



JUN YANG SOLAR POWER INVESTMENTS LIMITED
君陽太陽能電力投資有限公司

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

Interim Report
2014



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Bai Liang (*Chairman*)
Mr. Jiang You (*Chief Executive Officer*)
Mr. Siu Kam Chau
Mr. Peng Libin

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Chan Chi Yuen (*Chairman*)
Mr. Chik Chi Man
Mr. Lam Wing Tai

REMUNERATION COMMITTEE

Mr. Lam Wing Tai (*Chairman*)
Mr. Chan Chi Yuen
Mr. Chik Chi Man

NOMINATION COMMITTEE

Mr. Chik Chi Man (*Chairman*)
Mr. Chan Chi Yuen
Mr. Lam Wing Tai

COMPANY SECRETARY

Mr. Siu Kam Chau

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

REGISTERED OFFICE

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22 Victoria Street
Hamilton HM12
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 509, 5th Floor
Town Health Technology Centre
10-12 Yuen Shun Circuit, Siu Lek Yuen
Shatin, New Territories, Hong Kong

PRINCIPAL BANKER

Dah Sing Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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WEBSITE

www.junyangsolar.com

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2014:

- The Group recorded revenue of approximately HK\$22,836,000 (2013: approximately HK\$18,174,000).
- Profit attributable to owners of the Company amounted to approximately HK\$120,956,000 (2013: approximately HK\$25,500,000).
- The Board does not recommend the payment of an interim dividend.

At 30 June 2014:

- The Group held pledged bank deposits and cash and cash equivalents of approximately HK\$149,530,000 (31 December 2013: approximately HK\$212,547,000). The Group held loan receivables of approximately HK\$345,836,000 (31 December 2013: approximately HK\$226,342,000) and held-for-trading investments of approximately HK\$604,283,000 (31 December 2013: approximately HK\$366,313,000).
- Net current assets amounted to approximately HK\$912,023,000 (31 December 2013: approximately HK\$564,813,000). Current ratio (defined as total current assets divided by total current liabilities) was 4.48 times (31 December 2013: 3.24 times).
- Net assets amounted to approximately HK\$1,221,334,000 (31 December 2013: approximately HK\$1,055,228,000)
- The Group had bank and other borrowings of approximately HK\$36,026,000 (31 December 2013: approximately HK\$10,957,000).

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Jun Yang Solar Power Investments Limited (“Jun Yang Solar” or the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014 together with comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	3	22,836	18,174
Cost of sales		(13,496)	(6,063)
Gross profit		9,340	12,111
Other income and gains		5,926	2,785
Employee benefits expense		(8,079)	(6,214)
Depreciation of property, plant and equipment		(1,071)	(1,062)
Gain arising on change in fair value of held-for-trading investments		161,506	12,756
Gain arising on change in fair value of derivative financial instruments		–	446
Gain on disposals of subsidiaries		617	14,126
Gain on disposal of an associate		–	1,000
Loss on deemed disposal of interest in an associate		(31,177)	–
Gain arising on change in fair value of financial assets at fair value through profit or loss		–	5,470
Finance costs	5	(6,909)	(65)
Other operating expenses		(20,060)	(16,831)
Share of result of an associate		8,433	(1,252)
Profit before tax		118,526	23,270
Income tax credit	6	270	397
Profit for the period	7	118,796	23,667

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(3,392)	7,262
Total comprehensive income for the period		115,404	30,929
Profit for the period attributable to:			
Owners of the Company		120,956	25,500
Non-controlling interests		(2,160)	(1,833)
		118,796	23,667
Total comprehensive income for the period attributable to:			
Owners of the Company		117,564	32,762
Non-controlling interests		(2,160)	(1,833)
		115,404	30,929
Earnings per share			
– Basic (HK cents per share)	9	1.36	0.36
– Diluted (HK cents per share)	9	1.35	0.36



