao served as the Secretary of General Office of the People's Government of Shenzhen, responsible for administrative work and coordination work of the deputy mayor.

From May 1998 to November 2016, Mr. Shao served several positions in China Merchants Bank Co., Ltd. He served as the Deputy General Manager of the human resources department in the headquarter from June 1998 to July 2001; the Secretary to the Board of Directors, Officer to the office of the board and Officer to the monitor & support department from July 2001 to February 2004; the Vice President of Shenzhen branch office from February 2004 to June 2009; the Chief Executive Officer of CMB International Capital Corporation Limited (招銀國際金融有限公司) from June 2009 to October 2016; and as Deputy President of CMB Financial Leasing Co., Ltd. from October 2016 until 28 November 2016.

Mr. Li Minbin (李敏斌), aged 36, is the Group's Vice President and was appointed as a Non-Executive Director of the Company on 3 August 2015 and further re-designated as an Executive Director on 27 November 2015, and he severed as a director and general manager of several subsidiaries of the Company. He is also a member of each of the Strategic Committee and Investment Committee (formerly known as Investment and Fund Raising Committee) of the Company. He obtained a bachelor's degree in business administration and currently studying EMBA course at the Chinese University of Hong Kong.

Mr. Li has rich experience in operation and management of logistics, investment, commercial and financial industries. From July 2004 to July 2010, he served as the assistant to manager of the investment department of Shenzhen Shum Yip Logistics Group Holdings Co., Ltd. (深圳深業物流集團股份有限公司). From December 2007 to October 2008, he served as the manager of the securities department of 深圳市寶能投資集團有限公司(Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business, responsible for investment research and securities management businesses. From July 2010 to March 2014, he served as the supervisor, assistant to general manager and representative of securities affair, and from March 2014 to March 2016, as director and secretary to the board of directors of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (stock code: 600892), a company listed on Shanghai Stock Exchange.

* for identification purpose only

NON-EXECUTIVE DIRECTOR

Mr. Huang Wei (黃煒), aged 42, was appointed as an Executive Director of the Company on 3 August 2015 and further re-designated as a Non-Executive Director on 27 November 2015. He is also a member of the Audit Committee of the Company. He obtained a master's degree in economics and graduated from the Hunan University in China. Mr. Huang has over 18 years of experience in investment and financial industries. From August 2002 to November 2004, he served as the vice manager of the department of personal housing loan; from November 2004 to September 2008, as the vice general manager of the corporate financing management centre, from September 2008 to February 2012, as the general manager of the department of corporate banking and from January 2013 to December 2013, as the general manager of the department of institutional banking of Shenzhen branch, Industrial and Commercial Bank of China. Since December 2013, he has served as the senior vice president of 深圳寶能投資集團有限公司(Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business.

* for identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chun Bong (王振邦), aged 58, was appointed as an Independent Non-Executive Director of the Company on 28 November 2009. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services, which the Company believes will enhance in the overall financial control and management of the Group. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學). Mr. Wong is currently the managing partner of a firm of certified public accountants in Hong Kong. He is also a member of both the Council and Court of The Hong Kong Polytechnic University. He is the ex-Chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong. Mr. Wong is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Institute of Chartered Accountants in England and Wales.

Professor Lee Kwok On, Matthew (李國安), aged 57, PhD, was appointed as an Independent Non–Executive Director of the Company on 28 November 2009. He is the Vice-President (Development & External Relations) and Chair professor of Information Systems & E-Commerce at the City University of Hong Kong. Professor Lee is the Chairman of Hong Kong Committee for Pacific Economic Cooperation (太平洋經濟合作香港委員會). He is an independent non-executive director of Computer and Technologies Holdings Limited (科聯系統集團有限公司), a company listed on the main board of the Stock Exchange (stock code: 0046). Professor Lee holds a first-class honours bachelor's degree in electronic engineering and a MBA degree in business studies from the University of Sheffield in the United Kingdom, a MSc degree in computation from the University of Oxford in the United Kingdom, a PhD degree in computer science from the University of Manchester in the United Kingdom, a LLB degree and a LLM degree in commercial & corporate law from the University of London in the United Kingdom. He is a chartered engineer of the UK Engineering Council, a professional member of the British Computer Society. Professor Lee was also admitted as a barrister-at-law in Hong Kong.

Mr. Lee Kwan Hung (李均雄), aged 51, was appointed as an Independent Non-Executive Director of the Company on 27 November 2015. He received his Bachelor of Laws (Honors) and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was admitted as a solicitor in Hong Kong in 1991 and in England and Wales in 1997. From December 1992 to April 1994, Mr. Lee worked in the Listing Division of the Hong Kong Stock Exchange, where he successively served as a manager and a senior manager, and was a partner of Woo, Kwan, Lee & Lo from April 2001 to February 2011. Mr. Lee is currently a consultant at Howse Williams Bowers. He serves as an independent non-executive director of several companies listed on the Hong Kong Stock Exchange, including Embry Holdings Limited (安莉芳控股有限公司) (Stock Code: 1388) since November 2006, NetDragon Websoft Holdings Limited. (網龍網絡控股有限公司) (Stock Code: 777) since October 2007, Asia Cassava Resources Holdings Limited (亞洲木薯資源控股有限公司) (Stock Code: 841) since January 2009, Futong Technology Development Holdings Limited (富通科技發展控股有限公司) (Stock Code: 465) since November 2009, Newton Resources Ltd. (新礦資源有限公司) (Stock Code: 1231) since December 2010, Tenfu (Cayman) Holdings Company Limited (天福（開曼）控股有限公司) (Stock Code: 6868) since August 2011, China BlueChemical Ltd. (中海石油化學股份有限公司) (Stock Code: 3983) since June 2012, Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司) (Stock Code: 106) since July 2013, Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (Stock Code: 1528) since February 2015, FSE Engineering Holdings Limited (豐盛機電控股有限公司) (Stock Code: 331) since November 2015 and Ten Pao Group Holdings Limited (天寶集團控股有限公司) (Stock Code: 1979) since November 2015.

In the previous three years, Mr. Lee was also an independent non-executive director of Yuexiu REIT Asset Management Limited (越秀房託資產管理有限公司), the manager of Yuexiu Real Estate Investment Trust (越秀房地產投資信託基金) (Stock Code: 405) from November 2005 to October 2014, Far East Holdings International Limited (遠東控股國際有限公司) (Stock Code: 36) from March 2012 to November 2014, and Walker Group Holdings Limited (盈進集團控股有限公司) (Stock Code:1386) from February 2011 to April 2016.

KEY PERSONNELS

Ms. Kwok Ling Yee, Pearl Elizabeth (郭凌而), aged 48, is the Group's Chief Financial Officer and Company Secretary. She joined the Group in November 2010. Ms. Kwok is responsible for financial management and implementation of corporate governance practices of the Group. Ms. Kwok has over 25 years of experience in accounting and auditing. She is a member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Ms. Kwok graduated with a bachelor's degree of Business from the Queensland University of Technology in Australia.

Mr. Cheung Lit Wan Kenneth (張烈雲), aged 50, is the Director of Goldjoy Holding Limited. Mr. Cheung is responsible for managing the financial services platform of the Group. Mr. Cheung has over 20 years of experience in investment on securities, wealth management, asset management and financial products. He is the founder of the China Goldjoy Securities Limited (formerly known as Hunlicar Securities Limited and China Yinsheng Securities Limited respectively) since year 1998. He was a member of the Hong Kong Securities Institute and was licensed by the Securities and Futures Commission of Hong Kong as Type 1 Responsible Officer from 2003 to 2009.

Mr. Kam Yun Kwong, Dick (甘潤光), aged 52, is the founder of Gallant Tech Limited which was established in 2006. Mr. Kam joined the Group in January 2012. Mr. Kam is currently the General Manager of Gallant Tech Limited and is responsible for driving the business of the Group's Automation platform. Mr. Kam has over 22 years of experience in equipment distribution business and has developed very strong business network in China with sound knowledge in surface mount technology ("SMT") lines and engineering process. He was the General Manager in American Tec Co Ltd. (which is a subsidiary of North Asia Strategic Holdings Ltd. (北亞策略控股有限公司) listed in Hong Kong GEM board (Stock Code: 8080) before the setup of his own business.

Mr. Kam obtained a Higher Certificate in Electronic Engineer from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學). He was granted an IMBA degree from the Victoria University of Wellington in New Zealand.

Report of the Directors

The Board is pleased to present this annual report together with the audited consolidated financial statements of China Goldjoy Group Limited and its subsidiaries for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in Note 9 to the consolidated financial statements.

A review of the business of the Group during the year under review and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2016 are provided in the section headed "Chairman's Statement" on pages 4 to 5 and the section headed "Management Discussion and Analysis" on pages 6 to 17 of this annual report.

An analysis of the Group's performance during the year ended 31 December 2016 using financial performance indicators is provided in the section headed "Management Discussion and Analysis" on pages 6 to 17 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2016 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 59 to 148.

The Board recommends the payment of a final dividend of HK$0.32 cents per ordinary share for year ended 31 December 2016 (2015: HK$0.25 cents) to shareholders whose names appear on register of members of the Company on Wednesday, 17 May 2017. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on Friday, 12 May 2017, the said final dividend will be paid in cash on or around Friday, 2 June 2017. Details of dividend for the year ended 31 December 2016 are set out in Note 32 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 9 May 2017 to Friday, 12 May 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 May 2017.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 18 May 2017 to Monday, 22 May 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 17 May 2017.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the past five financial years, as extracted from the consolidated financial statement, and restated as appropriate, is set out on the inside front cover. This summary does not form part of the consolidated financial statements.

DONATIONS

During the year ended 31 December 2016, the Group made external donations of approximately HK$100,000 (2015: HK$100,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 14 September 2016, an aggregate of 600,000,000 Placing Shares have been successfully placed by the Placing Agent, to not less than six placees at the Placing Price of HK$0.68 per Placing Share. Pursuant to the terms and conditions of the Placing Agreement, the net proceeds of the Group are approximately HK$408,000,000.

Save for such Placing, neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2016.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 40 and Note 21 respectively, to the consolidated financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As of 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) ("Companies Law") of the Cayman Islands, amounted to approximately HK$799.6 million (2015: HK$1,729.3 million), of which HK$0.32 cents dividend (2015: HK$0.25 cents) has been proposed for the year. Under the Companies Law, the share premium account of the Company of approximately HK$2,396.0 million as of 31 December 2016 (2015: HK$2,054.2 million) is distributable to the shareholders of the Company provided that immediately following the date on which the dividend, if any, is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year 24.9% (2015: 23.3%) of the Group's revenue and 84.5% (2015: 84.2%) of the Group's purchases, were attributable to the Group's five largest customers and five largest suppliers, respectively; and 7.6% (2015: 6.4%) of the Group's revenue and 36.2% (2015: 34.7%) of the Group's purchases were attributable to the Group's largest customer and supplier, respectively.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors
Mr. Yao Jianhui *(Chairman)*
Mr. Shao Zuosheng *(appointed on 8 December 2016)*
Mr. Feng Huiming *(appointed on 11 March 2016 and resigned on 8 December 2016)*
Mr. Li Minbin

Non-Executive Director
Mr. Huang Wei

Independent Non-Executive Directors
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers all the Independent Non-Executive Directors to be independent.

DIRECTORS' BIOGRAPHIES

The biographical details of the current Directors of the Company are set out on pages 18 to 21 of the annual report and can be found on the Company's website.

DIRECTORS' SERVICE CONTRACTS

All of the executive Directors and non-executive Director had respectively entered into a service contracts with the Company. Details of the service contracts include: (1) a term of directorship for three years with effect from the date of appointment, reappointment or re-election; and (2) the contracts shall be terminated according to the terms of each contract.

Each of the independent non-executive Directors had signed a letter of appointment with the Company. Details of the letter of appointments mainly include: (1) a term of directorship for three years with effect from the date of appointment, reappointment or re-election; and (2) the letter of appointment shall be terminated according to the terms of each letter of appointment.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Notes 41 and 28, respectively to the consolidated financial statements.

The remuneration of the Directors is determined with reference to the Directors' duties, responsibilities and performance and the Group's results.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

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

As of 31 December 2016, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares or 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 under 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") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yao Jianhui *(Note)*	Interest in controlled corporation	10,771,835,600	48.63%
	Beneficial owner	15,852,000	0.08%

Note: Mr. Yao Jianhui holds 100% of Tinmark Development Limited, which is the beneficial owner of 10,771,835,600 shares in the Company.

Save as disclosed above, as of 31 December 2016, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have 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 maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as defined in the section headed "Share Option Scheme" below), at no time during the year ended 31 December 2016 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the year ended 31 December 2016.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in or sustain or about the execution of the duties of their office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2016, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Tinmark Development Limited	Beneficial owner	10,771,835,600	48.63%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	19.05%
Taiping Assets Management (HK) Company Limited *(Note 1)*	Investment Manager	4,219,560,000	19.05%

Note 1: Taiping Assets Management (HK) Company Limited as the investment manager of these shares is also deemed to be interested in such Shares.

Save as disclosed above, as of 31 December 2016, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2016, the Group employed approximately 400 (2015: 500) full-time staff principally in Hong Kong and China.

The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonuses are awarded to staff based on the financial performance of the Group and performance of individual staff.

In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme (as detailed in the paragraph headed "Share Option Scheme" below).

RETIREMENT SCHEMES

The Group participates in several defined contribution retirement plans which cover the Group's eligible employees in China, and a mandatory provident fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in Note 28 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme"), which was adopted pursuant to a resolution in writing passed by the shareholders of the Company on 24 November 2010, for the purpose of providing incentive or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company and to enable the Group to recruit and retain employees of high calibre. The Scheme became effective on 24 November 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Eligible participants of the Scheme include the following:

(i) Full-time or part-time employees; and

(ii) Full-time or part-time executive directors and independent non-executive directors of any member of the Group.

As of the date of this report, the total number of shares of the Company available for issue under the Scheme is 275,480,000, representing approximately 1.24% of the issued share capital of the Company as of the date of this report.

The total number of shares issued and which may fall to be issued upon exercise of the options granted and to be granted under the Scheme (including exercised, cancelled and outstanding options) to each eligible person, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such eligible persons and his associates abstaining from voting and other requirements prescribed under the Listing Rules from time to time.

Any grant of options to a Director, chief executive or to a substantial shareholder of the Company or any of their respective associates is required to be approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an Independent Non-Executive Director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

(i) representing in aggregate over 0.1% of the shares in issue on the date of the offer; and

(ii) having an aggregate value in excess of HK$5 million, based on the closing price of the Company's shares at the date of such grant,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favour at such meeting and other requirements prescribed under the Listing Rules from time to time.

The offer of a grant of share options may be accepted by the date specified in the offer letter, upon payment of a nominal consideration of HK$1 by the grantee.

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option.

Upon acceptance, the date of grant of any particular option is deemed to be the date of the Board resolution approving the grant in accordance with the Scheme. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination in accordance with the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Scheme by the shareholders.

Details of the share options outstanding as at 31 December 2016 which have been granted under the scheme are as follows:

	Number of options (in thousands)						
	Held at 1 January 2016	**Granted during the year**	**Expired during the year**	**Exercised during the year**	**Held at 31 December 2016**	**Exercise price per share HK$**	**Exercisable period**
Employees	2,000	–	–	–	2,000	0.420	17 June 2013 to 16 June 2023
Total	2,000	–	–	–	2,000		

Save as disclosed above, no share options of the Company were granted, exercised, cancelled or lapsed during the year.

At 16 June 2013, the date before the options were granted, the market value per share was HK$0.395. The value of the options granted to the grantees were HK$2,224,000.

CONTINUING CONNECTED TRANSACTIONS

On 4 July 2016, China Goldjoy Securities Limited ("China Goldjoy Securities") (formerly known as China Yinsheng Securities Limited), an indirect subsidiary of the Company, entered into a Margin Financing Service Agreements with Mr. Cheung Lit Wan, Kenneth, Ms. Lam Oi Chun and their associates (who are considered to be a connected person by virtue of being a director of Company's subsidiaries of the Company), for provision of margin financing services on normal commercial terms and at rates comparable to rates offered to other customers of China Goldjoy Securities who are independent third parties from time to time. The aggregated financing annual cap maximum daily outstanding amounts were HK$32,500,000, HK$32,000,000 and HK$32,000,000 for the year ended/ending 31 December 2016, 2017 and 2018 respectively. The aggregated interest income annual cap was HK$2,250,000, HK$2,200,000 and HK$2,200,000 for the year ended/ending 31 December 2016, 2017 and 2018 respectively.

On 17 February 2017, China Goldjoy Securities entered into the Supplemental Margin Financing Service Agreements to raise the aggregated financing annual caps maximum daily outstanding amounts to HK$72,200,000, HK$140,000,000 and HK$140,000,000 for the year ended/ending 31 December 2016, 2017 and 2018 respectively, for more trading opportunities owing to better market conditions and the implementation of the Shanghai and Shenzhen Connect programs. The revised aggregated interest income annual cap was raised to HK$4,778,000, HK$8,750,000 and HK$8,750,000 for the year ended/ending 31 December 2016, 2017 and 2018 respectively.

During the year ended 31 December 2016, the aggregated maximum daily outstanding amounts and interest income for Mr. Cheung Lit Wan, Kenneth, Ms. Lam Oi Chun and their associates were HK$71,881,032 and HK$3,977,051 respectively.

The Company has engaged the auditor of the Company to report the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions and based on the unqualified letter issued by the auditor of the Company noted above, confirmed that the transactions have been entered into:

(a) in the ordinary course and usual course of business of the Company;

(b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Each of the Group's Executive Directors, Non-Executive Director and Independent Non-Executive Directors has confirmed that none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained a sufficient public float as required under the Listing Rules as of the date of this annual report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established on 28 November 2009 with written terms of reference set out in the Corporate Governance Code (the "CG Code"). The principal duties of the audit committee includes the review of the Group's financial reporting matters, risk management and internal control procedures.

At present, the Audit Committee comprises one Non-Executive Director, namely Mr. Huang Wei and two Independent Non-Executive Directors, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew, of which Mr. Wong Chun Bong is the Chairman.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the audited financial statements of the Group for the year ended 31 December 2016. The consolidated financial statements for the year ended 31 December 2016 have been audited by the Company's independent auditor, PricewaterhouseCoopers.

CORPORATE GOVERNANCE

Details of the corporate governance of the Group are set out in the section headed "Corporate Governance Report" in this annual report.

AUDITOR

PricewaterhouseCoopers, the independent auditor of the Company, will retire and, being eligible, offer itself for reappointment at the forthcoming annual general meeting. A resolution to re-appoint it as independent auditor of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
YAO Jianhui
Chairman

Hong Kong, 10 March 2017

Corporate Governance Report

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk management and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board under its terms of reference as formally adopted on 2 November 2015, including but not limited to the development and review of the Company's policies and practices on corporate governance and to ensure their compliance with legal and regulatory requirements, and to review and monitor the training and continuous professional development of the Directors and senior members of the Company.

In line with the best corporate governance practice, the Company has established an Audit Committee, a Remuneration Committee, a Nomination Committee, a Strategic Committee and an Investment Committee (formerly known as Investment and Fund Raising Committee). The Board and all subordinate committees evaluate and monitor their respective effectiveness on a regular basis in accordance with their terms of reference.

The Company believes that its commitment to high standard practices will translate into long-term value and ultimately making returns to shareholders. The Company's management pledges to building longer-term interests for shareholders via, for example, conducting business in a socially responsible and professional manner.

The Board procedures are in compliance with the articles of association (the "Articles") of the Company as well as relevant rules and regulations. For the year ended 31 December 2016, there were no significant changes to the Articles.

CORPORATE GOVERNANCE PRACTICES

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the CG Code in Appendix 14 to the Listing Rules, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A2.1. Mr. Yao Jianhui ("Mr. Yao") currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. Mr. Yao has extensive experience in a wide range of industries, including food, construction materials, real estate, commerce, agricultural and foresty, logistics, technology and finance. The Board believes that by holding both roles, Mr. Yao will be able to provide the Group with strong and consistent leadership and more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company's present management structure comprises sufficient number of Independent Non-Executive Directors, and thus the Board believes that a balance of power and authority has been and will be maintained.

