Jun Yang Financial Holdings Limited
君陽金融控股有限公司

(to be renamed as Power Financial Group Limited 權威金融集團有限公司)

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2017:

– The Group recorded revenue from continuing operations of approximately HK$35,545,000 (2016: HK$70,555,000).

– Loss attributable to owners of the Company from continuing operations and discontinued operation amounted to approximately HK$922,661,000 (2016: HK$926,717,000). The loss was mainly attributable to the loss arising from fair value changes of held-for-trading investments and impairment loss on available-for-sale investments.

– The Board does not recommend the payment of any dividend.

At 31 December 2017:

– The Group held available-for-sale investments of approximately HK$326,342,000 (2016: HK$358,499,000).

– The Group held bank balances and cash of approximately HK$863,552,000 (2016: HK$182,286,000), loan receivables of approximately HK$27,560,000 (2016: HK$27,830,000) and held-for-trading investments of approximately HK$765,733,000 (2016: HK$1,916,926,000) respectively.

– Net current assets amounted to approximately HK$1,627,134,000 (2016: HK$2,473,499,000). Current ratio (defined as total current assets divided by total current liabilities) was 13.63 times (2016: 9.89 times).

– Net assets amounted to approximately HK$2,014,209,000 (2016: HK$2,874,138,000).

– The Group had borrowings of approximately HK$137,400,000 (2016: HK$280,800,000).

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Jun Yang Financial Holdings Limited (to be renamed as Power Financial Group Limited) (the "**Company**") announces the audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017, together with comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	**2017** *HK$'000*	2016 *HK$'000*
Continuing operations			
Revenue	4	**35,545**	70,555
Direct operating costs		**(11,444)**	(16,981)
Gross profit		**24,101**	53,574
Other income, gains and losses	6	**(799,993)**	(833,864)
Administrative expenses		**(107,789)**	(74,715)
Share of results of associates		**(20,906)**	(17,591)
Finance costs	7	**(17,844)**	(43,131)
Loss before tax	8	**(922,431)**	(915,727)
Income tax expense	9	**(450)**	(5,847)
Loss for the year from continuing operations		**(922,881)**	(921,574)
Discontinued operation			
Loss for the year from discontinued operation	10	**–**	(5,986)
Loss for the year		**(922,881)**	(927,560)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**235**	(5,712)
Share of other comprehensive income (expense) of associates		**9,908**	(8,312)
Release of cumulative exchange differences upon disposal of foreign operations		**–**	12,767
Other comprehensive income (expense) for the year, net of income tax		**10,143**	(1,257)
Total comprehensive expense for the year		**(912,738)**	(928,817)

	NOTES	2017 HK$'000	2016 HK$'000
Loss for the year attributable to owners of the Company:			
Continuing operations		**(922,661)**	(921,205)
Discontinued operation		**–**	(5,512)
		(922,661)	(926,717)
Loss for the year attributable to non-controlling interests:			
Continuing operations		**(220)**	(369)
Discontinued operation		**–**	(474)
		(220)	(843)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(912,518)**	(927,974)
Non-controlling interests		**(220)**	(843)
		(912,738)	(928,817)
Loss per share	12		
From continuing and discontinued operations			
– Basic *(HK cents)*		**(31.66)**	(41.22)
– Diluted *(HK cents)*		**(31.66)**	(41.22)
From continuing operations			
– Basic *(HK cents)*		**(31.66)**	(40.98)
– Diluted *(HK cents)*		**(31.66)**	(40.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**59,878**	60,916
Goodwill		**808**	808
Interests in associates		**37,222**	80,191
Available-for-sale investments		**326,342**	358,499
Other assets		**225**	225
		424,475	500,639
CURRENT ASSETS			
Loan receivables		**27,560**	27,830
Amounts due from associates		**37,166**	77,287
Trade and other receivables	13	**39,689**	441,701
Tax recoverable		**2,951**	–
Held-for-trading investments		**765,733**	1,916,926
Bank trust account balances		**19,283**	60,993
Bank balances and cash		**863,552**	182,286
		1,755,934	2,707,023
Assets classified as held for sale		**–**	44,761
		1,755,934	2,751,784
CURRENT LIABILITIES			
Trade and other payables	14	**28,800**	86,802
Tax payable		**–**	10,683
Borrowings		**100,000**	180,800
		128,800	278,285