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		392,285	404,328
Goodwill		136	136
Interests in associates		123,875	146,619
Loan receivables		985	45,742
Available-for-sale investments		79,967	36,432
		597,248	633,257
Current assets			
Trade and other receivables	10	50,506	32,307
Loan receivables		344,851	180,600
Value-added tax recoverable		24,597	24,675
Held-for-trading investments		604,283	366,313
Pledged bank deposits		5,528	3,947
Cash and cash equivalents		144,002	208,600
		1,173,767	816,442
Current liabilities			
Other payables and accruals	11	217,625	232,239
Derivative financial instruments		–	385
Deferred income		7,076	7,076
Tax payable		1,017	972
Bank and other borrowings		36,026	10,957
		261,744	251,629
Net current assets		912,023	564,813
Total assets less current liabilities		1,509,271	1,198,070

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
<i>Notes</i>		
Non-current liabilities		
Deferred income	139,270	142,842
Deferred tax liabilities	9,290	–
Convertible bonds	139,377	–
	<hr/> 287,937	<hr/> 142,842
Net assets	<hr/> 1,221,334	<hr/> 1,055,228
Capital and reserves		
Share capital	177,888	177,888
Reserves	987,379	818,198
Equity attributable to owners of the Company	<hr/> 1,165,267	<hr/> 996,086
Non-controlling interests	56,067	59,142
Total equity	<hr/> 1,221,334	<hr/> 1,055,228

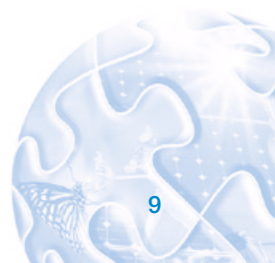


CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										Attributable to non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Convertible bonds reserve HK\$'000	Translation reserve HK\$'000	Share-based payments reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000		
At 1 January 2013 (Audited)	126,180	1,168,025	861	311,790	-	-	6,569	11,176	(800,413)	824,188	100,546	924,734
Total comprehensive income/ (expense) for the period	-	-	-	-	-	-	7,282	-	25,600	32,782	(1,833)	30,929
Issuance of new shares	16,822	28,567	-	-	-	-	-	-	-	45,389	-	45,389
Acquisition of additional interest in a subsidiary	5,286	36,999	-	-	-	-	-	-	(16,887)	25,598	(25,598)	-
At 30 June 2013 (Unaudited)	148,288	1,233,591	861	311,790	-	-	13,831	11,176	(791,600)	927,937	73,115	1,001,052
At 1 January 2014 (Audited)	177,888	1,304,993	861	311,790	153	-	13,585	21,965	(835,149)	996,086	59,142	1,055,228
Total comprehensive income/ (expense) for the period	-	-	-	-	-	-	(3,382)	-	120,956	117,564	(2,160)	115,404
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(815)	(815)
Recognition of the equity component of convertible bonds	-	-	-	-	-	61,817	-	-	-	61,817	-	61,817
Deferred tax liability on recognition of equity component of convertible bonds	-	-	-	-	-	(10,200)	-	-	-	(10,200)	-	(10,200)
At 30 June 2014 (Unaudited)	177,888	1,304,993	861	311,790	153	51,617	10,193	21,965	(714,193)	1,165,267	56,067	1,221,334

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash used in operating activities	(237,803)	(192,647)
Net cash (used in)/generated from investing activities	(46,149)	111,176
Net cash generated from financing activities	219,354	10,821
Decrease in cash and cash equivalents	(64,598)	(70,650)
Cash and cash equivalents at the beginning of period	208,600	260,411
Cash and cash equivalents at the end of period	144,002	189,761



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for convertible bonds and held-for-trading investments which are measured at fair values.

Other than as set out below, accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

The following amendments to standards are relevant and mandatory to the Group for the financial year beginning 1 January 2014:

Amendments to HKFRS 10, HKFRS 12, HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The Directors consider that the application of the above amendments to standards beginning 1 January 2014 is not material to the Group’s results of operations or financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the period.