THE BOARD

The Board provides leadership and guidance to the Group's activities, overseeing the Group's businesses, strategic decisions and financial performances. The Board has delegated its powers to the management for the Group's daily management and operations.

MEETING ATTENDANCE

The attendance of individual members of the Board at Board meetings, meetings of the Board Committees and general meetings during the year ended 31 December 2016, as well as the number of such meetings held, are set out as follows:

Meetings attended/held Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Strategic Committee	Investment Committee (formerly known as Investment and Fund Raising Committee)	General Meeting
Executive Directors							
Mr. Yao Jianhui *(Note 1)*	5/7		2/2	3/3	2/2	3/3	0/1
Mr. Feng Huiming *(Note 2)*	3/5				1/1	1/1	1/1
Mr. Shao Zuosheng *(Noted 3)*	1/1					2/2	
Mr. Li Minbin *(Note 4)*	7/7				2/2	3/3	1/1
Non-Executive Director							
Mr. Huang Wei *(Note 5)*	4/7	4/4					0/1
Independent Non-Executive Directors							
Mr. Wong Chun Bong *(Note 6)*	7/7	4/4	2/2	3/3			1/1
Professor Lee Kwok On, Matthew *(Note 7)*	7/7	4/4		3/3	2/2		0/1
Mr. Lee Kwan Hung *(Note 8)*	7/7		2/2				1/1

Note 1: Mr. Yao Jianhui has been appointed as the Chairman of the Board, an Executive Director, the Chief Executive Officer and the Chairman of each of the Nomination Committee, Strategic Committee and a member of the Remuneration Committee of the Board of the Company with effect from 3 August 2015. He was appointed as the Chairman of the Investment Committee (formerly known as Investment and Fund Raising Committee) with effect from 26 August 2016. 7 Board meetings, 2 Nomination Committee meetings, 3 Remuneration Committee meetings, 2 Strategic Committee meetings, 3 Investment Committee meetings and 1 General meeting were held from 1 January to 31 December 2016.

Note 2: Mr. Feng Huiming has been appointed as an Executive Director and the Senior Vice President of the Company and a member of the Strategic Committee with effect from 11 March 2016 and a member of the Investment Committee with effect from 26 August 2016 and resigned on 8 December 2016. 5 Board meetings, 1 Strategic Committee meeting, 1 Investment Committee meeting and 1 General Meeting were held from 11 March to 8 December 2016.

Note 3: Mr. Shao Zuosheng has been appointed as an Executive Director of the Company and a member of each of the Strategic Committee and Investment Committee with effect from 8 December 2016. He was appointed as the Senior Vice President of the Company with effect from 1 December 2016. 1 Board meeting and 2 Investment Committee meetings were held from 8 December to 31 December 2016.

Note 4: Mr. Li Minbin was appointed as a Non-Executive Director on 3 August 2015 and further re-designated as an Executive Director and appointed as a member of the Strategic Committee on 27 November 2015 and a member of Investment Committee of the Company on 26 August 2016. He was appointed as the Vice President of the Company with effect from 1 January 2016. 7 Board meetings, 2 Strategic Committee meetings, 3 Investment Committee meetings and 1 General meeting were held from 1 January to 31 December 2016.

Note 5: Mr. Huang Wei has been appointed as an Executive Director with effect from 3 August 2015 and has been re-designated as a Non-Executive Director and appointed as a member of the Audit Committee of the Company with effect from 27 November 2015. 7 Board meetings, 4 Audit committee meetings and 1 General Meeting were held from 1 January to 31 December 2016.

Note 6: Mr. Wong Chun Bong has been appointed as an Independent Non-Executive Director, the Chairman of the Audit Committee, a member of each of the Nomination Committee and Remuneration Committee of the Company with effect from 28 November 2009. 7 Board meetings, 4 Audit Committee meetings, 2 Nomination Committee meetings, 3 Remuneration Committee meetings and 1 General Meeting were held from 1 January to 31 December 2016.

Note 7: Professor Lee Kwok On, Matthew has been appointed as an Independent Non-Executive Director, a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 28 November 2009. He was appointed as the Chairman of the Remuneration Committee of the Company with effect from 27 November 2015. He was 7 Board meetings, 4 Audit Committee meetings, 3 Nomination Committee meetings, 2 Remuneration Committee meetings and 1 General Meeting were held from 1 January to 31 December 2016.

Note 8: Mr. Lee Kwan Hung has been appointed as an Independent Non-Executive Director and a member of the Nomination Committee of the Company with effect from 27 November 2015. 7 Board meetings, 2 Nomination Committee meetings and 1 General Meeting were held from 1 January to 31 December 2016.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Yao Jianhui is the Chairman and the Chief Executive Officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development. The CG Code recommends that the role of the Chairman and that of the Chief Executive Officer should be separated and should not be performed by the same individual. The Company deviates from this provision of the CG Code with Mr. Yao Jianhui being the Chairman and the Chief Executive Officer of the Company concurrently. The Board considers this arrangement appropriate as it allows for efficient discharge of the executive functions of the Chief Executive Officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals including three Independent Non-Executive Directors offering independent advice from different perspectives. In addition, all major decisions are made after consultation with the Board and appropriate Board Committees, as well as key personnel. The Board is therefore of the view that there are adequate balance and safeguards in place.

BOARD COMMITTEE

The Board has established an Audit Committee, a Remuneration Committee, a Nomination Committee, a Strategic Committee and an Investment Committee (formerly known as Investment and Fund Raising Committee) with clearly defined written terms of reference. Each committee reports back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Audit Committee

The Company established an Audit Committee on 28 November 2009, with written terms of reference consistent with those set out in the CG Code.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting matters, risk management and internal control procedures. The Audit Committee comprises one non-executive director of the Company, namely Mr. Huang Wei and two independent non-executive directors of the Company, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew, of which Mr. Wong Chun Bong is the Chairman. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2016. During the year, the Audit Committee has duly discharged the above duties.

Nomination Committee

The Company established a Nomination Committee on 28 November 2009, with written terms of reference consistent with those set out in the CG Code.

The principal duties of the Nomination Committee include considering and recommending to the Board on the appointment of all the Directors. The Nomination Committee comprises three members, namely Mr. Yao Jianhui, Mr. Wong Chun Bong and Mr. Lee Kwan Hung, of which Mr. Yao Jianhui is the Chairman. During the year, the Nomination Committee has duly discharged the above duties.

Remuneration Committee

The Company established a Remuneration Committee on 28 November 2009, with written terms of reference consistent with those set out in the CG Code.

The principal duties of the Remuneration Committee include determining and reviewing the remuneration packages of all the Directors and senior management of the Company. The senior management of the Company comprises only the Executive Directors of the Company. The Remuneration Committee comprises three members, namely Professor Lee Kwok On, Mathew, Mr. Yao Jianhui and Mr. Wong Chun Bong, of which Professor Lee Kwok On, Matthew is the Chairman. During the year, the Remuneration Committee has duly discharged the above duties.

Strategic Committee

The Company established a Strategic Committee on 28 November 2009. The principal duties of the Strategic Committee include considering and recommending to the Board on the Group's business strategies and investment opportunities. The Strategic Committee comprises three members, namely Mr. Yao Jianhui, Mr. Li Minbin and Professor Lee Kwok On, Matthew, of which Mr. Yao Jianhui is the Chairman. During the year, the Strategic Committee has duly discharged the above duties.

Investment Committee

The Company established Investment Committee on 26 August 2016 (formerly known as Investment and Fund Raising Committee). The principal duties of the Investment Committee include considering the investment and fund raising proposals made by the Company and its subsidiaries. The Investment Committee comprises three members, namely Mr. Yao Jianhui, Mr. Shao Zuosheng and Mr. Li Minbin, of which Mr. Yao Jianhui is the Chairman. During the year, the Investment Committee has duly discharged the above duties.

BOARD DIVERSITY POLICY

During the year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. 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.

Selection of candidates will be based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board.

TRAINING AND SUPPORT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or alternative Director would receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provided briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and key personnel, where appropriate, to ensure awareness of best corporate governance practices.

During the year ended 31 December 2016, the Directors also participated in the following trainings:

Directors	Types of training
Executive Directors	
Mr. Yao Jianhui	A,B
Mr. Shao Zuosheng (appointed on 8 December 2016)	A,B
Mr. Feng Huiming (appointed on 11 March 2016 and resigned on 8 December 2016)	A,B
Mr. Li Minbin	A,B
Non-Executive Director	
Mr. Huang Wei	A,B
Independent Non-Executive Directors	
Mr. Wong Chun Bong	A,B
Professor Lee Kwok On, Matthew	A,B
Mr. Lee Kwan Hung	A,B

A: *attending seminars and/or conferences and/or forums*

B: *reading newspapers, journals and updates relating to the economy, latest changes and development of the Listing Rules, corporate governance practices, and etc.*

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the year ended 31 December 2016, they have complied with the provisions of the Model Code.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the Independent Non-Executive Directors has signed a letter of appointment with the Company, with a term of directorship for 3 years with effect from the date of appointment, reappointment or re-election. Upon the expiry of the aforesaid term of 3 years, the appointments shall be subject to the approval by the Board of the Company. The term of appointment shall be terminable by either the Independent Non-Executive Director or the Company by giving the other party not less than 3 months' prior notice in writing.

DIRECTORS' REMUNERATION

During the year ended 31 December 2016, the Remuneration Committee determined the remuneration packages of the Executive Directors of the Company.

During the year ended 31 December 2016, the Directors' remuneration is as follows:

	2016 **HK$'000**	2015 HK$'000
Fees	**2,183**	2,109
Other emoluments:		
Salaries, allowances and benefits in kind	**2,959**	1,671
Bonus	**105**	93
Pension scheme contributions	**153**	17
	5,400	3,890

(a) Independent Non-Executive Directors

The fees paid to Independent Non-Executive Directors during the year ended 31 December 2016 were as follows:

	2016 **HK$'000**	2015 HK$'000
Mr. Wong Chun Bong	**324**	288
Professor Lee Kwok On, Matthew	**240**	216
Mr. Lee Kwan Hung	**240**	23
Mr. Chan Wai (resigned on 27 November 2015)	**–**	228
	804	755

(b) Executive Directors

The remunerations paid to Executive Directors during the year ended 31 December 2016 were as follows:

Year 2016	**Fees HK$'000**	**Basic salaries, housing benefits, other allowances and benefits in kind HK$'000**	**Performance related bonuses HK$'000**	**Share-based compensation HK$'000**	**Pension Scheme HK$'000**	**Total Remuneration HK$'000**
Mr. Yao Jianhui	**432**	**1,116**	**93**	**–**	**18**	**1,659**
Mr. Shao Zuosheng (appointed on 8 December 2016)	**25**	**218**	**–**	**–**	**–**	**243**
Mr, Feng Huiming (appointed on 11 March 2016 and resigned on 8 December 2016)	**286**	**1,200**	**–**	**–**	**78**	**1,564**
Mr. Li Minbin	**384**	**425**	**12**	**–**	**57**	**878**

Year 2015	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Share-based compensation HK$'000	Pension Scheme HK$'000	Total Remuneration HK$'000
Mr. Yao Jianhui	177	456	93	–	6	732
Mr. Li Minbin (appointed on 27 November 2015)	36	–	–	–	–	36
Mr. Huang Wei (appointed on 3 August 2015, further re-designed as an Non-executive Director on 27 November 2015)	122	–	–	–	–	122
Mr. Zhang Bowen (appointed on 3 August 2015 and resigned on 27 November 2015)	122	–	–	–	–	122
Mr. Wong Kwok Fong (resigned on 3 August 2015)	424	587	–	–	–	1,011
Ms. Ching Pui Yi (resigned on 3 August 2015)	282	364	–	–	11	657
Mr. Tan Hui Kiat (resigned on 3 August 2015)	88	264	–	–	–	352

(c) Non-executive Directors

The remunerations paid to Non-executive Directors during the year ended 31 December were as follows:

Year 2016	**Fees HK$'000**	**Basic salaries, housing benefits, other allowances and benefits in kind HK$'000**	**Performance related bonuses HK$'000**	**Share-based compensation HK$'000**	**Pension Scheme HK$'000**	**Total Remuneration HK$'000**
Mr. Huang Wei	**252**	**–**	**–**	**–**	**–**	**252**

Year 2015	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Share-based compensation HK$'000	Pension Scheme HK$'000	Total Remuneration HK$'000
Mr. Huang Wei	23	–	–	–	–	23
Mr. Li Minbin	80	–	–	–	–	80

INTERNAL CONTROL

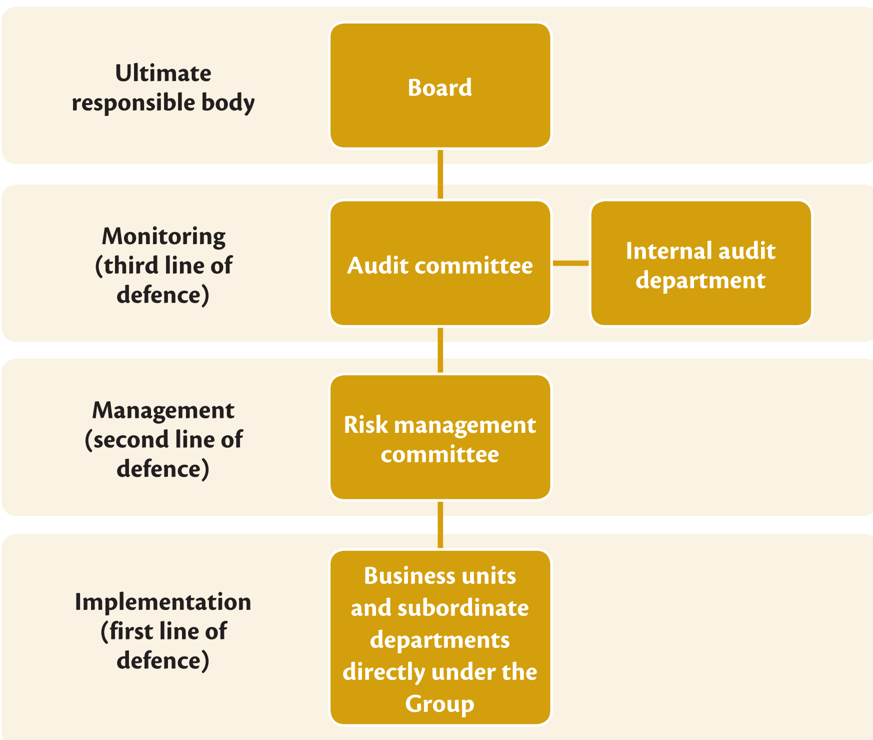
Risk management and internal control report

The Group has established and adopted the "China Goldjoy Group Risk Management System" as a simple and effective management procedure for all business units. Pursuant to which, risks were identified, reviewed and prioritised to facilitate resources allocation for the appropriate risk management. The management, through the framework, also developed clear understanding on the material risks faced by the Group, which formed the basis for its decision and project implementation, thereby enabling the Group to deliver better operating results.

It is the sole responsibility of the Board to build and maintain a comprehensive and effective risk management and internal control system for the Group for the purpose of safeguarding shareholders' investment and the Group's assets. Such system is designed to identify and manage the risk of failure to achieve business objectives. This risk management and internal control report describes the structure and major features of the risk management and internal control system.

Risk management structure

Based on the different functions performed by each component, the risk management structure of the Group is organised into three basic lines of defence under the leadership of the Board, namely the business departments and subordinate units directly under China Goldjoy Group; the Risk Management Committee; and the Audit Committee and internal audit department.



The major duties and responsibilities of each of the above risk management function are set out below:

1. **The Board (ultimate responsible body):** As the ultimate responsible body of the risk management work of the Group, the Board has the right to give guidance and final decision on the risk management system and risk response plan, and bears the ultimate responsibility for the outcome of the risk management efforts. Its main duties include:

   - To assess and determine the objectives and risk tolerance of the Group and to bear the ultimate responsibility for the appropriateness and effectiveness of the risk management mechanism of the Group;
   - To make final decision on the risk management system and material risk policy, thereby ensuring the risk management standard is in line with the development objectives of the Group. The right of final decision could be exercised on, including but not limited to, the corporate risk management and governance structure, risk assessment results, major risk response plan;
   - To approve the risk assessment report;
   - To approve the risk management system;
   - To cultivate the appropriate risk culture of the Group; and
   - To monitor the dynamic among staff, corporate strategy, risk, internal control and compliance.

2. **The Audit Committee and internal audit department** (third line of defence): They are responsible for the monitoring of the implementation of risk management and the timely report of outcomes to the Board. Their main duties include:

   - To constantly monitor the operation of the risk management mechanism with the aim of ensuring the effective identification, assessment, management, response and monitoring of corporate risks;
   - To set up risk-based internal audit plan;
   - To review the effectiveness of the risk management mechanism of the Group at least once a year;
   - To review the risk assessment report;
   - To ensure all identified risks are addressed by a person-in-charge; and
   - To report to the Board on major issues and make recommendations.

3. **Risk management committee** (second line of defence): It is responsible for the establishment and optimisation of the risk management framework of the Group and the supervision and coordination of risk identification, assessment, mitigation, mitigation management and supervision as well as the risk management report and presentation. Its main duties include:

   - To establish and constantly optimise the risk management framework, formulate and regularly review the risk management system;
   - To design and carry out periodic update of the parameters for risk assessment;
   - To lead and coordinate the risk identification and assessment within the Group at least once a year and to formulate the risk response plan;
   - To establish or update the risk database in light of the results of risk identification, and based on such results and progress of risk management to formulate the risk assessment report, which will be submitted to the audit committee for review and ultimately the Board for approval;
   - To follow up on the implementation of the risk response plan and report the outcomes to the audit committee and the Board;
   - To collectively manage the risk of business departments and subordinate units; to allocate funds based on analysis of risks and returns; and
   - To organise relevant staff training and education on risk management.

4. **Business departments and subordinate units directly under the Group** (including the management and employees of the business departments and subordinate departments directly under the Group) (first line of defence): The business departments of the Group are the risk owners at the group's level while the subordinate units are the risk owners at the level of subordinate units. Pursuant to the requirements of this system, they will be in charge of the risk management and control that falls into their respective responsibility. Their main duties include:

   - To understand the strategic objective and risk appetite of the Company;
   - To implement the risk management system and be subject to the coordination, guidance and supervision on risk management work of the Group;
   - To follow up on and monitor the risk issues of the respective department or its subordinate units; to prevent, control and resolve risks;
   - To perform risk identification and assessment for the respective department or its subordinate units;
   - To monitor risks of the respective department or its subordinate units, establish and implement the risk response measures; and
   - To perform self-review and inspection of the risk management work by the respective department or its subordinate units, so as to identify and rectify deficiencies in a timely manner.

Risk management measures

The overall risk management process of the Group comprises knowing the objective, identification of risk incidents, risk assessment and response, risk monitoring, risk management report and presentation.

The major objectives and management measures of each of the above step of risk control are set out below:

1. **Knowing the objective:** Knowing the objective of the Group is the prerequisite of risk identification, risk assessment and risk response. The Group must first set an objective before identifying and assessing the risks that may affect the ability to achieve objective, and taking the necessary actions to control those risks.

2. **Risk identification:** Based on the Group's objective, the Group and its subordinate units identify the potential risks that may affect the ability to achieve objective. Risk identification involves the identification of risk incidents in all business segments, operations and major business procedures through questionnaire and survey, group discussion, expert consultation, scenario analysis, policy analysis, benchmarking and interview, as well as the establishment and annual update of the risk database. The Group needs to identify the internal and external risks relating to attaining the control objective so as to determine the corresponding risk appetite.

3. **Risk assessment:** The Group assesses major risk incident that may affect the ability to achieve objective from the perspectives of vulnerability and the impact on the objective upon the occurrence of risk incidents, and prioritises such risks for the Group to reasonably allocate resources to implement or optimise risk response plan, thereby maintaining the overall risk at an acceptable level. The risk management team conducts annual reviews on parameters of risk assessment (i.e., vulnerability and impact) and report to the Audit Committee for the final approval of the Board.

4. **Risk response:** The Group formulates and implements risk control plan based on the nature of risk incidents and its tolerance to such incidents. The risk control plan can be in the form of special proposal or management system in the daily operation of the Group, with the purpose of maintaining the overall risk at an acceptable level.