	NOTES	2017 HK$'000	2016 HK$'000
NET CURRENT ASSETS		**1,627,134**	2,473,499
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,051,609**	2,974,138
NON-CURRENT LIABILITY			
Borrowings		**37,400**	100,000
NET ASSETS		**2,014,209**	2,874,138
CAPITAL AND RESERVES			
Share capital		**30,864**	29,117
Reserves		**1,978,463**	2,839,919
Equity attributable to owners of the Company		**2,009,327**	2,869,036
Non-controlling interests		**4,882**	5,102
TOTAL EQUITY		**2,014,209**	2,874,138

NOTES

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda, and its head office and principal place of business in Hong Kong is situated at Unit 503, 5/F, Wing On House, 71 Des Voeux Road Central, Hong Kong.

The Group is principally engaged in financial services business, money lending business and assets investment.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

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

Amendments to HKAS 7 – Disclosure Initiative

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

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

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

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

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

Annual Improvements to HKFRSs 2014–2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined

Annual Improvements to HKFRSs 2014–2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

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

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

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

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

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

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

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

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

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

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

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

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

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

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

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

HKFRS 9 – Financial instruments

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

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

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

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the Directors anticipate that the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, may classify as either FYTPL or irrevocably elect to designate as FVTOCI (subject to fulfilment of the designation criteria) on transition to HKFRS 9.

In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would increase the opening accumulated losses at 1 January 2018.

HKFRS 15 – Revenue from contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a five-step approach to revenue recognition:

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

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

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

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

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

HKFRS 16 – Leases

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

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

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

4. REVENUE

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

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

5. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 are as follows:

- Financial services segment – Provision of financial services including securities brokerage, placing and underwriting in Hong Kong;

- Money lending segment – Provision of loan financing in Hong Kong; and

- Assets investment segment – Investment in listed and unlisted securities and investment funds.

During the year ended 31 December 2016, the Group lost its controlling interest in Jun Yang Energy Holdings Limited (formerly known as Jun Yang Solar Power Investment Holdings Limited) ("**Jun Yang Energy**") which carried out all of the Group's green energy business. The segment information reported in this note does not include any amounts for the green energy segment which was discontinued, more details are set out in note 10.

Segment revenues and results

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

For the year ended 31 December 2017

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

For the year ended 31 December 2016

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

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

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

Segment assets and liabilities

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

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

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

- all assets are allocated to operating segments other than other assets, bank balances and cash, goodwill, tax recoverable, assets classified as held for sale, amounts due from associates and interests in associates not allocated to segment assets; and

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

Other segment information

For the year ended 31 December 2017

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

For the year ended 31 December 2016

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

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

Geographical information

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

Information about major customers

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

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

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

6. OTHER INCOME, GAINS AND LOSSES

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

7. FINANCE COSTS

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

8. LOSS BEFORE TAX

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

9. INCOME TAX EXPENSE

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

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for the year.

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

10. DISCONTINUED OPERATION

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

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

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

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

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

	2016 *HK$'000*
Profit of green energy operation	11,439
Loss on disposal	(17,425)
	(5,986)

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

	Period ended 31 October 2016 *HK$'000*
Revenue	53,569
Cost of sales	(26,967)
Gross profit	26,602
Other income	9,446
Administrative expenses	(12,735)
Impairment loss on property, plant and equipment	(6,111)
Finance costs	(5,580)
Profit before tax	11,622
Income tax expense	(183)
Profit for the period	11,439

	Period ended 31 October 2016 *HK$'000*
Profit for the period from discontinued operations arrived at after charging (crediting):	
Total staff costs	4,311
Depreciation of property, plant and equipment	22,608
Loss on disposal of property, plant and equipment	9,165
Operating lease payments in respect of office premises and warehouse	1,141
Exchange gains, net	(1,336)
Interest income	(489)
Government grant	(8,936)

11. DIVIDEND

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

12. LOSS PER SHARE

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

	2017 ***HK$'000***	2016 *HK$'000*
Loss for the year from continuing and discontinued operations attributable to owners of the Company	**(922,661)**	(926,717)
Less: loss for the year from discontinued operation	**–**	5,512
Loss for the purpose of basic and diluted loss from continuing operations	**(922,661)**	(921,205)

	2017 ***'000***	2016 *'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,914,265**	2,248,058

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

The computation of diluted loss per share for the year ended 31 December 2017 and 2016 did not assume the exercise of outstanding share options of the Company since the assumed exercise would result in a decrease in loss per share.