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

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Income from sale of electricity	8,979	2,219
Interest income from loan financing	13,857	8,063
Rental income from investment properties	–	1,182
Income from the provision of green energy related consultancy services	–	6,710
	22,836	18,174

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance.

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

- Assets investment segment – Investment in listed and unlisted securities and investment properties;
- Green energy segment – Provision of green energy related consultancy services and sale of electricity in the People's Republic of China (the "PRC"); and
- Money lending segment – Provision for loan financing in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

REVENUE AND RESULTS

	Assets investment segment		Green energy segment		Money lending segment		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
Segment revenue	-	1,182	8,979	8,929	13,857	8,063	22,836	18,174
Results								
Segment results	161,464	13,244	(6,610)	(4,811)	12,036	7,580	166,890	16,013
Unallocated income							3,712	400
Unallocated corporate expenses							(23,040)	(6,952)
Gain on disposals of subsidiaries							617	14,126
Loss on deemed disposal of interest in an associate							(31,177)	-
Gain on disposal of an associate							-	1,000
Finance costs							(6,909)	(65)
Share of results of an associate							8,433	(1,252)
Profit before tax							118,526	23,270
Income tax credit							270	397
Profit for the period							118,796	23,667

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2014 (2013: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by or loss from each segment without allocation of central administration costs including directors' emoluments, share of results of associates, interest income on bank deposits, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
Segment assets		
Assets investment segment	684,661	406,320
Green energy segment	405,329	446,373
Money lending segment	354,729	236,189
Total segment assets	1,444,719	1,088,882
Unallocated	326,296	360,817
Consolidated total assets	1,771,015	1,449,699

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
Segment liabilities		
Assets investment segment	116	6,070
Green energy segment	361,108	375,997
Money lending segment	179	–
Total segment liabilities	361,403	382,067
Unallocated	188,278	12,404
Consolidated total liabilities	549,681	394,471



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
– Bank borrowings wholly repayable within five years	69	65
– Bank overdraft	10	–
– Convertible bonds wholly repayable within five years	5,517	–
– Other borrowings	1,313	–
	6,909	65

6. INCOME TAX EXPENSE/(CREDIT)

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong profits tax	357	265
– the PRC enterprise income tax	283	–
– Over provision in prior years	–	(662)
	640	(397)
Deferred tax	(910)	–
Total income tax recognised in profit or loss	(270)	(397)

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. INCOME TAX EXPENSE/(CREDIT) (Continued)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary, GS-Solar (Qinghai) Company Limited ("GS-Solar") was entitled to exemption from the PRC EIT for the first three years commencing from its first revenue generated from operation and thereafter, it is entitled to a 50% relief from the PRC EIT for the following three years. The first revenue generated year of GS-Solar was the year ended 31 December 2011. Accordingly, GS-Solar was exempted from EIT for the years ended 31 December 2011, 2012 and 2013, followed by a 50% reduction for the years ended 31 December 2014, 2015 and 2016.

7. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	13,496	6,063
Depreciation of property, plant and equipment	1,071	5,494
Operating lease rentals in respect of land and buildings	2,298	1,498

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. EARNINGS PER SHARE

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	120,956	25,500
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,894,420	7,054,759
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Group	65,661	–
	8,960,081	7,054,759
Basic earnings per share (HK cents per share)	1.36	0.36
Diluted earnings per share (HK cents per share)	1.35	0.36

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
Trade receivables	8,622	9,439
Prepayments, deposits and other receivables	41,884	22,868
Total trade and other receivables	50,506	32,307

Notes:

- (i) The Group allows an average credit period of 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables at the end of the reporting period:

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
0-60 days	5,493	9,439
61-90 days	1,966	–
Over 90 days	1,163	–
	8,622	9,439