   There are four basic strategies of risk response:

   - Avoiding risk: refers to the withdrawal from activities that may create risks as a way of risk prevention;

   - Transferring risk: refers to reducing the possibility of risk or its impact, or the sharing of risk by means of shifting the risk;

   - Mitigating risk: refers to reducing the possibility of risk or its impact through taking reasonable precaution and management measures; and

   - Accepting risk: refers to the case where the Group does not take any measures to interfere the impact of the risk, in the event that the risk materialises in the future, the Group will bear all consequences of the risk.

5. **Report:** The risk report of the Group can be divided into regular risk report and special risk report. The regular risk report is the annual report prepared by the risk management committee on risks and risk control in the course of the operation and development of the Group, which will be submitted to the audit committee and the Board.

The above risk management system aims at managing but not eliminating the risk of failure to achieve business objectives. Furthermore, the Board will only give reasonable but not absolute assurance that there will be no material misrepresentation or loss.

Review on system effectiveness

The review on effectiveness of the risk management and internal control system for 2016 covers the year ended 31 December 2016, in which the Board has performed annual review on the effectiveness of the risk management and internal control system of the Group through the Audit Committee, and was of the opinion that the existing risk management and internal control system was sufficient and effective. During the review, the Board has reviewed the adequacy of resources, staff qualification and experience of the audit and financial reporting function of the Group through the Audit Committee, and has not identified any material deficiencies. The Board was not aware of any material issues that may affect the shareholders and require their attention, and was of the view that the internal control of the Group was in full compliance with all of the code provisions relating to internal control under the Corporate Governance Code.

In conclusion, the Board strives to enhance the risk management and internal control system of the Group on an on-going basis.

Procedures and internal controls for the handling and dissemination of inside information

In accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules, the Group shall disclose to the public any insider information as soon as possible after such information comes to the attention of the Group, unless such information is within the scope under any safe harbours provision in the Securities and Futures Ordinance. The Group will ensure such information will be kept confidential before it is fully announced to the public. If the Group considers that the confidentiality required cannot be kept, or such information may have leaked already, such information will be disclosed to the public immediately. We also endeavour to ensure that the information contained in the announcement shall not be deceptive or misleading in all material aspects, and there are no other material matters the omission of which would make the information contained therein to be deceptive or misleading, such that the insider information disclosed can be made available to the public in an equal, timely and effective manner.

In addition, if there occurs any significant risk events, the related information will be disclosed to appropriate authorities and personnel, so that appropriate decisions and measures can be made and implemented by the Group to deal with such risk events. Meanwhile, in order to further develop the risks management culture of the enterprise, as well as to enhance the risk awareness of our staff, the Group has already rolled out training programs to enhance the risk awareness of our staff, so that we can assure to maintain the balance between business expansion and risks management in our operation.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of financial statements of each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the financial statements for the year ended 31 December 2016, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standards, made appropriate judgement and estimates, prepared the financial statements on a going-concern basis.

The Group has announced its annual results in a timely manner within the limits of three months after the end of the relevant period, as laid down in the Listing Rules.

AUDITOR'S REMUNERATION

For the year ended 31 December 2016, approximately HK$2,770,000 was incurred as remuneration to PricewaterhouseCoopers for the provision of audit services and approximately HK$512,000 was paid to local C.P.A. audit firms for the provision of audit services of the subsidiaries of the Company incorporated in China. During the year, the following amounts were paid as remuneration to PricewaterhouseCoopers for the provision of the following non-audit related services to the Group.

	HK$'000
Taxation	**748**
Others	**2,604**
Total	**3,352**

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for the Directors' and Officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group.

COMMUNICATION WITH SHAREHOLDERS

In December 2016, the Board established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.

The Group has established and maintains different communication channels with its shareholders. Annual reports and other corporate communications are published on the websites of the Company and the Stock Exchange. General meetings and investor meetings were held either face-to-face or via telephone conference. The Group reports to the shareholders twice a year and maintains a regular dialogue with investors.

Shareholders are provided with contact details of the Company, such as email address and postal address, in order for them to make queries that they may have with respect to the Company. They can also send their enquiries to the Board by these means. In addition, shareholders can contact Tricor Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend. The website of the Company has also set out details on how shareholders can convene an extraordinary meeting, and the procedures for shareholders to put forward proposals at shareholders' meeting.

The annual general meeting provides an useful forum for shareholders to exchange their views with the Board.

SHAREHOLDER'S RIGHTS

(i) Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM")

The Board shall, on the requisition in writing by the shareholder(s) to the Secretary of the Company of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, forthwith proceed to convene an EGM in accordance with the Memorandum and Articles of Association of the Company.

If within twenty-one days of such deposit the Board fails to proceed to convene the EGM, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves do so but any meeting so convened shall not be held after the expiration of three months from the said date.

(ii) Procedures for Putting Forward Proposals at General Meeting ("GM")

Shareholders can submit a written requisition to move a resolution at GM. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the GM.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the GM. It must also be signed by all of the shareholders concerned and be deposited at Units 1908 to 1909, 19/F., Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong for the attention of "the Company Secretary" not less than six weeks before the GM in case of a requisition requiring notice of a resolution and not less than one week before the GM in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses giving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

If the requisition is verified to be not in order or the requisitionists have failed to deposit sufficient money to meet the Company's expenses for the said purpose, the requisitionists will be advised of the result and accordingly, no action will be taken by the Company in that regard.

(iii) Shareholders' Enquiries

Shareholders may make enquiries or direct concerns to the Board in writing by addressing for the attention of "the Company Secretary" by mail at Units 1908 to 1909, 19/F., Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong.

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2016.

The auditor of the Company acknowledges its reporting responsibilities in the auditor's report on the consolidated financial statements for the year ended 31 December 2016.

The Directors present their report and the consolidated financial statements of the Company for the year ended 31 December 2016.

On behalf of the Board

Yao Jianhui
Chairman

Hong Kong,10 March 2017

Environmental, Social and Governance Report

As part of our commitment to sustainable development, the Group prepared this Environmental, Social and Governance report (the "Report") in accordance with the ESG Reporting Guide set out in Appendix 27 to the Main Board Listing Rules of the Hong Kong Stock Exchange, with the purpose of striking a balance amongst enhancing shareholders' value, maintaining operational efficiency and fulfilling social responsibility.

The Report covers the ESG aspects of the three business segments of the Group that generated most of its revenue, namely the securities investment, financial services and automation equipment trading during the year ended 31 December 2016. Major stakeholders including business departments and the management were involved in the materiality assessment to identify the ESG policies that are relevant and material to the Group for the inclusion in the Report.

A. Environmental

A1 *Emissions*

The Group attaches great importance to the treatment of waste from operations and is dedicated to reduce waste production and disposal. Not only did the Group practise recycling and reuse in business, it also implemented waste reduction at source and waste separation, thereby minimising waste production with green administrative measures. Apart from the treatment of solid waste, it performed assessment to the source of greenhouse gases as a result of its operation and mitigated climate change through energy saving initiatives. At the same time, it strived to achieve its goal of sewage reduction through two approaches: educating the staff and upgrading operation equipment.

A2 *Resources utilisation*

The Group pursues a responsible environmental management policy for the effective use of resources, which aims at enhancing both energy and operational efficiencies by a business model of reducing resource consumption and avoiding electricity and water wastage.

In addition to cutting electricity consumption through the use of electric appliances with high energy efficiency label, the Group conducted daily monitoring to collect statistics on electricity and water consumption for the regular review on the use of resources, so that it could formulate energy saving initiatives and proposals as appropriate. It also encouraged employees to save energy and water by raising their awareness and imposing relevant supervision.

A3 *Environmental and natural resources*

Based on the globally recognised ISO14000 environmental management standard, the Group established an environmental management system for environmental risk control and monitoring so as to deliver better performance on environmental protection.

The Group are focused on minimizing and managing the significant impact of our operation on the environment and natural resources. Therefore, it conducted on-going assessment and monitoring of environmental risks, which it has taken into account in operating decision making. In pursuit of more effective control over the environmental impact of its business activities, it has set various green objectives and measures for all areas of our operation. In the event that any environmental issue was identified, it would carry out appropriate analysis and take necessary measures promptly. It also reviewed the effectiveness of the green measures on an ongoing basis and formulated environmental protection policies and plans for the longer term based on its business needs. The Group is not aware of any non-compliance with environmental laws and regulations during the year ended 31 December 2016.

B. Social

B1 Employment

The Group believes talent is the key to business development, for that it put talent nurturing and team building as its priorities and adopt various recruitment strategies and an incentive scheme to encourage employees development. It has established a detailed set of codes for human resources management and employees' behaviours, which covered policies and procedures of recruitment, employee deployment, remuneration review, promotion, working hours, annual leaves, benefits, staff training, career development and occupational safety.

As an equal opportunity employer, the Group adheres to the principle of impartiality and fairness in recruitment, staff deployment, remuneration review and promotion, so that all applicants are treated fairly and equally and none of them receive less favourable treatment on the grounds of their personal characteristics. It is its goal to bring harmony and mutual respect to the workplace and foster a working culture that promotes diversity, tolerance and respect of individual differences.

Furthermore, the Group prefers internal promotion by favouring its own staff when making promotion decisions and maintaining a fair and reasonable internal promotion mechanism. We also developed an objective evaluation system where remuneration determination was based on work performance, while offering attractive compensation and benefits packages to recruit and retain talents. Moreover, the Group encouraged employees to keep up good work with incentives or awards to individuals who made contribution to the Group. For instance, a share option scheme was in place by which eligible employees would be granted share options under the terms thereof. Meanwhile, it participated a number of defined pension schemes for the benefits of eligible employees in China and the Mandatory Provident Fund Scheme for Hong Kong employees. To encourage staff members to strike a good work-life balance, we made efforts to ensure annual leaves and working hours were reasonable and more favourable than those required by the government while motivating employees to actively participate in community activities.

The Group is not aware of any non-compliance with employment laws and regulations during the year ended 31 December 2016.

B2 Health and safety

The Group places high emphasis on the mental and physical health of employees and is dedicated to providing a safe, efficient and comfortable working environment. The Group has maintained a healthy and safe workplace through appropriate arrangement, trainings and guidance, and constantly reviewed and optimised the occupational health and safety standards to ensure the rigorousness of the guidance.

The Group required the management team to set out the measures for the preparation and response to possible accidents and continuously improved overall workplace safety so as to reduce accidents. It provided health and safety information to employees as well to raise their safety awareness, enabling them to respond timely to safety incidents.

Apart from that, the Group adopted and enhanced protection measures and operation standards designed to reduce health and safety risks in the workplace. It also carried out on-going assessment on workplace health and safety to ensure continuous improvement and that high standards are maintained at every workplace.

The Group is not aware of any non-compliance with laws and regulations relating to employees'health and safety during the year ended 31 December 2016.

B3 *Development and training*

The Group believes that employees are the most valuable assets of any business, which is why it is committed to their development and actively provides on-job trainings and development opportunities to promote employee and corporate development. Based on their operational needs, employees were provided various training plans which aimed at not only enhancing their capabilities and efficiencies, but also upgrading the operational standards and quality of the Group. Through a wide range of trainings, which included career orientation, expert seminar, training course and job rotation, employees were able to develop their knowledge and management skills for business operation.

The Group will regularly review the training program to ensure it is contemporary to the needs of employees and the Company. The Group also supported its staff to upgrade the necessary skills and knowledge by providing financial support to those pursuing further education, which included offering subsidised trainings and tuition fee subsidies.

B4 *Labour standards*

The Group strictly prohibits the hiring of any child or forced labour by the Group and all of its subsidiaries and all employees must be above the minimum legal working age. The human resources department will require job applicants to present valid identity documents in the recruitment process and conduct appropriate background checks based on the information provided. At the same time, it spares no efforts to prevent any forms of forced labour to ensure that all staff members enter into the employment contract with the Group voluntarily.

The Group is not aware of any non-compliance with laws and regulations relating to the prevention of child or forced labour during the year ended 31 December 2016.

B5 *Supply chain management*

The Group selects its suppliers in an open, fair and transparent manner. It has established an objective and comprehensive supplier elevation system that took into consideration the pricing, quality, costs, delivery, after-sale service, environmental measures and social responsibilities of the suppliers.

The Group carry out long-term quality monitoring and regular reviews on all suppliers to ensure the quality of materials and services received by it and that the suppliers were in compliance with its requirements on environmental protection and social responsibilities.

As to its investment management business, although the Group did not directly participate in the negotiation between the companies within its investment portfolio and its suppliers, it maintained close communication with its investees to keep abreast of the operational and production positions of such subsidiaries and associates, facilitating risk management of the supply chain to a certain extent.

B6 Product liability

The Group understands that all investments and products affect the environment, society and customers in different ways. Therefore it is dedicated to make responsible investments by incorporating environmental and social factors into the investment decision making process and performing analysis and evaluation on the target of investment with the purpose of ensuring all investment decisions are in line with its commitment to responsible investment.

The Group always takes all necessary measures to deliver quality products and warm, personalised services and make sure that its quality meets the industry standards. It will also maintain product quality and safety, focus on customers' needs, strive to consolidate competiveness and further enhance shareholders' value.

Customers' privacy is also a focus of the Group which makes the best endeavours to prevent leakage of customers' data and educate its staff on the importance of information protection. Besides, it forbids the storage of confidential documents and information where confidentiality is hard to maintain, as well as the incautious handling and storage of such documents and information.

The Group is not aware of any non-compliance with laws and regulations relating to product liability during the year ended 31 December 2016.

B7 Anti-corruption

The Group values corporate reputation, which is the reason for its strict compliance with the highest standards of business and personal ethics. The Group adopted stringent and comprehensive regulations and procedures to regulate employees' behaviours and prevent commercial crime. While conducting business with customers, suppliers and other stakeholders, employees are not allowed to make any compromise on the ethics standards and are forbidden to offer, pay, solicit or accept any bribe. It has made clear the ethics requirements in the business ethics standards, which covered the policy and objectives that were continuously optimised by it and the standards of business practice for all employees.

The management of the Group always emphasises that it is important to follow the required standard on ethics matters, including the reporting of non-compliance, compliance with laws, regulations and rules and the generally accepted practices in operating regions. All non-compliance incidents are handled by an independent and dedicated team to ensure addressing in a fair and serious manner.

The Group is not aware of any non-compliance with laws and regulations relating to the prevention of bribery, blackmailing, fraud and money-laundering during the year ended 31 December 2016.

B8 Community investment

The Group takes pleasure in community participation and helping those who are in need, hence it regularly assesses the needs of different groups in society to determine the amount of donation. It also makes external donation and joins various corporate charity projects to encourage employees to take part in charity works as a way to fulfilling corporate social responsibility. Its management team also contributes to society by being active in public service.

Independent Auditor's Report

羅兵咸永道

TO THE MEMBERS OF CHINA GOLDJOY GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of China Goldjoy Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 59 to 148, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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.

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.

Summary of key audit matters:

- Valuation of investment properties located in China
- Impairment of goodwill arising from the acquisition of Gallant Tech Limited in 2012

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties located in China Refer to Note 7 (Investment properties) to the consolidated financial statements for the related disclosures. As at 31 December 2016, the fair value of the Group's investment property located in Shenzhen, China ("China Property") amounted to HK$1,494 million. A revaluation gain of HK$462.7 million in respect of this property was recognised during the year. Management has engaged an independent external valuation expert to assess the fair value of the investment property using two common approaches: income capitalisation approach for areas that were already completed and the residual approach for areas that were either under construction or were bare sites, where the assumptions used under both approaches are largely similar. The assumptions used included current market rent rates, vacancy rates estimates, reversionary yield rates and construction costs estimates. We focused on this area due to the significance of the carrying value and revaluation gain of the China Property to the Group, as well as significant judgement and estimates involved.	Our procedures in relation to management's valuation of the China Property include the following: • Evaluated the external valuation expert's independence, qualification and competency; • With the assistance from our in-house valuation experts, discussed with the external valuation expert and assessed the methodologies and the key assumptions used, including current market rent rates, vacancy rates estimates, reversionary yield rates and construction costs estimates by comparing to publicly available market data or documents provided by management of the Group such as construction contracts and rental agreements; • Examined construction certificates for the construction progress of the China Property; and • Assessed reasonableness of the valuation results by making reference to recent market transaction data of similar properties. Based on the procedures performed above, we found management's assessment of the fair value of the investment property to be acceptable based on available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill arising from the acquisition of Gallant Tech Limited ("Gallant Tech") in 2012 Refer to Note 4 (Critical accounting estimates and judgements) and Note 8 (Intangible assets) to the consolidated financial statements for the related disclosures. As at 31 December 2016, goodwill arising from the acquisition of Gallant Tech in 2012 amounted to HK$43.7 million. An annual impairment assessment was performed on the Group's goodwill relating to Gallant Tech, which was determined as a cash-generating unit ("CGU"). Management was of the view that the recoverable amount of the CGU was higher than its carrying amount. The recoverable amount was determined with reference to the value-in-use calculation based on future cash flows forecast of the CGU. Based on the management's assessment, no provision for impairment loss was made as at 31 December 2016. This area was important to our audit due to the significance of the goodwill relating to Gallant Tech. In addition, management's assessment of the recoverable amount of goodwill involved significant judgements and estimates towards future results of the respective businesses, in particular the key assumptions in the future cash flows forecast, including the revenue growth rates, terminal growth rate and discount rate.	We evaluated management's assessment in determining whether there is an impairment for the goodwill relating to Gallant Tech by examining the value-in-use calculations. Our examination of management's value-in-use calculation included assessment of the methodology and the key assumptions used in the management's cash flow forecast, in particular the revenue growth rates, terminal growth rate and discount rate based on our knowledge of the business and industry, with the assistance of our in-house valuation experts. Our procedures include: • Challenged management's assumptions of revenue growth rate and terminal growth rate, by comparing to industry trends and Gallant Tech's historical performance; • Challenged management's discount rate assumption, by assessing the cost of capital for Gallant Tech and comparing to the discount rate of comparable businesses; • Compared the current year actual results with the figures included in prior year forecast to consider the reasonableness of management's forecasting; and that all relevant factors had been taken into account in the revised forecasts; • Reconciled the data input to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and • Examined the results of management's sensitivity analysis around the discount rate and revenue growth rate to consider the extent of changes in those assumptions that would result in impairment of goodwill. Based on the procedures performed, we found management's impairment assessment to be acceptable based on available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Hin Gay Gabriel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2017

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**387,223**	1,051
Investment properties	7	**1,590,524**	–
Intangible assets	8	**202,659**	49,263
Investments in associates	10	**82,207**	7,771
Available-for-sale financial assets	11	**986,777**	287,129
Trade receivables	14	**3,377**	3,946
		3,252,767	349,160
Current assets			
Inventories	12	**36,069**	16,030
Loans and advances	13	**987,605**	–
Trade receivables	14	**234,420**	109,513
Prepayments, deposits and other receivables	15	**34,033**	6,435
Current income tax recoverables		**1,651**	2,271
Held-to-maturity investment	16	**25,000**	–
Financial assets at fair value through profit or loss	17	**748,901**	343,905
Client trust bank balances	18	**50,485**	–
Cash and cash equivalents	18	**1,535,633**	3,251,561
		3,653,797	3,729,715
Assets classified as held-for-sale	20	**99,176**	253,125
		3,752,973	3,982,840
Total assets		**7,005,740**	4,332,000

Consolidated Statement of Financial Position (continued)

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	19	**2,214,860**	2,154,860
Share premium	19	**2,402,151**	2,054,151
Other reserves and retained earnings/(accumulated deficits)	21	**85,586**	(59,006)
		4,702,597	4,150,005
Non-controlling interests		**446,765**	–
		5,149,362	4,150,005
LIABILITIES			
Non-current liabilities			
Other payables	25	**257,159**	–
Bank borrowings	22	**–**	12,500
Deferred income tax liabilities	23	**184,915**	11,900
		442,074	24,400
Current liabilities			
Trade and bill payables	24	**176,563**	45,043
Accruals and other payables	25	**413,516**	25,513
Bank borrowings	22	**779,572**	17,725
Current income tax liabilities		**27,323**	8,759
		1,396,974	97,040
Liabilities classified as held-for-sale	20	**17,330**	60,555
		1,414,304	157,595
Total liabilities		**1,856,378**	181,995
Total equity and liabilities		**7,005,740**	4,332,000

The consolidated financial statements were approved by the Board of Directors on 10 March 2017 and were signed on its behalf.