From discontinued operation

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

13. TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

(b) Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 December 2017, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK$46,744,000 (2016: HK$865,878,000).

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

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

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

14. TRADE AND OTHER PAYABLES

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

Notes:

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

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

(c) No ageing analysis is disclosed as, in the opinion of the Directors, the ageing analysis is not meaningful in view of the nature of these businesses.

(d) As at 31 December 2017, other payables include a margin payable of approximately HK$1,092,000 (2016: Nil) from the securities trading accounts with interest rate of 2.78% per annum and is secured by the held-for-trading investments amounting to approximately HK$18,270,000 (2016: Nil).

15. OPERATING LEASE COMMITMENTS

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

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

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

16. CAPITAL COMMITMENTS

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

	2017	2016
	HK$'000	*HK$'000*
Commitment contracted for but not provided for in respect of investments in investment funds which will be recognised as available-for-sale investments	**7,116**	139,999

17. CONTINGENT LIABILITIES

(i) High Court action commenced by Convoy Global Holdings Limited and certain of its subsidiaries

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

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

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

(ii) Petition by Zhu Xiao Yan

Classictime is the 24th Respondent in a petition filed in the High Court of Hong Kong in late December 2017 (the "**Petition**") by Zhu Xiao Yan as the petitioner (the "**Petitioner**"). In summary, the Petitioner alleged that she had suffered losses as a result of the acts of the defendants in the HC Action.

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

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

Given that the two legal proceedings are at a preliminary stage, having considered the alleged claims and consulted the Company's legal adviser, the Directors are of the view that (i) it is premature to determine the possible outcome of any claim which is pending, either individually or on a combined basis; (ii) it is uncertain to quantify any financial impact (if any) which may have a material effect on the financial position of the Company; and (iii) as such, no provision for the claims under these legal proceedings is required to be made based on its current development. The Directors will continue to monitor these legal proceedings closely.

FINANCIAL REVIEW

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

BUSINESS REVIEW

Hong Kong, the gateway connecting China with the world

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

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

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

Financial services

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

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

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

Money lending

The Group has been engaged in money lending business through E Finance Limited. During the Year, money lending business segment recorded an interest income of approximately HK$3,511,000 (2016: approximately HK$10,418,000). In addition, the Group disposed of 31.2% indirect interest with loans of Trillion Epoch Limited (principally engaged in the money lending business in the People's Republic of China) to an independent third party at a cash consideration of HK$51 million in February 2017 and loss on disposal of approximately HK$4,326,000 was recognised. As at 31 December 2017, the net proceeds of approximately HK$51,000,000 was used for general working capital of the Group.

Assets investment

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

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

Significant Investments

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

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

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

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

Held-for-trading investments

Description of investment	Brief description of the business	Number of shares held as at 31 December 2017	Approximate percentage held to the total issued share capital of the stock/ investments as at 31 December 2017	Investment cost/ capital owned as at 31 December 2017 *HK$'000*	Carrying amount as at 31 December 2017 *HK$'000*	Approximate percentage to the Group's audited total assets as at 31 December 2017
Significant investments						
Town Health International Medical Group Limited (stock code: 3886)	Healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities	674,762,000	8.97%	851,879	318,960	14.63%
Kingston Financial Group Limited (stock code: 1031)	Financial services including securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory, futures brokerage and asset management services	29,302,000	0.22%	24,053	219,765	10.08%
Other investments						
Other listed shares *				355,571	178,567	8.19%
Listed shares outside Hong Kong				34,167	36,540	1.68%
Unlisted investment funds				10,138	11,901	0.54%
Grand total for the held-for-trading investments				1,275,808	765,733	35,12%

* Other listed shares mainly represented the Group's investments in over 17 companies whose shares are listed on the Main Board and GEM of The Stock Exchange of Hong Kong Limited.