- (ii) At 30 June 2014, the Group's trade and other receivables included an amount of approximately HK\$16,637,000 (31 December 2013: approximately HK\$20,835,000) that is denominated in Renminbi.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. OTHER PAYABLES AND ACCRUALS

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
Other payables	215,778	225,650
Accruals	1,847	6,589
<hr/>		
Total other payables and accruals	217,625	232,239

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2014, the Group recorded revenue of approximately HK\$22,836,000 (for the six months ended 30 June 2013: approximately HK\$18,174,000), representing a year-on-year increase of approximately 25.7%. The increase was mainly attributable to the increase in interest income from loan financing. Profit attributable to owners of the Company amounted to approximately HK\$120,956,000 (for the six months ended 30 June 2013: approximately HK\$25,500,000). The increase in profit for the period is mainly attributable to the gain arising on change in fair value of held-for-trading investments of approximately HK\$162 million, which is partly off-set by (i) the interest expenses on convertible bonds of approximately HK\$6 million; and (ii) the loss on deemed disposal of interest in an associate of approximately HK\$31 million. All such items do not have any impact on the cashflow of the Group. The Company has pledged bank deposits and cash and cash equivalent of approximately HK\$149,530,000 (31 December 2013: approximately HK\$212,547,000).

BUSINESS REVIEW

Continued Favourable Policies by the PRC Government

Through 2013 to 2014, the Central Government has implemented a series of supportive policies for the development of distributed solar power generation. Looking ahead, the green economy has become a dominant global trend. Since recent years, major Chinese cities have been suffering from widespread smog pollution, of which one of the sources is the polluted air emission from traditional coal-fired power generation. Therefore, energy conservation and environmental protection constitute important strategies for China's national development. Premier Li Keqiang has called for the development of renewable energies to combat severe air pollutions in China, saying that we need to do something to solve the long-term air pollution problem. To develop renewable energies is undoubtedly a very effective way.

In addition, in July 2014, the National Energy Administration ("NEA") has issued new initiative 《關於進一步落實分布式光伏發電有關政策的通知》(the "Notice for Further Implementation of Distributed Solar Power Generation") ([2014] No. 514) to stimulate the distributed solar power generation. In the notice, the government has taken concrete steps to facilitate the distributed solar power generation.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the notice, it is mentioned that in order to fully implement the policies issued by the State Council on photovoltaic ("PV") stations and further expand the application of distributed PV power generation, relevant departments should pay more attention especially on items including:

- I. Strengthen the planning of distributed PV power generation applications.
- II. Encourage various forms of distributed PV power generation applications and some forms of distributed solar power generation can be entitled to feed-in-tariff (FIT).
- III. Co-ordinate the sourcing the building roofs for distributed solar power generation.
- IV. Help the distributed solar power generating companies in electricity bill collection and safe guard the timely payment of subsidy for solar PV generation.
- V. Simplify and standardise the administration for distributed PV projects.
- VI. Improve the grid connection service and grid operation services for distributed PV power generation operators.
- VII. Innovate financing models for distributed PV construction.
- VIII. Improve the standard and quality management of distributed PV construction.
- IX. Strengthen policy implementation and market supervision.
- X. Further improve the construction of demonstration areas for distributed PV power generation in an innovative manner.
- XI. Perfect the professional services and public services for distributed PV.

MANAGEMENT DISCUSSION AND ANALYSIS

However, difficulties still remain that hinder the fast growth of distributed solar power generation, especially during the period under review. Though in the National Energy Work Conference conducted earlier this year, the NEA confirmed that the newly installed PV capacity in 2014 is going to be 14 gigawatts, among which 8 gigawatts are allocated for distributed solar power generations. According to the NEA briefing on PV power generation in the first half of 2014, the installation of grid-connected distributed solar power in the first half in China was only 1 gigawatt, fell far short of government target of 8 gigawatts for the year. The main reasons for the short attributed to the difficulties in gaining bank loans for the vast investments and risks related to account receivables for electricity sold to end-users directly in China. This leaves a huge developing space for the solar power in the second half of this year.