Yao Jianhui
Chairman

Li Minbin
Director

The notes on pages 64 to 148 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year ended 31 December 2016

	Notes	**2016 HK$'000**	2015 HK$'000
Revenue	5	**995,560**	711,849
Cost of sales	27	**(522,122)**	(446,913)
Gross profit		**473,438**	264,936
Other gain/(loss) – net	26	**150**	(8,398)
Other income – net	26	**79,282**	81,810
Fair value gain on investment properties	7	**462,734**	–
Distribution costs	27	**(22,086)**	(22,339)
Administrative expenses	27	**(174,918)**	(106,098)
Operating profit		**818,600**	209,911
Finance income – net	29	**19,898**	1,732
Share of profit/(loss) of associates	10	**13,532**	(624)
Provision for impairment of investment in an associate	10	**(2,400)**	(4,200)
Profit before income tax		**849,630**	206,819
Income tax expense	30	**(195,221)**	(25,132)
Profit for the year		**654,409**	181,687
Profit attributable to:			
Owners of the Company		**466,593**	181,687
Non-controlling interests		**187,816**	–
		654,409	181,687
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Fair value (loss)/gain on available-for-sale financial assets		**(80,129)**	142,519
Currency translation differences		**18,566**	(14,411)
Other comprehensive (loss)/income for the year		**(61,563)**	128,108
Total comprehensive income for the year attributable to			
Owners of the Company		**405,030**	309,795
Non-controlling interests		**187,816**	–
		592,846	309,795
Earnings per share for profit attributable to equity holders of the Company			
– basic (expressed in Hong Kong cents per share)	31	**2.15**	2.36
– diluted (expressed in Hong Kong cents per share)	31	**2.15**	2.36

The notes on pages 64 to 148 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Statutory reserve HK$'000	Available-for- sale financial assets HK$'000	Exchange reserve HK$'000	(Accumulated deficit)/ retained earnings HK$'000	Total HK$'000
For the year ended 31 December 2015										
At 1 January 2015	292,708	565,489	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(111,909)	491,158
Profit for the year	–	–	–	–	–	–	–	–	181,687	181,687
Other comprehensive income/(loss):										
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	142,519	–	–	142,519
Currency translation differences	–	–	–	–	–	–	–	(14,411)	–	(14,411)
Total other comprehensive income/(loss)	–	–	–	–	–	–	142,519	(14,411)	–	128,108
Total comprehensive income/(loss)	–	–	–	–	–	–	142,519	(14,411)	181,687	309,795
Proceeds from shares issued	1,862,152	1,488,662	–	–	(1,762)	–	–	–	–	3,349,052
Expiry of share option	–	–	–	–	(92)	–	–	–	92	–
At 31 December 2015	2,154,860	2,054,151	(215,150)	12,411	370	33,987	54,304	(14,798)	69,870	4,150,005

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Available-for-sale financial assets HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Non-controlling interests HK$'000	Total HK$'000
For the year ended 31 December 2016												
At 1 January 2016	**2,154,860**	**2,054,151**	**(215,150)**	**12,411**	**370**	**33,987**	**-**	**54,304**	**(14,798)**	**69,870**	**-**	**4,150,005**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**466,593**	**187,816**	**654,409**
Other comprehensive (loss)/income:												
Fair value loss on available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(80,129)**	**-**	**-**	**-**	**(80,129)**
Currency translation differences	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,566**	**-**	**-**	**18,566**
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(80,129)**	**18,566**	**-**	**-**	**(61,563)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(80,129)**	**18,566**	**466,593**	**187,816**	**592,846**
Proceeds from shares issued (Note 19)	**60,000**	**348,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**408,000**
Dividend relating to 2015 paid during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(53,871)**	**-**	**(53,871)**
Acquisition of subsidiaries and assets (Notes 38 and 39)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**491,547**	**491,547**
Put option liability (Note 38)	**-**	**-**	**-**	**-**	**-**	**-**	**(257,159)**	**-**	**-**	**-**	**-**	**(257,159)**
Issuance of shares of a subsidiary to a non-controlling shareholder	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50,000**	**50,000**
Change in ownership interests in subsidiaries without change of control in relation to acquisition of subsidiaries accounted for as business combination (Note 38)	**-**	**-**	**-**	**-**	**-**	**-**	**(11,342)**	**-**	**-**	**-**	**44,675**	**33,333**
Change in ownership interests in subsidiaries without change of control in relation to acquisition of subsidiaries accounted for as acquisition of assets (Note 39)	**-**	**-**	**-**	**-**	**-**	**-**	**44,013**	**-**	**-**	**-**	**(309,352)**	**(265,339)**
Transfer to statutory reserve	**-**	**-**	**-**	**-**	**-**	**37,383**	**-**	**-**	**-**	**(19,462)**	**(17,921)**	**-**
At 31 December 2016	**2,214,860**	**2,402,151**	**(215,150)**	**12,411**	**370**	**71,370**	**(224,488)**	**(25,825)**	**3,768**	**463,130**	**446,765**	**5,149,362**

The notes on pages 64 to 148 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash used in operations	33	**(771,174)**	(45,238)
Interest paid		**(822)**	(6,410)
Hong Kong profits tax paid		**(1,968)**	(5,135)
China enterprise income tax paid		**(17,174)**	(1,078)
Net cash used in operating activities		**(791,138)**	(57,861)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(286,802)**	(2,758)
Addition of construction costs in investment properties		**(137,507)**	–
Additions of intangible assets		**(1,884)**	(4,588)
Purchase of available-for-sale financial assets		**(831,020)**	–
Proceeds received on disposal of property, plant and equipment and intangible assets	33	**1,391**	87
Purchase of held-to-maturity investment		**(25,000)**	–
Proceed received on disposal of available-for-sale financial assets		**33,325**	34,515
Proceed received from return on investment of available-for-sale financial assets		**16,072**	–
Interest received		**20,720**	8,870
Acquisition of an associate		**(59,249)**	–
Acquisition of subsidiaries through business combination	38	**(248,327)**	–
Acquisition of subsidiaries through acquisition of assets	39	**(407,815)**	–
Payment for additional interests in subsidiaries		**(65,083)**	–
Net cash (used in)/generated from investing activities		**(1,991,179)**	36,126
Cash flows from financing activities			
New bank borrowings		**596,447**	292,326
Repayments of bank borrowings		**(47,270)**	(500,633)
Proceeds from issuance of shares		**408,000**	3,349,052
Proceeds from issuance of additional shares of a subsidiary to non-controlling shareholder		**83,333**	–
Dividends paid	32	**(53,871)**	–
Net cash generated from financing activities		**986,639**	3,140,745
Net (decrease)/increase in cash and cash equivalents		**(1,795,678)**	3,119,010
Cash and cash equivalents at beginning of the year		**3,344,391**	239,792
Exchange loss on cash and cash equivalents		**(13,080)**	(14,411)
Cash and cash equivalents at end of the year		**1,535,633**	3,344,391

The notes on pages 64 to 148 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

China Goldjoy Group Limited (the "Company") was incorporated in the Cayman Islands on 17 July 2009 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the trading and provision of services with respect to automation related equipment (the "Automation"), financial services (the "Financial Services"), the manufacturing of a range of high-technology and new energy products (the "Manufacturing") and securities investment (the "Securities Investment").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2010.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 10 March 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Changes in accounting policy and disclosures

(a) Amended standards and interpretation adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

HKFRSs (Amendment)	Annual improvements 2012-2014 cycle
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation
HKAS 1 (Amendment)	Disclosure initiative
HKFRS 10 and HKAS 28 (Amendment)	Sales or contribution of assets between an investor and its associate or joint venture
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception

The adoption of these amendments did not have any impact on the current period or any prior period.

(b) New standard and amendments to standards have been issued but not effective for the financial year beginning on or after 1 January 2016 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 7 (Amendment)	Disclosure initiative	1 January 2017
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has not early adopted these new standards and amendments to the existing standards in the financial statements for the year ended 31 December 2016. The Group plans to apply the above standards and amendments when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will result.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle to their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

(a) Consolidation *(continued)*

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Associates *(continued)*

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollar. The consolidated financial statements are presented in HK dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within “finance income or expenses”. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other income-net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is 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 charged in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Leasehold improvements, furniture and fixtures and office equipment	2-10 years
Machinery and factory equipment	2-10 years
Computer equipment	2-5 years
Motor vehicles	4-10 years

Construction-in-progress represents buildings, plant and machinery on which construction work has not been completed and which, upon completion, management intend to hold for the use of the Group. They are carried at cost which includes development and construction expenditure incurred and other direct costs attributable to the development less any accumulated impairment losses. On completion, the amounts are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.7 Land use right

The up-front prepayments made for land use right are accounted for as operating leases. They are expensed in the consolidated statement of comprehensive income on a straight-line basis over the periods of lease, or when there is impairment, the impairment is expensed in the consolidated statement of comprehensive income.

2.8 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable, borrowing costs. After initial recognition, investment properties are carried at fair values, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of comprehensive income as part of a valuation gain or loss in "other gains/(loss) – net".

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9 Intangible assets *(continued)*

(b) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from seven years over the expected life of the customer relationship.

(c) License

License acquired in a business combination is recognised at fair value at the acquisition date. License has an indefinite useful life and is carried at cost.

(d) Trademarks and patents

Separately acquired trademarks and patents are shown at historical cost. Trademarks and patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 3 to 10 years.

(e) Other intangible assets arising from business combinations

Intangible assets, other than goodwill, identified on business combinations are capitalised at their fair values. They represent mainly order backlogs, trading right and subscription right. Intangible assets arising from business combinations with definite useful lives are amortised on a straight-line basis from the date of acquisition over their estimated useful lives of five to eight years.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets *(continued)*

2.11.1 Classification *(continued)*

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(d) *Held-to-maturity investment*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

2.11.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investment are initially recognised at fair value plus transaction cost for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair values. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, including net gains/(losses) on disposal and remeasurement at fair value, are recognised in the consolidated income statement within "Revenue". Such gains or losses arising prior to the announcement made on 11 November 2015 in relation to the identification of securities investment as a new business segment are recognised in the consolidated statement of comprehensive income within "Other (loss)/gain – net".

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in other comprehensive income. When these securities are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as "gains and losses from investment securities".

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.11 Financial assets *(continued)*

2.11.3 Assets carried at amortised cost *(continued)*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.11.4 Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowings and borrowing costs *(continued)*

General and specific 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.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

2.18 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent it relates to items recognised in other comprehensive income or directly in equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Current and deferred income tax *(continued)*

(b) Deferred income tax *(continued)*

Deferred income liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the forseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profit is not recognised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Group maintains defined contribution plans in both Hong Kong and China. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Under the Group's defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plan

Provisions for bonus plans due wholly within twelve months after the end of reporting period are recognised when the Group has a legal or construction obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Share-based payments

The Group operates an equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) License fee income

License fee income is recognised when the Group has delivered the software and documentation to the licensee, the related service conditions have been fulfilled and collectibility of the license fee is reasonably assured.

(c) Sundry income

Sundry income is recognised when the right to receive payment is established.

(d) Commission and brokerage income

Commission and brokerage income on dealings in securities and futures contracts are recognised as revenue on the transactions dates when the relevant contract notes are executed.

(e) Consultancy income

Consultancy fee income is recognised on a time proportion basis.

(f) Management fee income and performance fee income

Management fee income and performance fee income are recognised when services are rendered.

(g) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(h) Dividend income

Dividend income is recognised when the right to receive payment is established.

(i) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for land use right, are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Leases *(continued)*

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

2.25 Assets/liabilities held-for-sale

Assets/liabilities are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held-for-sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.26 Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiaries are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiaries. The amount that may become payable under the option on exercise is initially recognised at fair value within other payables with a corresponding charge directly to equity.

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. In the event that the option expires or unexercised, the liability is derecognised with a corresponding adjustment to equity.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group under policies approved by the directors of the Company.

(a) Market risk

Foreign exchange risk

The Group operates principally in Hong Kong and in China. It is exposed to foreign exchange risk primarily with respect to Hong Kong dollar and Chinese Renminbi ("RMB") denominated transactions. Foreign exchange risk arises where future commercial transactions, recognised assets and liabilities are denominated in currency that is not the Company's functional currency.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

Foreign exchange risk (continued)

As at 31 December 2016 and 2015, the Group's borrowings are mainly denominated in Hong Kong dollar and US dollar. Since Hong Kong dollar is pegged to US dollar, the Group believes the exposure of transactions denominated in Hong Kong dollar which are entered into the Group to be insignificant.

As at 31 December 2016, if RMB had strengthened/weakened by 5% with all other variables held constant, the post tax profit for the year would have been HK$25,977,000 higher/lower, mainly as a result of foreign exchange gains/losses on revaluation of RMB denominated bank deposits, receivables and payables (2015: post tax profit HK$1,678,000 higher/lower, mainly as a result of foreign exchange gains/losses on revaluation of RMB denominated bank deposits, receivables and payable).

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group also regularly reviews the portfolio of suppliers and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign exchange risk.

Price risk

The Group is exposed to equity price change arising from its financial assets at fair value through profit or loss and available-for-sale financial assets. The Group's financial instruments are equity securities which are subject to change in market prices of the securities. To manage its price risk arising from investments in equity securities, the Group diversity its portfolio.

As of 31 December 2016, the Group's investments in listed entities that are publicly traded are subject to price risk. A 10% change is used when reporting the price risk internally to the management. If the price of the respective equity instruments in available-for-sale financial assets and financial assets at fair value through profit or loss had been 10% higher/lower, the equity would have been increased/decreased by approximately HK$93,131,000 (2015: HK$20,058,000) and the profit would have been increased/decreased by approximately HK$72,562,000 (2015: HK$29,660,000), respectively.

The Group is not exposed to significant commodity price risk as at 31 December 2016 (2015: Same).

Interest rate risk

Except for the cash held at banks, the Group has no other significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

At 31 December 2016, if interest rates on cash held at banks had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK$3,965,000 (2015: HK$8,170,000) higher/lower, mainly as a result of higher/lower interest income on cash at banks.

The Group's interest rate risk arises from bank borrowings which are interest bearing at floating rates and are repayable based on the bank repayment schedule. Borrowings issued at floating rates expose the Group to cash flow interest-rate risk.

At 31 December 2016, if interest rates on borrowings had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK$1,603,000 (2015: HK$99,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk mainly arises from trade and other receivables, loans and advances, available-for-sale investments, held-to-maturity investment, financial assets at fair value through profit or loss and cash and cash equivalents.

As at 31 December 2016, the top five debtors and the largest debtor accounted for approximately 30% (2015: 44%) and 9% (2015: 15%) of the Group's trade receivables balance, respectively. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group normally conducts credit checks on new customers and requires them, and other customers with credit histories that the management is not satisfied with, to pay a deposit of on average of 30% of the sales amount, or to provide the Group with a letter of credit when placing orders.

The Group provides clients with securities broking and margin financing for securities transactions, which are secured by clients' securities or deposits held as collateral. Each client has a maximum credit limit based on the quality of collateral held and the financial background of the client. Management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken overdue debts. The overdue balances for margin clients are reviewed daily, and force-sell action may be taken against clients with overdue balances on case by case basis.

For other loans and advances, prior to the lending of loan, the financial strength, purpose of the borrowing and repayment ability of the borrower is reviewed to ensure the default probability is acceptably low.

For sales of machinery to automation customers, the Group normally requires customers to pay approximately 90% of the contracted sum before the goods delivery.

In order to minimise the credit risk of the Group, the management has implemented internal control 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 debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Based on the Group's historical experience in collection of trade and other receivables, the directors and the management are of opinion that adequate provision has been made for uncollectible receivables.

Cash and cash equivalents were deposited in over ten financial institutions. The credit risk is considered to be low as the counterparties are reputable banks.

Certain share certificates of available-for-sale investments and financial assets at fair value through profit or loss are placed in reputable securities brokers institutions. The credit risks in respect of these available-for-sale investments are considered to be low.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group. Due to the dynamic nature of the underlying businesses, senior management of the Group aims to maintain flexibility in funding by keeping committed credit lines available. In addition, due to the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the China government management aims to monitor and manage its operating cashflows and transactions denominated in RMB regularly to minimise the respective liquidity risk.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

Management monitors rolling forecasts of the Group's liquidity reserve which comprise undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand HK$'000	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 December 2016					
Trade and bill payables	**–**	**176,563**	**–**	**–**	**176,563**
Accruals and other payables	**–**	**413,516**	**–**	**264,833**	**678,349**
Bank borrowings and interest payables (Note)	**657,722**	**122,064**	**–**	**–**	**779,786**
	657,722	**712,143**	**–**	**264,833**	**1,634,698**
At 31 December 2015					
Trade and bill payables	–	45,043	–	–	45,043
Accruals and other payables	–	25,513	–	–	25,513
Bank borrowings and interest payables (Note)	22,270	13,002	12,675	–	47,947
	22,270	83,558	12,675	–	118,503

Note: The contractual undiscounted cash flows under on demand does not contain any interest portion.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Based on the internal information provided by management, it is expected that the lender will not exercise its rights to demand repayment. The expected cash flows with reference to the schedule of repayments set out in the loan agreements are as follows:

	On demand HK$'000	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 December 2016					
Trade and bill payables	**–**	**176,563**	**–**	**–**	**176,563**
Accruals and other payables	**–**	**413,516**	**–**	**264,833**	**678,349**
Bank borrowings and interest payables	**–**	**794,222**	**–**	**–**	**794,222**
	–	**1,384,301**	**–**	**264,833**	**1,649,134**
At 31 December 2015					
Trade and bill payables	–	45,043	–	–	45,043
Accruals and other payables	–	25,513	–	–	25,513
Bank borrowings and interest payables	–	35,311	12,675	–	47,986
	–	105,867	12,675	–	118,542

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or dispose of assets to reduce debt.

The capital structure of the Group consists of borrowings and shareholder's equity. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. This ratio is calculated as total liabilities divided by total assets.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management *(continued)*

The Group's total liabilities and total assets positions and debt-asset ratio at 31 December 2016 and 2015 were as follows:

	2016	2015
Total liabilities (HK$'000)	**1,856,378**	181,995
Total assets (HK$'000)	**7,005,740**	4,332,000
Debt-asset ratio	**0.26**	0.04

3.3 Fair value estimation

The fair value measurements of financial instruments of the Group that are measured at fair value in the consolidated statement of financial position are disclosed by level of the following fair value measurement hierarchy:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise unlisted securities classified as financial assets at fair value through profit or loss.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Instruments included in level 3 comprise, available-for-sale financial assets, financial assets at fair value through profit or loss and put option liability in relation to acquisition of subsidiaries that do not have a quoted market price in an active market as of 31 December 2016.