Available-for-sale investments

Description of investment	Investment cost/ capital owned as at 31 December 2017	Carrying amount as at 31 December 2017	Approximate percentage to the Group's audited total assets as at 31 December 2017
	HK$'000	*HK$'000*	
Listed shares	112,269	13,325	0.61%
Unlisted investment funds #	479,124	313,017	14.36%
Grand total for the available-for-sale investments	591,393	326,342	14.97%

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

Note: None of the aforesaid available-for-sale investments has a carrying amount that accounts for more than 5% of the Group's audited total assets as at 31 December 2017, the Directors consider that none of the available-for-sale investments are significant investments for the purpose of making specific disclosures in this announcement.

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

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

Town Health International Medical Group Limited ("Town Health")

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

During the Year, the Group received a final dividend of HK0.28 cents per ordinary share of Town Health for its shares held in Town Health in respect of the year ended 31 December 2016 amounting to approximately HK$1.9 million. For the Year, the Group recorded a fair value loss of approximately HK$146.6 million for its investment in Town Health.

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

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

(i) Town Health's interim report for the six months ended 30 June 2016 published by Town Health on 7 September 2016 and the TH Annual Report 2016 published by Town Health on 27 April 2017 included materially false, incomplete or misleading information;

(ii) it is necessary or expedient to do so in the interest of maintaining an orderly and fair market in the shares of Town Health; and

(iii) it is in the interest of the investing public or in the public interest, or it is appropriate for the protection of investors generally or for the protection of investors in the shares of Town Health to do so.

Kingston Financial Group Limited ("Kingston Financial")

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

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

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

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

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

Issue of 7% Coupon Notes Due 2020

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

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

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

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

Management Restructuring

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

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

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

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

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

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

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

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

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

Change of Company Name

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

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

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

Deal with the risks and uncertainty

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

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

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

The management believes the weak global economic growth and anti-globalisation sentiments will present the Group with business risks and uncertainty, though we are prudently optimistic about the future of financial services business in Hong Kong as RMB further globalisation and the stock connect program enhanced and widened. These risks might make it hard for the Company to solicit new customers and grow business and it is also much harder to profit from invest in stock market when the market is volatile.

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

The Group has suffered a significant loss in the stock market turmoil in the Year under review both in listed shares and unlisted investments in Hong Kong. The management believes the Hong Kong stock market turmoil created a great uncertainty for the Group's assets investment businesses. To deal with these uncertainties, the Group should increase its investment portfolio by increasing long term investment further to reduce short investment risks, diversifying its investment to include the US stocks and also invest in fixed income products generate more stable continuing income from our investment.

BUSINESS OUTLOOK

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

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at 31 December 2017, the Group had outstanding borrowings of approximately HK$137,400,000 (2016: approximately HK$280,800,000). The borrowings are unsecured and carry interest at 7% to 8% (2016: 8% to 9.25% per annum) and repayable in accordance with the relevant loan note certificates. As the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, risk in exchange rate fluctuation would not be material.

CAPITAL STRUCTURE

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

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

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

CHARGES ON GROUP ASSETS

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed 29 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Company endeavours in maintaining good corporate governance for the enhancement of shareholders' value. The Company has complied with all the applicable code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2017.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Chu Hau Lim (the chairman of the audit committee), Mr. Wong Kun To and Ms. Lim Xue Ling, Charlene. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2017.

By order of the Board
Jun Yang Financial Holdings Limited
(to be renamed as Power Financial Group Limited)
Choi Chun Chung, Danny
Chairman

Hong Kong, 27 March 2018

As at the date of this announcement, the executive Directors are Dr. Tang Sing Hing, Kenny, Mr. Wu William Wai Leung and Mr. Sit Sai Hung, Billy; the non-executive Director is Mr. Choi Chun Chung, Danny; and the independent non-executive Directors are Mr. Wong Kun To, Mr. Chu Hau Lim and Ms. Lim Xue Ling, Charlene.