Stable Progress in Established Solar PV Power Projects

In respect of new energy business, the Group's three PV projects are still under stable operations and are generating revenue to the Group.

- *Large-scale grid-connected PV power station project in Golmud, Qinghai Province*

The 10-megawatt large-scale solar PV ground-mounted power station project invested by the Group in Golmud, Qinghai Province was completed in 2011 and started to generate electricity in 2012. The total power generation for the first half of 2014 was approximately 6,381,000 kilowatt-hours ("kWh"). Through years of operation, the project team has gained extensive experience in the power station management. During the period under review, the full payment of electricity subsidy of 2013 power generation has been collected.

- *20-megawatt and 1.5-megawatt rooftop power station projects in Xuchang and Zhengzhou, Henan Province*

Both the 20-megawatt and 1.5-megawatt rooftop power station projects in Xuchang and Zhengzhou, Henan Province have been put into operation to generate electricity since 2013, and are in stable operation now. During the period under review, the total power generation of the two projects amounted to approximately 5,989,000 kWh. Among which, the rooftop power station in Xuchang has generated power of approximately 5,761,000 kWh.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from Solar Power Generation Jumped

For the six months ended 30 June 2014, the Group recorded revenue from solar electricity of approximately HK\$8,979,000 (for the six months ended 30 June 2013: approximately HK\$2,219,000), representing a year-on-year increase of approximately 304.6%. The increase was mainly attributable to increase in electricity sales in Xuchang, Henan Province and the electricity subsidy payment in Qinghai Golmud project.

Money Lending Business Continued Contribution to the Profitability of the Group

During the period under review, despite large amount of money has been invested into PV power stations projects, the Group still maintained a very healthy cash flow. Among which the money lending business has made consistent contribution. Since the Group entering into the money lending business through the acquisition of E Finance Limited in 2012, the business has been well on track and become one of the Group's principal business focuses which enables the Group to diversify its income sources.

In the first half of 2014, the business segment had money lending transactions with an aggregate sum of approximately HK\$269,587,000 (for the six months ended 30 June 2013: HK\$310,000,000), which laid a solid capital foundation for the core PV business. The management will keep a close eye on the development of this business segment and promptly react to the demand in the market.

Formation of Joint Venture Companies

On 28 March 2014, 北京君陽投資有限公司 (in English, for identification purpose only, Beijing Jun Yang Investment Company Limited) ("Beijing Jun Yang"), a subsidiary of the Company, entered into various agreements to form four joint venture ("JV") companies (one JV company with 北京三吉利能源股份有限公司 (in English, for identification purpose only, Beijing Sanjili Energy Co., Ltd.) ("Beijing Sanjili") and three JV companies with 張家港華興電力有限公司 (in English, for identification purpose only, Zhangjiagang Huaxing Electric Power Company Limited) ("Zhangjiagang Huaxing"), a wholly-owned subsidiary of Beijing Sanjili.) Each of Beijing Sanjili, Zhangjiagang Huaxing and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

MANAGEMENT DISCUSSION AND ANALYSIS

Each of the JV companies will be owned as to 51% by Beijing Jun Yang and 49% by the JV partner (i.e. Beijing Sanjili or, as the case may be, Zhangjiagang Huaxing). The four JV companies, located in Beijing, Zhangjiagang City, Xuyi County of Jiangsu Province, and Jiaxing City of Zhejiang Province, will be engaged in the development, construction and operation of solar PV power stations. Each of the JV companies will be principally engaged in construction, operation (subject to having obtained all necessary approvals required by relevant authorities) and provision of technical consultancy services in relation to solar power stations; research and development of technology, products and materials in relation to renewable energy generation; sales of PV power stations and its related products; and construction, production and sales (in accordance with approved business scope by relevant authorities) of distributed generation power stations.