Specific valuation techniques used to value financial instruments include: Quoted market prices or dealer quotes for similar instruments.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the Group's assets/(liabilities) that are measured at fair value at 31 December 2016:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2016				
Assets				
Financial assets at fair value through profit or loss	**725,621**	**23,280**	**–**	**748,901**
Available-for-sale financial assets	**931,311**	**–**	**55,466**	**986,777**
	1,656,932	**23,280**	**55,466**	**1,735,678**
Liability				
Put option liability in relation to acquisition of subsidiaries (Note 38)	–	–	257,159	257,159
As at 31 December 2015				
Assets				
Financial assets at fair value through profit or loss	296,597	48,280	–	344,877
Available-for-sale financial assets	200,579	–	87,109	287,688
Less: assets classified as held-for-sale	(972)	–	(559)	(1,531)
	496,204	48,280	86,550	631,034

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2016:

	Available-for-sale financial assets and financial assets at fair value through profit or loss HK$'000	Put option liability in relation to acquisition of subsidiaries HK$'000
Opening balance at 1 January 2016	86,550	–
Acquisition of subsidiaries (Note 38)	–	(257,159)
Capitalised subsequent expenditure	–	–
Losses recognised in profit or loss	(15,000)	–
Settlement during the year	(16,084)	–
Closing balance at 31 December 2016	55,466	(257,159)

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Fair value measurements using significant unobservable inputs (Level 3) *(continued)*

The following table presents the changes in level 3 instruments for the year ended 31 December 2015:

	Available-for-sale financial assets and financial assets at fair value through profit or loss HK$'000	Contingent consideration payable in relation to acquisition of a subsidiary HK$'000
Opening balance at 1 January 2015	74,391	(9,672)
Transfer to Level 3	29,518	–
Losses recognised in profit or loss	(16,800)	(339)
Settlement during the year	–	10,011
Less: assets classified as held-for-sale	(559)	–
Closing balance at 31 December 2015	86,550	–
Change in unrealised losses for the period included in profit or loss for liabilities held at end of the reporting period, under 'Finance costs' (Note 29)	–	339

Note:

As at 31 December 2015 and 2016, the Group valued its investments in unlisted shares classified as available-for-sale financial asset using a combination of market approach and cost approach which is not based on observable inputs. The available-for-sale financial asset was measured at cost less impairment in preceding year.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Fair value measurements using significant unobservable inputs (Level 3) *(continued)*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Description	Fair value at 31 December 2016 (HK$'000)	Valuation technique(s)	Unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Equity security	20,006	Market approach using equity allocation method	Volatility	50%	The higher the volatility, the higher the fair value
Equity security	27,026	Market approach using equity allocation method	Volatility	50%	The higher the volatility, the higher the fair value
Equity security	8,434	Combination of cost approach and market approach using equity allocation method	Volatility	40%	The higher the volatility, the higher the fair value

3.5 Group's valuation processes

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The finance department reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO, and the finance department at least once every month, in line with the Group's monthly reporting dates.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the monthly valuation discussions between the CFO, and the finance department. As part of that discussion, the finance department presents a report that explains the reasons for the fair value movements.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.6 Offsetting financial instruments

The following tables present details of financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

	As at 31 December 2016					
				Related amounts not set off in statement of financial position		
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivable	473,967	(239,547)	234,420	–	–	234,420

	As at 31 December 2016					
				Related amounts not set off in statement of financial position		
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in statement of financial position	Financial instruments other than cash collateral	Cash collateral received	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and bill payables	416,110	(239,547)	176,563	–	–	176,563

Note: Offsetting financial instruments is not presented as at 31 December 2015 as there is no offsetting, enforceable master netting arrangements and similar agreements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment, land use right and intangible assets

Property, plant and equipment, land use right and intangible assets are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations. The calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the Continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

(b) Estimated recoverability of trade and other receivables and loans and advances

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgements and estimates. Management reassesses the provision at the end of each reporting period.

(c) Income taxes

The Group is mainly subject to income taxes in jurisdictions in Hong Kong and China. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(d) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial assets is impaired in accordance with the accounting policy stated in Note 2.10. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(e) Associate

The Group has investment in an entity with a board representation. In view of management, this investment is classified as available-for-sale, rather than an investment in an associate as the Group did not participate in any policy-making process, had no access to detailed information to this entity and there are no other evidence that indicate the existence of significant influence.

(f) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer of the Company (the "CEO") that are used to make strategic decisions.

In order to broaden the source of income and offer better returns to shareholders, the Board has adopted Financial Services as one of the principal business activities of the Group during the year. The Directors will seek potential business opportunities in the financial services market so as to better utilise the existing resources to maximise return to the shareholders, broaden the income source and improve the financial position of the Group.

The reportable segments were classified as Automation, Financial Services, Manufacturing and Securities Investment.

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the consolidated financial statements.

Certain other gain/(loss) – net, other income – net, fair value gain on investment properties and administrative expenses are not allocated to segments, as they are inseparable and not attributable to particular reportable segments. The CEO assesses the performance of the operating segments based on a measure of operating profit after adjusting for these items.

Sales between segments are carried out at arm's-length. The Group's revenue by segment is as follows:

	2016			2015		
	Total segment revenue HK$'000	**Inter segment revenue HK$'000**	**Revenue from external customers HK$'000**	Total segment revenue HK$'000	Inter segment revenue HK$'000	Revenue from external customers HK$'000
Automation	**553,680**	**–**	**553,680**	344,566	(87)	344,479
Financial Services	**91,073**	**(6,120)**	**84,953**	–	–	–
Manufacturing	**58,080**	**–**	**58,080**	161,633	–	161,633
Securities Investment	**298,847**	**–**	**298,847**	205,737	–	205,737
Total	**1,001,680**	**(6,120)**	**995,560**	711,936	(87)	711,849

5 SEGMENT INFORMATION *(continued)*

Reportable segment information is reconciled to profit before income tax as follows:

	2016 HK$'000	2015 HK$'000
Operating profit/(loss)		
Automation	**32,608**	(26)
Financial Services	**50,623**	–
Manufacturing	**(35,103)**	40,872
Securities Investment	**311,548**	204,300
Total	**359,676**	245,146
Unallocated:		
Other gain/(loss) – net	**150**	(6,498)
Other income – net	**39,973**	3,576
Fair value gain on investment properties	**462,734**	–
Administrative expenses	**(43,933)**	(32,313)
Finance income – net	**19,898**	1,732
Share of profit/(loss) of associate	**13,532**	(624)
Provision for impairment of investment in an associate	**(2,400)**	(4,200)
Profit before income tax	**849,630**	206,819
Other segment items-depreciation and amortisation		
Automation	**(3,157)**	(3,289)
Financial Services	**(4,366)**	–
Manufacturing	**(609)**	(24,702)
Securities Investment	**(24)**	–
Unallocated	**(2,277)**	(3,629)
	(10,433)	(31,620)

5 SEGMENT INFORMATION *(continued)*

During the year ended 31 December 2016, the Group did not recognise any provision for impairment of inventories. During the year ended 31 December 2015, the Group recognised provision for impairment of inventories of HK$1,000,000 in the segment results of Manufacturing segment.

During the year ended 31 December 2016, the Group recognised provision for impairment of intangible assets of HK$5,042,000 in unallocated segment. During the year ended 31 December 2015, the Group recognised provision for impairment of intangible assets of HK$5,579,000 in the segment results of Manufacturing segment.

5 SEGMENT INFORMATION *(continued)*

The assets attributable to different reportable segments assets are reconciled to total assets as follows:

	2016 **HK$'000**	2015 HK$'000
Segment assets		
Automation	**366,135**	204,042
Financial Services	**1,356,026**	–
Manufacturing	**134,876**	6,514
Securities Investment	**1,753,390**	473,326
Segment assets for reportable segments	**3,610,427**	683,882
Unallocated:		
Property, plant and equipment	**371,701**	634
Investment properties	**1,590,524**	–
Available-for-sale financial assets	**170,280**	287,129
Investments in associates	**82,207**	7,771
Prepayments, deposits and other receivables	**4,412**	4,248
Current income tax recoverable	**1,651**	2,271
Held-to-maturity investment	**25,000**	–
Financial assets at fair value through profit or loss	**23,280**	–
Cash and cash equivalents	**1,027,082**	3,092,940
Assets classified as held-for-sale (Note 20)	**99,176**	253,125
Total assets	**7,005,740**	4,332,000

The information provided to the CEO with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Segment assets represent property, plant and equipment, intangible assets, available-for-sale financial assets, loans and advances, trade receivables, prepayments, deposits and other receivables, cash and cash equivalents, client trust bank balances, goodwill, inventories and financial assets at fair value through profit or loss attributable to various reportable segments.

Unallocated segment assets comprise property, plant and equipment, investment properties, prepayments, deposits and other receivables, cash and cash equivalents, investments in associates, current income tax recoverable, held-to-maturity investment, financial assets at fair value through profit or loss and, available-for-sale financial assets which are inseparable and are not attributable to particular reportable segments, as well as assets classified as held-for-sale .

5 SEGMENT INFORMATION *(continued)*

Reportable segments liabilities are reconciled to total liabilities as follows:

	2016 HK$'000	2015 HK$'000
Segment liabilities		
Automation	**212,765**	62,114
Financial Services	**454,203**	–
Manufacturing	**11,043**	43
Securities Investment	**606,197**	78
Segment liabilities for reportable segments	**1,284,208**	62,235
Unallocated:		
Accruals and other payables	**171,552**	13,547
Bank borrowings	**171,050**	25,000
Current income tax liabilities	**27,323**	8,759
Deferred income tax liabilities	**184,915**	11,899
Liabilities classified as held-for-sale (Note 20)	**17,330**	60,555
Total liabilities	**1,856,378**	181,995

The information provided to the CEO with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. Segment liabilities represent trade and bills payables, accruals and other payables and bank borrowings attributed to various reportable segments.

Unallocated segment liabilities comprise accruals and other payables, bank borrowings, current income tax liabilities, deferred income tax liabilities and liabilities classified as held-for-sale which are inseparable and are not attributable to particular reportable segments.

Revenue from external customers for Manufacturing and Automation segments are derived from the sales of goods net of returns and rebates. Revenue from Securities Investment segment is derived from realised and unrealised gains/(losses) of financial assets at fair value through profit or loss. Revenue from Financial Services includes commission and brokerage income on dealings in securities and future contracts, interest income from loans and advances, consulting fee income, management fee and performance fee income from financial services.

The Group's revenue of Automation and Manufacturing segments are derived from external customers located in China and the United States of America ("USA"), is HK$592,128,000 (2015: HK$437,790,000) and HK$5,962,000 (2015: HK$4,099,000) respectively, while the remaining revenue including Financial Services and Securities Investment segments is derived from customers located in Hong Kong.

The total amount of non-current assets other than financial instruments located in China and Hong Kong is HK$1,609,600,000 (2015: HK$5,932,000) and HK$650,993,000 (2015: HK$48,328,000) respectively, and the total amount of these non-current assets located in other countries is HK$5,397,000 (2015: HK$7,771,000).

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements, furniture and fixtures and office equipment HK$'000	Machinery and factory equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
At 1 January 2015							
Cost	205,596	43,134	545,410	22,506	9,045	93,668	919,359
Accumulated depreciation and impairment	(173,361)	(38,887)	(504,739)	(19,996)	(7,161)	(93,668)	(837,812)
Net book amount	32,235	4,247	40,671	2,510	1,884	–	81,547
For the year ended 31 December 2015							
Opening net book amount	32,235	4,247	40,671	2,510	1,884	–	81,547
Additions	–	111	984	105	–	–	1,200
Disposal	(43)	(262)	(12)	(214)	–	–	(531)
Depreciation	(932)	(990)	(11,837)	(1,011)	(382)	–	(15,152)
Transferred to assets classified as held-for-sale (Note 20)	(31,260)	(2,836)	(29,326)	(1,106)	(1,485)	–	(66,013)
Closing net book amount	–	270	480	284	17	–	1,051
At 31 December 2015							
Cost	145,199	11,708	183,600	3,878	2,231	93,668	440,284
Accumulated depreciation and impairment	(145,199)	(11,438)	(183,120)	(3,594)	(2,214)	(93,668)	(439,233)
Net book amount	–	270	480	284	17	–	1,051
For the year ended 31 December 2016							
Opening net book amount	**–**	**270**	**480**	**284**	**17**	**–**	**1,051**
Additions	**268,636**	**6,996**	**6,131**	**1,075**	**764**	**3,200**	**286,802**
Acquisition of subsidiaries (Notes 38 and 39)	**101,536**	**–**	**–**	**1,579**	**166**	**–**	**103,281**
Disposal	**–**	**–**	**(594)**	**(185)**	**–**	**–**	**(779)**
Depreciation	**(1,269)**	**(990)**	**(405)**	**(361)**	**(107)**	**–**	**(3,132)**
Closing net book amount	**368,903**	**6,276**	**5,612**	**2,392**	**840**	**3,200**	**387,223**
At 31 December 2016							
Cost	**515,371**	**18,704**	**187,731**	**5,032**	**3,161**	**96,868**	**826,867**
Accumulated depreciation and impairment	**(146,468)**	**(12,428)**	**(182,119)**	**(2,640)**	**(2,321)**	**(93,668)**	**(439,644)**
Net book amount	**368,903**	**6,276**	**5,612**	**2,392**	**840**	**3,200**	**387,223**

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation expense of HK$184,000 (2015: HK$9,467,000) was charged to cost of sales and HK$2,948,000 (2015: HK$5,685,000) was charged to administrative expenses, respectively. During the year ended 31 December 2016, no impairment loss was made. During the year ended 31 December 2015, impairment loss of HK$273,715,000 and HK$160,785,000 were charged to cost of sales and administrative expenses, respectively. The recoverable amount of property, plant and equipment is based on fair value less cost of disposal.

The Group's buildings are situated outside Hong Kong under medium term leases.

The Group is in the process of applying for real estate ownership certificates of certain factory buildings and the carrying amounts of such construction-in-progress and buildings, which is included in the assets classified as held-for-sale, amounted to HK$14,960,000 (2015: HK$14,960,000) as of 31 December 2016.

The Group carried out reviews of the recoverable amounts of each cash-generating unit ("CGU") which is determined as each operating segment.

Buildings with carrying value amounted to HK$268,636,000 (2015: Nil) have been pledged to a bank of secure bank borrowing.

7 INVESTMENT PROPERTIES

	2016 HK$'000	2015 HK$'000
At fair value		
Opening balance at 1 January	**–**	–
Acquisition of a subsidiary (Note 39)	**820,924**	–
Acquisitions	**96,522**	–
Capitalised subsequent expenditure	**177,354**	–
Fair value gain on investment properties	**462,734**	–
Currency translation differences	**32,990**	–
Closing balance at 31 December	**1,590,524**	**–**

7 INVESTMENT PROPERTIES *(continued)*

(a) Amounts recognised in profit and loss for investment properties

	2016 HK$'000	2015 HK$'000
Rental income	**2,628**	–
Direct operating expenses from property that generated rental income	**443**	–
Direct operating expenses from property that did not generate rental income	**450**	–

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 23).

An independent valuation of the Group's investment properties located in China was performed by the valuer, American Appraisal China Limited, to determine the fair value of the investment properties as at 31 December 2016. The following table analyses the investment properties carried at fair value, by valuation method.

For the investment properties located in Hong Kong, the valuations were performed by management as at 31 December 2016. As the investment property were acquired near year ended 31 December 2016, management considered the fair values of the investment properties approximate their fair values as at 31 December 2016.

	Fair value measurements at 31 December 2016 using		
Description	**Significant other observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurements			
Investment properties:			
– Office, workshop and dormitory – China	**–**	**1,494,002**	**1,494,002**
– Office – Hong Kong	**96,522**	**–**	**96,522**
	96,522	**1,494,002**	**1,590,524**

7 INVESTMENT PROPERTIES *(continued)*

(a) Amounts recognised in profit and loss for investment properties *(continued)*

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 2 and 3 during the year.

Fair value measurements using significant unobservable inputs (Level 3)

	31 December 2016 HK$'000
Opening balance	–
Acquisition of a subsidiary (Note 39)	820,924
Capitalised subsequent expenditure	177,354
Fair value gain on investment properties	462,734
Currency translation differences	32,990
Closing balance	1,494,002

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2016 by independent, professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2016, the fair values of the properties were determined by American Appraisal China Limited.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

During the year, the Group has capitalised borrowing costs amounting to HK$5,609,000 (2015: nil) on qualifying assets as investment property based in China. Borrowing costs were capitalised at weighted average rate of its general borrowings of 8.75%.

7 INVESTMENT PROPERTIES *(continued)*

Valuation techniques

For properties in China, the valuations were determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These input include:

Vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Reversionary yield rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Current market rent rates	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts and external evidence such as current market rents for similar properties;

For properties in China which are still under redevelopment, the valuations took into account the following estimates in addition to the inputs noted above:

Construction costs estimates	These are largely consistent with internal budgets developed by the Group's finance department, based on management's experience and knowledge of market conditions less cost of percentage of completion on the construction. Construction costs estimates also include a reasonable profit margin.

There were no changes to the valuation techniques during the year.

7 INVESTMENT PROPERTIES *(continued)*

Valuation techniques *(continued)*

Description	Fair value at 31 December 2016 (HK$'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted averaged)	Relationship of unobservable inputs to fair value
Properties in China	503,319	Income approach (term and reversionary method)	Vacancy rate	5%	The higher the vacancy rate, the lower the fair value
			Reversionary Yield	6%	The higher the reversionary yield, the lower the fair value
			Current market rent rates	HK$520 – 700 per month per square meter	The higher the current market rent rates, the higher the fair value
Properties under development in China	990,683	Residual method	Estimated construction cost	HK$2,300 – 4,000 per square meter	The higher the estimated construction cost, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increase, the yield may decrease.

The investment properties under development in China Office are located at Bangkai Technology Industrial Park, No. 9 Bangkai Road, Guangming Gaoxin District, Shenzhen, China.

8 INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks and patents HK$'000	Development costs HK$'000	Contractual customers relationships HK$'000	License HK$'000	Other intangible assets HK$'000	Total HK$'000
For the year ended 31 December 2015							
Opening net book amount	48,122	6,411	14,829	5,799	–	212	75,373
Additions	–	2,252	3,118	–	–	–	5,370
Amortisation	–	(4,272)	(9,111)	(2,900)	–	(70)	(16,353)
Disposal	–	(2,143)	(7,405)	–	–	–	(9,548)
Impairment	(1,900)	(2,248)	(1,431)	–	–	–	(5,579)
Closing net book amount	46,222	–	–	2,899	–	142	49,263
At 31 December 2015					–		
Cost	48,122	1,060	–	14,497	–	832	64,511
Accumulated amortisation and impairment	(1,900)	(1,060)	–	(11,598)	–	(690)	(15,248)
Net book amount	46,222	–	–	2,899	–	142	49,263
For the year ended 31 December 2016							
Opening net book amount	**46,222**	**–**	**–**	**2,899**	–	**142**	**49,263**
Acquisition of subsidiaries (Notes 38 and 39)	**104,236**	**3,801**	**–**	**41,213**	**10,997**	**3,608**	**163,855**
Additions	**–**	**1,884**	**–**	**–**	**–**	**–**	**1,884**
Amortisation	**–**	**(301)**	**–**	**(6,591)**	–	**(409)**	**(7,301)**
Impairment	**(1,500)**	**(3,542)**	**–**	**–**	–	**–**	**(5,042)**
Closing net book amount	**148,958**	**1,842**	**–**	**37,521**	**10,997**	**3,341**	**202,659**
At 31 December 2016							
Cost	**152,358**	**5,685**	**–**	**55,710**	**10,997**	**4,440**	**229,190**
Accumulated amortisation and impairment	**(3,400)**	**(3,843)**	**–**	**(18,189)**	–	**(1,099)**	**(26,531)**
Net book amount	**148,958**	**1,842**	**–**	**37,521**	**10,997**	**3,341**	**202,659**

8 INTANGIBLE ASSETS *(continued)*

During the year ended 31 December 2016, amortisation expense of HK$3,018,000 (2015: HK$16,353,000) is charged to cost of sales in the consolidated statement of comprehensive income. Impairment loss of HK$1,500,000 (2015: HK$1,900,000) was charged to other loss. There were no impairment loss on trademarks and patents and development costs to cost of sales (2015: HK$3,679,000) .

Impairment test for goodwill

Management considered each operating segments represents a separate CGU for the purpose of goodwill impairment testing.

As of 31 December 2016, the carrying amounts of goodwill allocated to the Automation, Financial Services and Manufacturing segment amounted to HK$43,722,000 (2015: HK$43,722,000), HK$104,236,000 (2015: nil) and HK$1,000,000 (2015: HK$2,500,000) respectively.

The recoverable amounts of the CGUs are determined based on value-in-use calculations or fair value less cost of disposal with reference to market price, whichever is higher.

For value-in-use calculations, management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts.

For Automation segment, the Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years with a terminal value related to the future earnings potential of CGU beyond the next five years to determine the recoverable amount of CGU. The financial budgets and growth rates are estimated based on past performance and its expectations of market development. The key assumptions used for the value-in-use calculations are as follows:

	Automation
For the year ended 31 December 2016	
Growth rate (terminal growth rate)	5%
Discount rate	10%
For the year ended 31 December 2015	
Growth rate (terminal growth rate)	5%
Discount rate	10%

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGUs to exceed the aggregate recoverable amount of CGUs.

For Manufacturing segment, the Group determined the recoverable amount of CGU based on fair value less cost of disposal with reference to market price. As at 31 December 2016 and 2015, the recoverable amount are higher than its carrying amount, management is of the view that no impairment loss was necessary.

For Financial Services segment, the goodwill is determined provisionally as at 31 December 2016. The management of the Group considered that no provision for impairment loss was necessary as the management has not identified any impairment indicator as at 31 December 2016.

9 PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company are as follows:

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Directly held:					
Great Sphere Developments Limited ("Great Sphere")	3 July 2012	British Virgin Islands, limited liability company	1 share of US$1 each	100%	Investment holding
Success Charm Holdings Limited	11 May 2009	British Virgin Islands, limited liability company	27,774,264 shares of US$1 each	100%	Investment holding
Indirectly held:					
Brilliant Victory Holdings Limited	23 November 2012	British Virgin Islands, limited liability company	1 share of US$1 each	100%	Investment holding
Charming Lion Limited	6 May 2009	British Virgin Islands, limited liability company	2 shares of US$1 each	100%	Investment holding
Cherry Light Limited	11 May 2009	British Virgin Islands, limited liability company	1 share of US$1 each	100%	Investment holding
Cybertouch-Tech Company Limited	13 October 2000	Hong Kong, limited liability company	HK$10,000	100%	Investment holding
Cyber Communications Company Limited	24 February 2011	Hong Kong, limited liability company	HK$1	100%	Investment holding
Cyber Energy Limited	18 December 2009	Hong Kong, limited liability company	HK$1	100%	Investment holding
Cyber Lighting Technology Limited	18 January 2011	British Virgin Islands, limited liability company	1 share of US$1 each	100%	Inactive
Cyber Medics Company Limited	24 February 2011	Hong Kong, limited liability company	HK$1	100%	Investment holding
Cyber Products Technology Company Limited	2 March 2011	Hong Kong, limited liability company	HK$1	100%	Inactive
Cyber Vision Technology Limited	18 January 2011	British Virgin Islands, limited liability company	1 share of US$1 each	100%	Investment holding
Ever Firm Limited	6 May 2009	British Virgin Islands, limited liability company	1 share of US$1 each	100%	Investment holding

9 PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
FingerQ Technology Limited	30 May 2013	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
FingerQ Secure Network Limited	19 February 2013	Hong Kong limited liability company	HK$1	100%	Trading of software
FingerQ Macao Commercial Offshore Limited	13 December 2007	Macau limited liability company	1 share of MOP$100,000 each	100%	Inactive
Forever Best Investments Limited	9 August 2013	Hong Kong limited liability company	HK$1	100%	Investment holding
Gain Glory Holdings Limited	28 September 2012	British Virgin Islands limited liability company	1 share of US$1 each	100%	Trading of machines and spare parts and investment holding
Gallant Tech Limited	10 May 2007	Hong Kong limited liability company	HK$5,000,000	100%	Inactive
Gallant Tech (i-manufacturing) Limited	15 October 2012	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Giant Leap International Limited	27 September 2013	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Golden Vast Limited	11 April 2011	British Virgin Islands limited liability company	1 share of US$1 each	100%	Trading of electronic products
Golden Vast Macao Commercial Offshore Limited	25 February 2003	Macau limited liability company	1 share of MOP$1,000,000 each	100%	Investment holding
Grand Sheen Group Limited	18 January 2011	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding

9 PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
Hong Kong Bao Xin Asset Management Limited	23 April 2012	Hong Kong limited liability company	HK$1	100%	Investment holding
Bao Xin International Asset Management Limited	3 July 2012	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Heshan World Fair Electronics Technology Limited	18 November 2004	China limited liability company	US$57,250,000	100%	Manufacturing of printed circuit board touch pad
Majestic Fortune Limited	11 January 2011	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Shining Union Limited	9 July 2009	Hong Kong limited liability company	HK$1	100%	Management and holding of patents, trademarks and designs
Silkray Limited	11 May 2009	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Smart Riches Limited	13 January 2011	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Surplus Creation Investments Limited	3 January 2013	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Up Castle Limited	9 July 2009	Hong Kong limited liability company	HK$1	100%	Trading of electronic products
World Design Technology Limited	4 November 2009	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
World Fair International Limited	27 December 1996	Hong Kong limited liability company	HK$100,000	100%	Trading of electronic products

9 PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
深圳市佳力興業電子科技有限公司 (Shenzhen Gallant Tech Xingye Electronics Technology Co., Limited)*	23 June 2006	China limited liability company	RMB1,500,000	100%	Trading of machines and spare parts
WWTT Technology China	1 November 2011	China limited liability company	HK$1,000,000	100%	Research and development
China Foresea Finance Group Limited	14 October 2015	Cayman Islands limited liability company	1 share of US$1 each	100%	Inactive
Bao Da Financial International Limited	6 August 2015	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Bao Yao International Technology Limited	6 August 2015	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding
Hong Kong Bao Da Financial Holdings Limited	18 August 2015	Hong Kong limited liability company	US$1	100%	Investment holding
Hong Kong Bao Yao Technology Limited	20 August 2015	Hong Kong limited liability company	US$1	100%	Investment holding
深圳寶信金融服務有限公司 (Shenzhen Bao Xin Financial Services Co., Limited)*	12 October 2015	China limited liability company	RMB500,000,000	100%	Inactive
深圳寶達金融服務有限公司 (Shenzhen Bao Da Financial Services Co., Limited)*	12 October 2015	China limited liability company	RMB800,000,000	100%	Investment holding
深圳寶耀科技有限公司 (Shenzhen Bao Yao Technology Co., Limited)*	21 October 2015	China limited liability company	RMB500,000,000	100%	Manufacturing and trading of lighting products
Rich Inward Limited	16 December 2015	British Virgin Islands	1 share of US$1 each	100%	Inactive
B&K Rechargeable Battery Holding (HK) Limited	17 January 2011	Hong Kong limited liability company	HK$10,000	75.5%	Inactive
Bao Xin Health Industry Limited	8 July 2016	British Virgin Islands limited liability company	1 share of US$1 each	100%	Investment holding

* For identification purpose only

9 PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
China Goldjoy Asset Management Limited (formerly known as China Yinsheng Asset Management Limited) ("China Goldjoy Asset Management")	30 March 2012	Hong Kong limited liability company	HK$6,000,000	80%	Providing asset management services
China Goldjoy Bullion Limited (formerly known as KB Bullion Limited) ("China Goldjoy Bullion")	4 June 2013	Hong Kong limited liability company	HK$20,000,000	80%	Providing bullion trading services
China Goldjoy Credit Limited (formerly known as KB Credit Limited) ("China Goldjoy Credit")	24 October 2014	Hong Kong limited liability company	HK$353,333,330	80%	Providing money lending services
China Goldjoy Investment Limited (formerly known as KB Investment Limited) ("China Goldjoy Investment")	13 March 2014	Hong Kong limited liability company	HK$4,000,000	80%	Providing advisory services
China Goldjoy Securities Limited (formerly known as China Yinsheng Securities Limited) ("China Goldjoy Securities")	30 October 1998	Hong Kong limited liability company	HK$327,500,800	80%	Providing securities brokerage services
China Goldjoy Wealth Management Limited (formerly known as China Yinsheng Wealth Management Limited) ("China Goldjoy Wealth Management")	30 March 2012	Hong Kong limited liability company	HK$600,000	80%	Providing insurance services
Handmoon Investments Limited	31 October 2016	British Virgin Islands limited liability company	1 share of US$1 each	100%	Property Investment
Harvest Joy Investments Limited	26 October 2016	British Virgin Islands limited liability company	1 share of US$1 each	100%	Property Investment
Ultra Glory Investments Limited	17 May 2016	British Virgin Islands limited liability company	1 share of US$1 each	100%	Property Investment

9 PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered	Effective interest held by the Group	Principal activities
Indirectly held: (continued)					
Shanghai Hunlicar Investment Management Limited	4 May 2014	China limited liability company	RMB50,000,000	80%	Investment Management
Stellar Result Limited	1 April 2016	British Virgin Islands limited liability company	1 share of US$1 each	80%	Investment holding
深圳佳力融資租賃有限公司 (Shenzhen Gallant Tech Finance Leasing Co., Limited)*	8 November 2016	China limited liability company	HK$500,000,000	100%	Financial leasing
深圳寶萬投資控股有限公司 (Shenzhen Bao Wan Investment Holdings Co., Limited)*	12 October 2015	China limited liability company	RMB1,800,000,000	100%	Investment holding
深圳寶新健康產業有限公司 (Shenzhen Bao Xin Health Industry Co., Limited)*	16 August 2016	China limited liability company	HK$200,000,000	100%	Inactive
寶能凱恒投資有限公司 (Baoneng Kaiheng Investment Co., Limited)*	23 June 2016	China limited liability company	RMB500,000,000	52%	Inactive
深圳鴻勝節能科技有限公司 (Shenzhen Hongsheng Energy-saving Technology Co., Limited)*	16 November 2015	China limited liability company	RMB380,000,000	100%	Investment holding
深圳新凱科技有限公司 (Shenzhen Xin Kai Technology Co., Limited)*	26 October 2016	China limited liability company	RMB226,181,800	100%	Investment holding
深圳寶耀建設工程有限公司 (Shenzhen Bao Yao Construction Engineering Co., Limited)*	21 March 2016	China limited liability company	RMB10,000,000	100%	Construction, lighting engineering design and import and export
深圳邦凱新能源股份有限公司("Shenzhen B&K") (Shenzhen B & K New Engergy Co., Limited)*	4 November 1999	China limited liability company	RMB720,000,000	75.5%	Properties investment
深圳邦凱商貿有限公司 (Shenzhen B&K Trading Co., Limited)*	26 February 2014	China limited liability company	RMB1,000,000	75.5%	Inactive
深圳前海宏基金業有限公司 (Shenzhen Qianhai Hongji Bullion Co., Limited)*	23 April 2015	China limited liability company	RMB10,000,000	80%	Inactive

* For identification purpose only

9 PRINCIPAL SUBSIDIARIES *(continued)*

(a) Material non-controlling interests

The total non-controlling interest for the year is HK$446,765,000 (2015: Nil), of which HK$167,850,000 (2015: Nil) is attributed to Goldjoy Holding Limited (formerly known as "China Foresea Finance Group Limited") and its subsidiaries ("Goldjoy Holding Group") and HK$278,915,000 (2015: Nil) is attributed to 深圳鴻勝節能科技有限公司 (Shenzhen Hongsheng Energy-saving Technology Co., Ltd.)* and its subsidiaries (collectively as "Hongsheng Group").

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised consolidated financial information for subsidiaries that has non-controlling interests that are material to the Group.

Summarised consolidated statement of financial position

	Goldjoy Holding Group		Hongsheng Group	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
Assets	**1,415,482**	–	**7,343**	–
Liabilities	**(618,335)**	–	**(291,968)**	–
Total current net assets/(liabilities)	**797,147**	–	**(284,625)**	–
Non-current				
Assets	**53,905**	–	**1,620,087**	–
Liabilities	**(11,800)**	–	**(123,890)**	–
Total non-current net assets	**42,105**	–	**1,496,197**	–
Net assets	**839,252**	–	**1,211,572**	–

Summarised consolidated statement of comprehensive income

	Goldjoy Holding Group		Hongsheng Group	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue	**91,073**	–	**–**	–
Profit before income tax	**47,841**	–	**482,262**	–
Income tax expense	**(8,356)**	–	**(122,291)**	–
Profit after income tax	**39,485**	–	**359,971**	–
Total comprehensive income	**39,485**	–	**359,971**	–
Total comprehensive income allocated to Non-controlling interests	**8,228**	–	**179,588**	–

* for identification purpose only

9 PRINCIPAL SUBSIDIARIES *(continued)*

(a) Material non-controlling interests (continued)

Summarised consolidated statement of cash flows

	Goldjoy Holding Group		Hongsheng Group	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Net cash (used in)/generated from operating activities	**(792,580)**	–	**12,886**	–
Net cash used in investing activities	**(271,464)**	–	**(12,885)**	–
Net cash generated from/(used in) financing activities	**1,129,019**	–	**(12,723)**	–
Net increase/(decrease) in cash and cash equivalents	**64,975**	–	**(12,722)**	–
Cash and cash equivalents at date of acquisition	**7,452**	–	**18,785**	–
Exchange losses on cash and cash equivalents	**–**	–	**(501)**	–
Cash and cash equivalents at end of year	**72,427**	–	**5,562**	–

10 INVESTMENTS IN ASSOCIATES

	2016	2015
	HK$'000	HK$'000
At 1 January	**7,771**	12,595
Acquisition of an associate	**59,249**	–
Gain on deemed disposal of partial interest in an associate	**4,055**	–
Share of profit/(loss) of associates	**13,532**	(624)
Provision for impairment of investment in an associate	**(2,400)**	(4,200)
At 31 December	**82,207**	7,771

On 1 April 2016, the Group acquired 33.21% of equity interest in 湛江集付通金融服務股份有限公司 (for identification only, Zhanjiang Jifutor Financial Services Joint Stock Company Limited，"Zhanjiang JFT"). Subsequently on 22 November 2016, the Group's equity interest in Zhanjiang JFT was diluted to 22.62% as a result of capital injection from other shareholders resulting in a gain on deemed disposal of partial interest of HK$4,055,000.

Set out below are the associates of the Group as at 31 December 2016. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

10 INVESTMENTS IN ASSOCIATES *(continued)*

Name	Place of business/ country of incorporation	Ownership interest	Principal activities	Measurement method
Advanced Radio Device Technologies, Inc. ("ARDT")	Korea	43%	Research and development, manufacturing sales and marketing of semiconductors for communication and related equipment	Equity
Tekmar, Inc.	USA	37.76%	Research and development, manufacturing sales of carriergrade wireless telecommunication systems and components	Equity
Zhanjiang JFT	China	22.62%	Securities investment; provision of consultancy services for financial institutions, trading of goods and provision of credit/financing facilities services	Equity

ARDT, Tekmar, Inc. and Zhanjiang JFT are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

During the year ended 31 December 2016, due to the poor financial performance of ARDT, the Group has made an impairment provision for the interest in ARDT of HK$2,400,000 (2015: 4,200,000).

The Group has fully impaired the interest in Tekmar, Inc. in prior years and did not have any unrecognised share of losses of associates.

Summarised financial information for associates

Set out below are the summarised financial information for the ARDT and Zhanjiang JFT which are accounted for using the equity method.

Summarised statement of financial position

	ARDT		Zhanjiang JFT	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Current				
Total current assets	**7,266**	6,705	**298,005**	N.A.
Total current liabilities	**(323)**	(502)	**(43,523)**	N.A.
Non-current				
Total non-current assets	**1,989**	2,719	**85,084**	N.A.
Total non-current liabilities	**(1,730)**	(1,781)	**–**	N.A.
Net assets	**7,202**	7,141	**339,566**	N.A.

10 INVESTMENTS IN ASSOCIATES *(continued)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

Summarised financial information

	ARDT		Zhanjiang JFT	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Opening net assets 1 January / acquisition date	**7,141**	8,592	**280,789**	N.A.
Profit/(loss) for the year	**61**	(1,451)	**58,777**	N.A.
Closing net assets	**7,202**	7,141	**339,566**	N.A.
% of ownership	**43%**	43%	**22.62%**	N.A.
Interest in associates	**3,097**	3,071	**76,810**	N.A.
Goodwill	**2,300**	4,700	**–**	N.A.
Carrying value	**5,397**	7,771	**76,810**	N.A.

Summarised statement of comprehensive income

	ARDT		Zhanjiang JFT	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Revenue	**5,333**	4,527	**90,617**	N.A.
Profit/(loss) for the year	**61**	(1,451)	**58,777**	N.A.
Post-tax profit/(loss) for the year	**61**	(1,451)	**58,777**	N/A
Total comprehensive income/(loss)	**61**	(1,451)	**58,777**	N.A.

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK$'000	2015 HK$'000
Listed securities:		
– Equity securities – Norway	**112,986**	199,255
– Equity securities – USA	**1,828**	1,324
– Equity securities – Hong Kong	**816,497**	–
	931,311	200,579
Unlisted securities	**55,466**	86,550
	986,777	287,129

	2016 HK$'000	2015 HK$'000
Opening balance	**287,129**	187,262
Purchase of available-for-sale financial assets	**831,020**	–
Disposal of available-for-sale financial assets	**(20,171)**	(25,293)
Fair value (loss)/gain	**(80,129)**	142,519
Provision for impairment	**(15,000)**	(16,800)
Return on investment	**(16,072)**	–
Transfer to asset held-for-sale	**–**	(559)
Closing balance	**986,777**	287,129

As at 31 December 2016, the fair values of listed shares are determined on the basis of their quoted market prices at the end of reporting period. Unlisted shares with aggregated carrying amount of HK$55,466,000 (2015: HK$86,550,000) are measured at fair value determined by using market approach (2015: discounted cash flow approach) based on unobservable inputs and included in Level 3 financial instruments in Note 3.3.

At the end of reporting period, the Group's available-for-sale financial assets were individually reviewed for impairment by management. Impairment loss of HK$15,000,000 has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2016 (2015: HK$16,800,000).

Listed securities of aggregate carrying amount of HK$816,497,000 have been pledged to a bank to secure bank borrowings (2015: nil).

Available-for-sale financial assets are denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
HK dollar	**816,497**	–
US dollar	**48,858**	58,356
Norwegian Kroner	**112,988**	199,255
Canadian dollar	**8,434**	29,518
	986,777	287,129

12 INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**1,073**	–
Work in progress	**6,026**	–
Finished goods	**28,970**	16,030
	36,069	16,030

Cost of inventories of HK$501,719,000 (2015: HK$393,527,000) has been included in cost of sales.

As at 31 December 2016, there is no obsolete raw materials, work in progress and finished goods (2015: HK$24,306,000). No provision for obsolete inventories was made as at 31 December 2016 (2015: HK$24,306,000). The amount of provision for impairment as at 31 December 2015 was included in "cost of sales" in the consolidated statement of comprehensive income.

13 LOANS AND ADVANCES

	2016 HK$'000	2015 HK$'000
Loans and advances (Note (a))	**575,711**	–
Margin loans receivables (Note (b))	**411,894**	–
	987,605	–

Notes:

(a) The loans and advances are secured and/or backed by guarantee. Credit limits are set for borrowers based on the quality of collateral held and the financial background of the borrower. Collateral values and overdue balances are reviewed and monitored regularly.

The carrying amounts of loans and advances are denominated in Hong Kong dollars.

(b) The credit facility limits granted to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

The loans to margin clients are secured by the underlying pledged securities and are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call and the clients have to make good the shortfall.

As at 31 December 2016, margin loan receivables were secured by securities pledged by the clients to the Group as collateral with undiscounted market value of HK$2,362,564,000.

The carrying amount of margin loan receivables reflects a reasonable approximation of its fair value.

14 TRADE RECEIVABLES

	2016 **HK$'000**	2015 HK$'000
Trade receivables	**240,298**	113,849
Less: Provision for impairment of receivables	**(2,501)**	(390)
Trade receivables – net	**237,797**	113,459
Less: non-current portion	**(3,377)**	(3,946)
	234,420	109,513

The carrying amounts of trade receivables approximate their fair values.

For customers of Manufacturing, the Group generally grants a credit period of 30 to 90 days to its customers. For customers of Automation products, a credit period ranging from 30 days to 60 days after acceptance is generally granted with exception of some trade customers where the credit period of 12-18 months are granted. The ageing analysis of trade receivables based on invoice date is as follows:

	2016 **HK$'000**	2015 HK$'000
0 to 30 days	**123,266**	51,906
31 to 60 days	**37,477**	17,203
61 to 90 days	**14,703**	13,040
91 to 120 days	**6,885**	21,560
Over 120 days	**57,967**	10,140
	240,298	113,849

As at 31 December 2016, trade receivables of HK$134,841,000 (2015: HK$92,906,000) are neither past due nor impaired. These relate to customers for whom there is no recent history of default.

14 TRADE RECEIVABLES *(continued)*

As at 31 December 2016, trade receivables of HK$102,956,000 (2015: HK$20,553,000) were past due but not impaired. No provision has been made against these balances as the directors consider the amounts being recoverable and there is no recent history of default. The ageing analysis of these debtors based on invoice date is as follows:

	2016	2015
	HK$'000	HK$'000
0 to 30 days	**54,786**	225
31 to 60 days	**12,336**	2,100
61 to 90 days	**12,056**	5,007
91 to 120 days	**3,109**	4,654
Over 120 days	**20,669**	8,567
	102,956	20,553

As of 31 December 2016, there was no impairment or provision for trade receivables (2015: HK$390,000). Amounts due from these customers were aged over 120 days.

Trade receivables are denominated in the following currencies:

	2016	2015
	HK$'000	HK$'000
US dollar	**95,381**	65,559
Hong Kong dollar	**31,227**	872
RMB	**110,820**	47,132
EUR	**1,245**	–
Others	**1,625**	286
	240,298	113,849

Movements on the provision for impairment of trade receivables are as follows:

	2016	2015
	HK$'000	HK$'000
At 1 January	**390**	668
Provision for impairment of trade receivables	**–**	3,252
Receivables written off during the year as uncollectible	**(254)**	–
Transferred from/(to) assets classified as held-for-sale	**2,365**	(3,530)
At 31 December	**2,501**	390

The maximum exposure to credit risk at the reporting date is the fair value of trade receivables. The Group does not hold any collateral in respective of these balances.

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Utility and other deposits	**7,897**	1,537
Value-added tax recoverable	**4,472**	–
Escrow amount receivable	**504**	1,166
Consultancy fee income receivable	**15,092**	–
Others	**6,068**	3,732
	34,033	6,435

The directors consider the balances of prepayments, deposits and other receivables are recoverable by reference to the nature of these balances and credit history of counterparties where applicable.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

16 HELD-TO-MATURITY INVESTMENT

	2016 HK$'000	2015 HK$'000
Listed securities:		
– Corporate bond with fixed interest of 10% and maturity date of 8 February 2017 – Hong Kong	**25,000**	–
	25,000	–

The movement in held to maturity of financial assets may be summarised as follows:

	2016 HK$'000	2015 HK$'000
At 1 January	**–**	–
Additions	**25,000**	–
At 31 December	**25,000**	–
Less: non-current portion	**–**	–
Current portion	**25,000**	–

Held-to-maturity investment is denominated in Hong Kong dollar.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Listed securities:		
– Equity securities – China	**39,619**	–
– Equity securities – Hong Kong	**686,002**	295,625
	725,621	295,625
Other securities	**23,280**	48,280
	748,901	343,905

The Group's financial assets at fair value through profit or loss are denominated in Hong Kong dollar. The fair values of listed shares are based on their current bid prices in an active market.

18 CASH AND CASH EQUIVALENTS AND CLIENT TRUST BANK BALANCES

	2016 HK$'000	2015 HK$'000
Cash in hand	**224**	182
Cash at banks	**995,742**	3,104,648
Short-term bank deposits less than 3 months	**539,667**	239,561
	1,535,633	3,344,391
Less: Transferred to assets classified as held-for-sale (Note 20)	**–**	(92,830)
	1,535,633	3,251,561
Client trust bank balances	**50,485**	–

18 CASH AND CASH EQUIVALENTS AND CLIENT TRUST BANK BALANCES *(continued)*

Cash and cash equivalents are denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
RMB	**737,786**	442,249
US dollar	**178,336**	106,606
Hong Kong dollar	**555,155**	2,672,704
Others	**64,356**	30,002
	1,535,633	3,251,561

The conversion of RMB into foreign currencies and remittance of RMB out of bank balances in China are subject to the rules and regulations of the foreign exchange control promulgated by the Chinese government.

The Group maintains trust and segregated accounts of HK$50,485,000 with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified in the consolidated statement of financial position the clients' deposits as client trust bank balances in the current assets section and recognised the corresponding trade payables to the respective clients in the current liabilities section, on the grounds that the Group is liable for any misappropriation of the respective clients' deposits as stipulated under the Hong Kong Securities and Futures Ordinance ("SFO"). The Group is not allowed to use the clients' monies to settle its own obligations under the SFO. As such, these monies are not included in cash and cash equivalents of the Group for cash flow purposes in the consolidated statement of cash flows. The client trust bank balances are denominated in Hong Kong dollar.

19 SHARE CAPITAL AND PREMIUM

	Number of shares (thousand)	**Share capital HK$'000**	**Share premium HK$'000**	**Total HK$'000**
At 1 January 2016	21,548,598	2,154,860	2,054,151	4,209,011
Shares issued (Note)	600,000	60,000	348,000	408,000
At 31 December 2016	22,148,598	2,214,860	2,402,151	4,617,011

Note: On 14 September 2016, the Group entered into the placing agreement, pursuant to which the investors agreed to subscribe for 600,000,000 new shares ("Share Placement"). The Share Placement was completed on 20 October 2016. The shares were issued at a price of HK$0.68 per share for a total cash consideration of HK$408,000,000.

20 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

As at 31 December 2015, the assets and liabilities related to Charming Lion Limited, World Fair International Limited and Heshan World Fair Electronics Technology Limited (collectively known as "Charming Lion Group"), wholly-owned subsidiaries of the Group, have been presented as held-for-sale following the approval of the Group's management to sell Charming Lion Group.

During the year ended 31 December 2016, the Group's management has refined the disposal plan and identified the specified assets and liabilities to be classified as held-for-sale as disclosed below. As a result, certain assets had been reclassified from 'assets of disposal group classified as held-for-sale' back to the Group.

The Croup will continue to engage in manufacturing business subsequent to the sale of Charming Lion Group.

(a) Assets of Charming Lion Group classified as held-for-sale

	2016	2015
	HK$'000	HK$'000
Property, plant and equipment	**65,569**	66,013
Land use right	**4,575**	4,575
Deferred income tax assets	**1,089**	8,992
Trade receivables	**–**	16,834
Prepayments, deposits and other receivables	**716**	9,112
Inventories	**27,227**	53,238
Cash and cash equivalents	**–**	92,830
Available-for-sale financial asset	**–**	559
Financial assets at fair value through profit or loss	**–**	972
Total	**99,176**	253,125

(b) Liabilities of Charming Lion Group classified as held-for-sale

	2016	2015
	HK$'000	HK$'000
Bank borrowings	**–**	17,045
Trade payables	**6,943**	17,200
Accruals and other payables	**5,360**	13,396
Deferred income tax liabilities	**181**	156
Current income tax liabilities	**4,846**	12,758
Total	**17,330**	60,555

21 OTHER RESERVES AND RETAINED EARNINGS/(ACCUMULATED DEFICITS)

	Merger reserve (Note a) HK$'000	Capital reserve (Note b) HK$'000	Share option reserve HK$'000	Statutory reserve (Note c) HK$'000	Available-for-sale financial assets HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	(Accumulated deficits)/ retained earnings HK$'000	Total HK$'000
For the year ended 31 December 2015									
At 1 January 2015	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(255,130)	(111,909)	(367,039)
Profit for the year	–	–	–	–	–	–	–	181,687	181,687
Other comprehensive income:									
Fair value gain on available-for-sale financial assets	–	–	–	–	142,519	–	142,519	–	142,519
Currency translation differences	–	–	–	–	–	(14,411)	(14,411)	–	(14,411)
Total other comprehensive income	–	–	–	–	142,519	(14,411)	128,108	–	128,108
Total comprehensive income	–	–	–	–	142,519	(14,411)	128,108	181,687	309,795
Exercise of share option	–	–	(1,762)	–	–	–	(1,762)	–	(1,762)
Expiry of share option	–	–	(92)	–	–	–	(92)	92	–
At 31 December 2015	(215,150)	12,411	370	33,987	54,304	(14,798)	(128,876)	69,870	(59,006)

21 OTHER RESERVES AND RETAINED EARNINGS/(ACCUMULATED DEFICITS)

(continued)

	Merger reserve (Note a) HK$'000	Capital reserve (Note b) HK$'000	Share option reserve HK$'000	Statutory reserve (Note c) HK$'000	Other reserve HK$'000	Available-for-sale financial assets HK$'000	Exchange reserve HK$'000	Retained earning HK$'000	Total HK$'000
For the year ended 31 December 2016									
At 1 January 2016	(215,150)	12,411	370	33,987	–	54,304	(14,798)	69,870	(59,006)
Profit for the year	–	–	–	–	–	–	–	466,593	466,593
Other comprehensive (loss)/income:									
Fair value loss on available-for-sale financial assets	–	–	–	–	–	(80,129)	–	–	(80,129)
Currency translation differences	–	–	–	–	–	–	18,566	–	18,566
Total other comprehensive (loss)/income	–	–	–	–	–	(80,129)	18,566	–	(61,563)
Total comprehensive (loss)/income	–	–	–	–	–	(80,129)	18,566	466,593	405,030
Dividend relating to 2015 paid during the year	–	–	–	–	–	–	–	(53,871)	(53,871)
Put option liability (Note 38)	–	–	–	–	(257,159)	–	–	–	(257,159)
Change in ownership interests in subsidiaries without change of control in relation to acquisition of subsidiaries accounted for as business combination (Note 38)	–	–	–	–	(11,342)	–	–	–	(11,342)
Change in ownership interests in subsidiaries without change of control in relation to acquisition of subsidiaries accounted for as acquisition of assets (Note 39)	–	–	–	–	44,013	–	–	–	44,013
Transfer to statutory reserve	–	–	–	37,383	–	–	–	(19,462)	17,921
At 31 December 2016	(215,150)	12,411	370	71,370	(224,488)	(25,825)	3,768	463,130	85,586

(a) Merger reserve represents the difference between the share capital of the Company and the combined share capital of the subsidiaries (after eliminating intra-group investments and share capital) acquired by the Company pursuant to the Group reorganisation in 2009.

(b) Capital reserve of the Group represents the net assets attributable to non-controlling shareholders which were acquired pursuant to the Group reorganisation in 2009, and is treated as a deemed contribution from equity holders and the release of share-based compensation reserve upon the incentive shares under share incentive scheme approved and adopted by the Group in 2008.

(c) The China laws and regulations require companies registered in China to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. All statutory reserves are created for specific purposes. China company is required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

22 BANK BORROWINGS

	2016 **HK$'000**	2015 HK$'000
Non-current		
Bank loans, secured	**–**	12,500
Current		
Bank loans, secured	**681,050**	12,500
Trust receipts loans, secured	**98,522**	5,225
	779,572	17,725
	779,572	30,225

The Group's borrowings at the end of the reporting period were repayable as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**779,572**	17,725
Between one and two years	**–**	12,500
Between two and five years	**–**	–
	779,572	30,225

	2016			2015		
	HK$	**US$**	**Others**	HK$	US$	Others
Bank loans	**2.5%**	**–**	**9%**	2.52%	–	–
Trust receipt loans	**–**	**2.25%**	**–**	–	2.11%	–

As at 31 December 2016, the Company's effective interest rate per annum in bank borrowings was 2.58% (2015: 2.44%).

22 BANK BORROWINGS *(continued)*

Bank borrowings are secured by corporate guarantees provided by the Company and certain of its subsidiaries.

Certain of the Group's bank facilities are subject to covenants, whereby the Group is required to meet certain key performance indicators. As at 31 December 2015, the Group did not fulfil the tangible net worth as required by banking facility line of approximately HK$30,000,000, in which approximately HK$10,000,000 had been utilised. The lender has not requested early repayment of the loan upon the failure of fulfilment of such covenant clause and the loan was fully repaid in March 2015. As at 31 December 2016, the Group has not breached any of the banking facilities.

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of non-current borrowings, are determined by discounting the future cash flows at the current market interest rate available to the Group and are within Level 2 of the fair value hierarchy.

	2016	2015
	HK$'000	HK$'000
US dollar	**98,522**	5,225
Hong Kong dollar	**669,200**	25,000
RMB	**11,850**	–
	779,572	30,225

23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following balances, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2016	2015
	HK$'000	HK$'000
Deferred income tax liabilities to be settled after more than 12 months	**184,915**	11,900

23 DEFERRED INCOME TAX *(continued)*

The gross movements on the deferred income tax liabilities/(assets) are as follows:

	2016 HK$'000	2015 HK$'000
At beginning of year	**11,900**	(4,468)
Acquisition of subsidiaries (Note 38)	**9,210**	–
Charged to the consolidated statement of comprehensive income (Note 30)	**163,805**	7,532
Transferred to assets classified as held-for-sale	**–**	8,992
Transferred to liabilities classified as held-for-sale	**–**	(156)
At end of year	**184,915**	11,900

	Accelerated tax depreciation allowance		Unrealised (profits)/losses in inventories		Fair value gains/(losses)		Unrealised profits in financial assets at fair value through profit or loss		Intangible assets identified in acquisition		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Deferred income tax liabilities/(assets)												
At 1 January	**–**	200	**–**	(5,992)	**670**	1,324	**11,230**	–	**–**	–	**11,900**	(4,468)
(Credited to)/charged to the consolidated statement of comprehensive income	**–**	(44)	**–**	(3,000)	**115,029**	(654)	**49,424**	11,230	**(648)**	–	**163,805**	7,532
Acquisition of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	–	**9,210**	–	**9,210**	–
Transferred to (liabilities) assets classified as held-for-sale (Note 20)	**–**	(156)	**–**	8,992	**–**	–	**–**	–	**–**	–	**–**	8,836
At 31 December	**–**	–	**–**	–	**115,699**	670	**60,654**	11,230	**8,562**	–	**184,915**	11,900

As at 31 December 2016, there is no unremitted earnings of the Group's Chinese subsidiaries in China. As at 31 December 2015, deferred income tax liabilities of HK$2,128,000 have not been recognised for the withholding tax and other taxes that would be payable on the unremitted retained earnings of the Group's Chinese subsidiaries in China amounting to HK$42,569,000. In the opinion of the directors of the Company, these retained earnings are to be reinvested.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$10,863,000 (2015: HK$1,357,000) in respect of losses amounting to HK$64,011,000 (2015: HK$8,225,000) that can be carried forward against future taxable income due to uncertainty of availability of future taxable income. Except for tax losses of HK$3,532,000 (2015: Nil) that will be expired in 5 years, such losses do not have expiry date.

24 TRADE AND BILL PAYABLES

	2016 **HK$'000**	2015 HK$'000
Trade payables	**174,669**	43,074
Bill payables	**1,894**	1,969
	176,563	45,043

The ageing analysis of trade and bill payables based on invoice date is as follows:

	2016 **HK$'000**	2015 HK$'000
0 to 30 days	**98,059**	24,512
31 to 60 days	**20,953**	15,704
61 to 90 days	**8,248**	2,278
91 to 120 days	**8,487**	–
Over 120 days	**40,816**	2,549
	176,563	45,043

The carrying amounts of trade and bill payables approximate their fair values.

The carrying amounts of the trade and bill payables are denominated in the following currencies:

	2016 **HK$'000**	2015 HK$'000
RMB	**6,208**	776
US dollar	**116,783**	41,854
Hong Kong dollar	**51,677**	427
EUR	**–**	17
Japanese Yen	**1,895**	1,969
	176,563	45,043

25 ACCRUALS AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Current		
Salary and wages payable	**8,109**	1,437
Accrued operating expenses	**10,381**	4,307
Advance receipts from customers	**15,476**	6,357
Provision for value-added tax and other taxes in China	**7,057**	3,923
Commission payables	**1,557**	1,092
Interest payable	**861**	–
Payables for acquisition of subsidiaries	**200,256**	–
Payables for construction costs of investment properties	**137,152**	–
Other accruals and other payables	**32,667**	8,397
	413,516	25,513
Non-current		
Put option liability in relation to acquisition of subsidiaries (Note 38)	**257,159**	–
	670,675	25,513

The carrying amounts of accruals and other payables approximate their fair values. As at 31 December 2016, approximately 55% (2015: 6%) of the carrying amounts of accruals and other payables are denominated in RMB, the remainings are mainly denominated in Hong Kong dollar.

26 OTHER GAIN/(LOSS) – NET AND OTHER INCOME – NET

	2016 HK$'000	2015 HK$'000
Other gain/(loss) – net		
Gain on disposal of available-for-sale financial assets	**12,595**	10,302
Gain on deemed disposal of partial interest in an associate (Note 10)	**4,055**	–
Provision for impairment of goodwill	**(1,500)**	(1,900)
Provision for impairment of available-for-sale financial assets	**(15,000)**	(16,800)
	150	(8,398)
Other income – net		
Dividend income	**31,498**	–
Consultancy fee income	**35,213**	–
Rental income	**2,628**	–
License fee income – net	**–**	78,234
Sub-licensing income	**1,655**	–
Write back of trade and other payables	**2,456**	1,051
Others	**5,832**	2,525
	79,282	81,810

27 EXPENSES BY NATURE

	2016 HK$'000	2015 HK$'000
Employee benefit expenses (Note 28)	**85,724**	70,054
Directors' and chief executive's emoluments (Note 41)	**5,400**	3,890
Cost of inventories	**501,719**	393,527
Provision for impairment of inventories	**–**	1,000
Provision for impairment of intangible assets	**3,542**	3,679
Provision for impairment of trade receivables	**–**	3,252
Provision for impairment of prepayments	**–**	637
Auditor's remuneration		
– Audit services	**3,282**	1,792
– Non-audit services	**3,352**	910
Depreciation of property, plant and equipment (Note 6)	**3,132**	15,152
Amortisation of intangible assets	**7,301**	–
Operating lease rentals-office premises, factory and warehouse	**9,667**	6,757
Amortisation of land use right	**–**	115
Consumables and factory supplies	**368**	622
Electricity, water and utilities expenses	**8,372**	6,725
Freight and transportation	**3,302**	4,759
Bank charges	**5,423**	1,825
Other tax levies	**3,592**	4,198
Research and development expenses		
– Employee benefit expenses	**–**	4,069
–Amortisation of intangible assets	**–**	16,353
Commission expenses	**14,991**	12,587
Advertising and promotion expenses	**3,601**	3,735
(Gain)/loss on disposal of property, plant and equipment and intangible assets	**(168)**	444
Net foreign exchange losses/(gains)	**9,021**	(5,654)
Legal and professional fee	**10,338**	2,578
Others	**37,167**	22,344
Total cost of sales, distribution costs and administrative expenses	**719,126**	575,350

28 EMPLOYEE BENEFIT EXPENSES (EXCLUDING BENEFITS AND INTERESTS OF DIRECTORS)

	2016 HK$'000	2015 HK$'000
Wages and salaries	**72,643**	65,371
Other employee benefits	**6,284**	3,671
Pension costs-defined contribution plans and social security costs	**6,797**	8,199
	85,724	77,241
Less: amount recorded in research and development expenses	**–**	(4,069)
Less: amount capitalised as intangible assets	**–**	(3,118)
	85,724	70,054

(i) The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a cap of HK$1,500 since June 2014 and thereafter contributions are voluntary.

(ii) As stipulated by the rules and regulations in China, the subsidiary operating in China contributes to state-sponsored retirement plans for its employees. The employees contribute approximately 8% of their basic salaries, while the subsidiary contributes approximately 17% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees

(iii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors (2015: two directors), whose emoluments are reflected in the analysis presented in Note 41. The emoluments payable to the remaining three individuals (2015: three individuals) during the year are as follows:

	2016 HK$'000	2015 HK$'000
Basic salaries, bonuses, other allowances and benefits in kind	**3,881**	4,768
Retirement benefit-defined contribution scheme	**45**	198
	3,926	4,966

28 EMPLOYEE BENEFIT EXPENSES (EXCLUDING BENEFITS AND INTERESTS OF DIRECTORS) *(continued)*

(iii) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
	HK$'000	HK$'000
Emolument bands		
Under HK$1,000,000	**–**	1
HK$1,000,001-HK$1,500,000	**3**	1
HK$1,500,001-HK$2,000,000	**–**	–
HK$2,000,001-HK$2,500,000	**–**	–
HK$2,500,001-HK$3,000,000	**–**	1

No inducement for joining the Group or compensation for loss of office was paid or payable to any five highest paid individuals during the year (2015: Same).

29 FINANCE INCOME – NET

	2016	2015
	HK$'000	HK$'000
Finance income		
– Interest income on bank deposits	**12,193**	8,221
– Interest income on financial assets at fair value through profit or loss	**1,640**	–
– Interest income on loans to an independent third party	**6,887**	–
	20,720	8,221
Finance costs:		
– Bank loans	**(461)**	(4,869)
– Trust receipt loans	**(361)**	(1,281)
– Notional accretion of interest on contingent consideration payable	**–**	(339)
	(822)	(6,489)
Finance income – net	**19,898**	1,732

30 INCOME TAX EXPENSE

	2016 **HK$'000**	2015 HK$'000
Current income tax		
– Hong Kong profits tax	**14,970**	7,800
– Overseas and China income tax	**8,508**	9,743
	23,478	17,543
Under provision in prior years	**10**	57
	23,488	17,600
Deferred income tax (Note)	**171,733**	7,532
	195,221	25,132

Note:

During the year ended 31 December 2016, deferred income tax expense of the Group amounted to HK$163,805,000 (2015: HK$7,532,000) (Note 23) and deferred income tax expense of Charming Lion Group amounted to HK$7,928,000 (2015: HK$8,836,000) were charged to the consolidated statement of comprehensive income.

Provision for income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (2015: 16.5%).

The statutory income tax rate applicable to entities operating in China is 25% (2015: 25%). A 5% withholding income tax is also imposed on dividends relating to profits remitted from the subsidiaries in China.

Overseas income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the country in which the Group operates.

30 INCOME TAX EXPENSE *(continued)*

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits in the respective jurisdiction as follows:

	2016 **HK$'000**	2015 HK$'000
Profit before income tax	**849,630**	206,819
Tax calculated at domestic tax rates applicable to profits in the respective jurisdiction	**184,317**	23,102
Income not subject to tax	**(1,355)**	(190)
Expenses not deductible for tax purposes	**4,971**	8,200
Tax effects of associates' results reported net of tax	**(2,228)**	796
Under provision in prior years	**10**	57
Utilisation of previously unrecognised tax losses	**–**	(10,273)
Tax loss not recognised	**9,506**	3,440
Income tax expense	**195,221**	25,132

31 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	2016 **HK$'000**	2015 HK$'000
Profit attributable to equity holders of the Company (HK$'000)	**466,593**	181,687
Weighted average number of ordinary shares in issue (thousands)	**21,668,270**	7,704,980
Basic earnings per share from continuing operations (expressed in HK cents per share)	**2.15**	2.36

31 EARNINGS PER SHARE *(continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2016 **HK$'000**	2015 HK$'000
Profit attributable to equity holders of the Company (HK$'000)	**466,593**	181,687
Weighted average number of ordinary shares in issue (thousands)	**21,668,270**	7,704,980
Adjustments for:		
– Share options (thousands)	**974**	3,774
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**21,669,244**	7,708,754
Diluted earnings per share from continuing operations (expressed in HK cents per share)	**2.15**	2.36

32 DIVIDENDS

	2016 **HK$'000**	2015 HK$'000
2016 proposed final dividend – HK$0.32 cents (2015: HK$0.25 cents) per share	**70,876**	–
2015 final dividend paid – HK$0.25 cents (2014: Nil) per share	**–**	53,871
	70,876	53,871

A final dividend in respect of the financial year ended 31 December 2016 of HK$0.32 cents per share (2015: HK$0.25 cents per share), amounting to a total dividend of HK$70,876,000 (2015: HK$53,871,000), is to be proposed at the forthcoming Annual General Meeting. The amount of 2016 proposed final dividend is based on 22,149,598,000 shares in issue as at 31 December 2016 (2015: 21,548,598,000 shares in issue as at 31 December 2015). These consolidated financial statements do not reflect this dividend payable.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2016 HK$'000	2015 HK$'000
Profit before income tax	**849,630**	206,819
Adjustments for:		
– Finance income (Note 29)	**(20,720)**	(8,221)
– Finance costs (Note 29)	**822**	6,489
– Depreciation of property, plant and equipment (Note 6)	**3,132**	15,152
– Amortisation of land use right	**–**	115
– Amortisation of intangible assets (Note 8)	**7,301**	16,353
– (Gain)/loss on disposal of property, plant and equipment and intangible assets (Note 27)	**(168)**	444
– Gain of disposal of available-for-sale financial assets (Note 26)	**(12,595)**	(10,302)
– Fair value gain on investment properties (Note 7)	**(462,734)**	–
– Gain on deemed disposal of partial interest in an associate (Note 26)	**(4,055)**	–
– Write back of trade and other payables (Note 26)	**(2,456)**	–
– Provision for impairment of goodwill (Note 26)	**1,500**	–
– Provision for impairment of inventories (Note 27)	**–**	1,000
– Provision for impairment of trade receivables (Note 27)	**–**	3,252
– Provision for impairment of intangible assets (Note 27)	**3,542**	15,127
– Provision for impairment of available-for-sale financial assets (Note 26)	**15,000**	16,800
– Write-off of current and non-current prepayment (Note 27)	**–**	637
– Share of (profit)/loss of associates (Note 10)	**(13,532)**	624
– Provision for impairment of investment in an associate (Note 10)	**2,400**	4,200
Operating profit before working capital changes	**367,067**	268,489
Changes in working capital:		
– Inventories	**6,326**	36,823
– Loans and advances	**(793,414)**	–
– Client trust bank balances	**111,738**	–
– Trade receivables	**(115,117)**	2,291
– Prepayments, deposits and other receivables	**91,928**	6,577
– Financial assets at fair value through profit or loss	**(397,949)**	(343,715)
– Amount due from a related party	**–**	2,684
– Trade and bill payables	**(58,754)**	(7,341)
– Accruals and other payables	**17,001**	(11,046)
Cash used in operations	**(771,174)**	(45,238)

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

In the consolidated statement of cash flows proceeds from disposal of property, plant and equipment and intangible assets comprise:

	2016 HK$'000	2015 HK$'000
Net book amount of property, plant and equipment (Note 6)	**779**	531
Gain/(loss) on disposal of property, plant and equipment and intangible assets	**168**	(444)
Proceeds from disposal of property, plant and equipment under assets classified as held-for-sale (Note 20)	**444**	–
Proceeds from disposal of property, plant and equipment and intangible assets	**1,391**	87

34 OPERATING LEASE COMMITMENTS

The Group as lessor

The Group has acquired various offices, workshops and dormitories during the year as disclosed in Note 7 to the consolidated financial statements.

The future minimum lease payments receivable under non-cancellable operating leases of the Group were as follows:

	2016 HK$'000	2015 HK$'000
Not later than one year	**13,218**	–
Later than one year and not later than five years	**33,726**	–
	46,944	–

The Group as lessee

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease expenditure expensed in the consolidated statement of comprehensive income during the year is disclosed in Note 27 to the consolidated financial statements.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group were as follows:

	2016 HK$'000	2015 HK$'000
Not later than one year	**5,776**	5,516
Later than one year and not later than five years	**350**	1,875
	6,126	7,391

35 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2016 **HK$'000**	2015 HK$'000
Property, plant and equipment	**2,066**	–
Investment properties	**145,035**	–
Investment in a subsidiary	**4,716**	–

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) The Group has renewed a three-year residential premises lease agreement with Mr. Wong Kwok Fong, the former controlling shareholder of the Group on 1 January 2015, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong's certain residential premises in Jiangmen, China at an annual rental of RMB408,000 as residences for the Group's senior management. The lease agreement was terminated in October 2016.

(b) Key management compensation

	2016 **HK$'000**	2015 HK$'000
Directors' fees	**2,183**	2,113
Basic salaries, housing allowances, other allowances and benefits in kind	**4,218**	5,361
Contributions to pension plans	**180**	210
	6,581	7,684

37 SHARE-BASED PAYMENTS

Share options were granted to directors, certain members of the senior management and employees of the Company on 17 June 2013 (the "Date of Grant"). The exercise price of the granted options is HK$0.42, which represents the highest of (i) the official closing price of HK$0.41 per Company's share as stated in the daily quotation sheets issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of HK$0.42 per Company's share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of the Company's share. Options are granted unconditionally and vested immediately on the Date of Grant. The options are exercisable in ten years starting from the Date of Grant. The Group has no legal or constructive obligation to repurchase or settle options in cash.

The fair value of options were determined using Binomial-Model was HK$0.185 per option. The significant inputs into the model was share price of HK$0.41 at the Date of Grant, exercise price shown above, volatility of 65%, dividend yield of 2%, an expected option life of ten years and an annual risk-free interest rate of 1.59%. The volatility is assumed based on the daily share price volatility of the Company and comparable companies for a historical observation period equal to the life of the options. Since the Company has a trading history shorter than the life of the options, volatility was calculated with reference to comparable companies listed in Hong Kong and in the same industry as the Company.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2016		2015	
	Exercise price in HK$ per share option	**Options (thousands)**	Exercise price in HK$ per share option	Options (thousands)
At 1 January	**0.42**	**2,000**	0.42	12,020
Exercised	**–**	**–**	–	(9,520)
Expired	**–**	**–**	–	(500)
At 31 December	**0.42**	**2,000**	0.42	2,000

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price in HK$ per share option	**Options (thousands)**	
		2016	2015
Expiry date 16 June 2023	0.420	**2,000**	2,000

All outstanding options were exercisable upon the date of grant. No option were exercised during the year ended 31 December 2016 (2015: 9,520,000).

No share option expenses was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2016 (2015: Nil).

38 BUSINESS COMBINATION

On 30 March 2016, the Group entered into an agreement with China Yinsheng Capital Group Limited ("China Yinsheng"), through China Foresea Finance Group Limited ("China Foresea"), a wholly-owned subsidiary of the Group, pursuant to which, the Group conditionally agreed to purchase, and China Yinsheng conditionally agreed to sell 70% interests in certain wholly-owned subsidiaries, China Goldjoy Asset Management, China Goldjoy Bullion, China Goldjoy Credit, China Goldjoy Investment, China Goldjoy Securities and China Goldjoy Wealth Management (collectively named as "Goldjoy Holding Group"), at a consideration of HK$255,779,000. The Group completed the acquisition of Goldjoy Holding Group on 1 August 2016. *(Note)* Pursuant to the agreement, China Yinsheng is entitled to a put option to require the Group to purchase the remaining shares of Goldjoy Holding Group in full or in part before January 2019 at an agreed exercise price primarily based on the estimated future undistributed profit of Goldjoy Holding Group. Such right can be exercised by China Yinsheng once only after two years from the date of completion of acquisition on 1 August 2016. The fair value of the option amounted to HK$257,159,000 (Note 25) was determined using discounted cash flow method and the key assumptions are the discount rate and forecasted revenue of Goldjoy Holding Group.

The goodwill of HK$104,236,000 arising from the acquisition is provisional and attributable to acquired customer base and economies of scale expected from combining the operations of the Group and Goldjoy Holding Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Goldjoy Holding Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	HK$'000
Consideration	255,779
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,547
Intangible assets	55,818
Loans and advances	142,471
Trade receivables	6,797
Prepayments, deposits and other receivables	7,327
Financial assets at fair value through profit or loss	4,111
Client trust bank balances	162,223
Cash and cash equivalents	7,452
Trade and bill payables	(119,473)
Accruals and other payables	(647)
Bank borrowing	(35,000)
Current income tax liabilities	(6,926)
Deferred income tax liabilities	(9,210)
Total identifiable net assets	216,490
Non-controlling interest	(64,947)
Goodwill (Note 8)	104,236
	255,779
Net cash outflows arising from acquisition of subsidiaries	
Cash paid	(255,779)
Cash and cash equivalents acquired	7,452
	(248,327)

Note: On 3 May 2016, the Group completed the acquisition of 70% equity interests in China Goldjoy Credit. Upon completion of the acquisition, China Goldjoy Credit became a subsidiary of the Group. The Group completed acquisition of the remaining entities within Goldjoy Holding Group on 4 July 2016 and 1 August 2016.

38 BUSINESS COMBINATION *(continued)*

The gross contractual amount for these loans and advances due is HK$142,471,000 which approximates its fair value.

Acquisition-related costs of Goldjoy Holding Group of HK$990,000 have been charged to administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2016.

The revenue included in the consolidated statement of comprehensive income since acquisition contributed by Goldjoy Holding Group was HK$69,783,000. Goldjoy Holding Group also contributed profit of HK$39,485,000 over the same period.

Had Goldjoy Holding Group been consolidated from 1 January 2016, the consolidated statement of profit or loss would show pro-forma revenue of HK$1,053,319,000 and profit of HK$667,060,000.

On 12 August 2016, Goldjoy Holding Limited issued additional shares to Great Sphere, a wholly-owned subsidiary of the Group, and China Yinsheng for cash consideration of HK$300,000,000 and HK$33,333,000, respectively. Upon the completion of this round of financing, Great Sphere's shareholding in Goldjoy Holding Group increased to 80%, whilst that held by China Yinsheng decreased to 20%. The difference between the deemed consideration and the non-controlling interests acquired amounted to HK$11,342,000, was recorded in other reserves in the consolidated statement of changes in equity.

On 29 November 2016, Goldjoy Holding Limited issued additional shares to Great Sphere and China Yinsheng for cash consideration of HK$200,000,000 and HK$50,000,000, respectively. The additional issuance of shares has no effect on the percentage of non-controlling interest.

39 ACQUISITION OF SUBSIDIARIES

On 13 June 2016, the Group entered into a sale and purchase agreement with Shenzhen Dahua Construction Engineering Co., Ltd. ("Shenzhen Dahua"), pursuant to which the Group conditionally agreed to purchase, and Shenzhen Dahua conditionally agreed to sell, 50% of the equity interests of 深圳鴻勝節能科技有限公司 (Shenzhen Hongsheng Energysaving Technology Co., Ltd.)* and its subsidiaries (collectively as "Hongsheng"), at a consideration of RMB380,000,000 (equivalent to approximately HK$426,600,000). The major assets of Hongsheng are property, plant and equipment and investment properties, and accordingly, the transaction have been accounted for as the acquisition of assets.

* for identification purpose only

39 ACQUISITION OF SUBSIDIARIES *(continued)*

	HK$'000
Consideration	426,600
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	101,734
Investment properties	820,924
Intangible assets	3,801
Prepayments, deposits and other receivables	85,461
Financial assets at fair value through profit or loss	1,763
Cash and cash equivalents	18,785
Trade and bill payables	(9,792)
Accruals and other payables	(21,351)
Bank borrowing	(148,125)
Total identifiable net assets	853,200
Non-controlling interest	(426,600)
	(426,600)
Net cash outflows arising from acquisition of subsidiaries	
Cash paid	(426,600)
Cash and cash equivalents acquired	18,785
	(407,815)

Acquisition-related costs of Hongsheng of HK$539,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2016.

On 8 December 2016, the Company acquired an additional 25.5% of the issued shares of Shenzhen B&K, a subsidiary of Hongsheng, at a purchase consideration of RMB226,178,800 (equivalent to approximately HK$265,339,000). As at 31 December 2016, RMB179,133,000 (equivalent to approximately HK$200,256,000) of the consideration remained unpaid. The effect of changes in the ownership of interest of Shenzhen B&K is summarised as follows:

	2016 HK$'000
Carrying amount of additional interests acquired from non-controlling shareholders	**309,352**
Consideration paid to non-controlling interests	**(265,339)**
Difference between consideration paid and carrying amount of additional interests acquired recognised within equity	**44,013**

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**–**	–
Current assets			
Other receivables		**349**	2,291
Amounts due from subsidiaries		**2,637,182**	1,681,488
Cash and cash equivalents		**542,851**	2,645,948
		3,180,382	4,329,727
Total assets		**3,180,382**	4,329,727
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital		**2,214,860**	2,154,860
Share premium		**2,396,031**	2,054,151
Other reserves and accumulated deficits		**(1,596,449)**	(324,856)
	Note (a)	**3,014,442**	3,884,155
LIABILITIES			
Non-current liability			
Bank borrowings		**–**	12,500
Current liabilities			
Accrual and other payables		**6,740**	4,752
Amounts due to subsidiaries		**–**	415,820
Bank borrowings		**159,200**	12,500
		165,940	433,072
Total liabilities		**165,940**	445,572
Total equity and liabilities		**3,180,382**	4,329,727

The financial statements were approved by the Board of Directors on 10 March 2017 and were signed on its behalf.

Yao Jianhui
Chairman

Li Min bin
Director

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

Equity movement of the Company

	Share capital	Share premium	Capital reserve (Note (a))	Retained earnings/ (accumulated deficit)	Share option reserve	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2015	292,708	565,489	34,750	7,286	2,224	902,457
Loss for the year	–	–	–	(367,354)	–	(367,354)
Proceeds from share issued	1,862,152	1,488,662	–	–	(1,762)	3,349,052
Expiry of share option	–	–	–	92	(92)	–
At 31 December 2015	2,154,860	2,054,151	34,750	(359,976)	370	3,884,155
At 1 January 2016	2,154,860	2,054,151	34,750	(359,976)	370	3,884,155
Loss for the year	–	–	–	(1,217,722)	–	(1,217,722)
Proceeds from share issued	60,000	341,880	–	–	–	401,880
Dividend relating to 2015 paid during the year	–	–	–	(53,871)	–	(53,871)
At 31 December 2016	2,214,860	2,396,031	34,750	(1,631,569)	370	3,014,442

Note (a): Capital reserve of the Company arising from the Group reorganization in 2009 represents the difference between the nominal value of shares issued by the Company pursuant to the reorganisation and the aggregated net assets values of subsidiaries acquired.

41 BENEFITS AND INTERESTS OF DIRECTORS

Directors' and chief executive's emoluments

The remuneration of every director and the chief executive of the Company paid/payable by the Group for the year ended 31 December 2016 is set out below:

Name of director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Employer's contribution to pension scheme HK$'000	Share-based compensations HK$'000	Emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Total HK$'000
Executive directors								
Yao Jianhui	432	1,116	93	–	18	–	–	1,659
Feng Huiming (Note a)	286	1,200	–	–	78	–	–	1,564
Shao Zuosheng (Note b)	25	218	–	–	–	–	–	243
Li Minbin	384	425	12	–	57	–	–	878
Non-executive director								
Huang Wei	252	–	–	–	–	–	–	252
Independent non-executive directors								
Wong Chun Bong	324	–	–	–	–	–	–	324
Lee Kwan Hung	240	–	–	–	–	–	–	240
Lee Kwok On, Matthew	240	–	–	–	–	–	–	240
	2,183	2,959	105	–	153	–	–	5,400

41 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

Directors' and chief executive's emoluments *(Continued)*

The remuneration of every director and the chief executive of the Company paid/payable by the Group for the year ended 31 December 2015 is set out below:

Name of director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Employer's contribution to pension scheme HK$'000	Share-based compensations HK$'000	Emoluments paid or receivables in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Total HK$'000
Executive directors								
Yao Jianhui	177	456	93	–	6	–	–	732
Li Minbin	116	–	–	–	–	–	–	116
Zhang Bowen	122	–	–	–	–	–	–	122
Wong Kwok Fong (Note d)	424	587	–	–	–	–	–	1,011
Ching Pui Yi (Note d)	282	364	–	–	11	–	–	657
Tan Hui Kiat (Note d)	88	264	–	–	–	–	–	352
Non-executive director								
Huang Wei	145	–	–	–	–	–	–	145
Independent non-executive directors								
Wong Chun Bong	288	–	–	–	–	–	–	288
Lee Kwan Hung	23	–	–	–	–	–	–	23
Lee Kwok On, Matthew	216	–	–	–	–	–	–	216
Chan Wai	228	–	–	–	–	–	–	228
	2,109	1,671	93	–	17	–	–	3,890

Note a: Appointed on 11 March 2016 and resigned on 8 December 2016
Note b: Appointed on 8 December 2016
Note c: Discretionary bonuses are determined on the performance of the employees
Note d: Resigned on 3 August 2015.

41 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

No directors waived or agreed to waive any emoluments during the year. No inducement for joining the Group or compensation for loss of office was paid or payable to any directors during the year (2015: Same).

The remuneration shown represented remuneration received from the Group by these directors in their capacity as employee to the Group and/or in their capacity as directors of the Company.

During the year ended 31 December 2016, the Group does not pay consideration to any third parties for making available directors' services (2015: Nil).

As at 31 December 2016, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2015: Nil).

Save as disclosed in Note 36, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015: Nil).

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