The establishment of the JV companies will create a good synergy based on the Group's experience in solar power business accumulated in the last few years with Beijing Sanjili's rich experience in traditional power generation and its established relationship with the grid companies and banks. This cooperation will enable the Group to speed up its expansion in solar power business in the PRC, which is in line with the principal businesses of the Group.

Acquisition of Minority Equity Interest in Jun Yang Solar Business

On 7 April 2014, the Company entered into a sale and purchase agreement with Sun Reliant International Limited ("Sun Reliant"), pursuant to which the Company has conditionally agreed to acquire approximately 32.10% of the issued share capital of Jun Yang Solar Power Investment Holdings Limited ("Jun Yang Holdings"), a non wholly-owned subsidiary of the Company as at the date of the said agreement, at the consideration of HK\$109,105,267. The consideration was satisfied by the allotment and issue, credited as fully paid, of 1,091,052,670 consideration shares of HK\$0.02 each in the share capital of the Company at an issue price of HK\$0.10 per consideration share to Sun Reliant.

The aforesaid transaction was duly passed by the shareholders of the Company at the special general meeting held on 23 June 2014 and was completed on 3 July 2014. The completion of this acquisition marks the completion of acquisition of the entire equity interest of solar business, which demonstrates the Group's confidence and determination on the development of downstream solar energy projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Chairman of the Group Subscribed 1.5 Billion New Shares with One Year Lock-up

On 14 April 2014, the Company entered into a subscription agreement with Mr. Bai Liang (“Mr. Bai”) (the Chairman of the Group). Mr. Bai has agreed to subscribe 1.5 billion new shares of HK\$0.02 each in the share capital of the Company, represent approximately 16.86% of the issued share capital of the Company as at the date of the subscription agreement, at HK\$0.1 per subscription share. Mr. Bai paid the aggregate price in cash and the subscription shares are subject to a lock-up period of one year. As at the date of this report, Mr. Bai holds approximately 15.14% of the issued share capital of the Company and he becomes the biggest shareholder of the Company. The net proceeds will be used to develop the Group’s money lending business.

The subscription was duly passed by the independent shareholders of the Company at the special general meeting held on 16 June 2014 and was completed on 11 July 2014.

Mr. Bai’s subscription of 1.5 billion shares of the Company further demonstrated the confidence of the management in the growth of the solar power generation business and the growing opportunity of money lending business as a whole.

Lapse of Acquisition of 20% Interest in ACM

On 29 November 2013, Plenty Cash Investment Limited (“Plenty Cash”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire 20% stake in Asia Credit Monitors (Holdings) Limited (“ACM”), an account receivable management service provider in Hong Kong, at a maximum consideration of HK\$40 million. According to the sale and purchase agreement, ACM and the guarantor guarantee that its audited net operating profit after tax in each of the coming four years will not be less than HK\$25 million, or shall refund the Group a sum in cash which is determined in accordance with the agreed formula.

MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the circular of the Company dated 13 February 2014 relating to the proposed acquisition, the acquisition was subject to various conditions precedent, one of which was the price-to-book ratio of ACM and its subsidiary as calculated by dividing the consideration by the book value attributable to the sale shares as shown in the completion accounts was less than 6. According to the completion accounts delivered to Plenty Cash, in the evening on 27 March 2014, such condition precedent was not capable of being satisfied. Since the Group did not intend to waive the satisfaction of such condition precedent, the sale and purchase agreement lapsed on 31 March 2014.

The Board considers that the lapse of the sale and purchase agreement has no material adverse impact on the business operation and financial position of the Group as a whole. The Group will continue to look for other business and investment opportunities.

Placing of Convertible Bonds under General Mandate

On 10 April 2014, the Company and the placing agent entered into a placing agreement in respect of the placing of the 5% coupon convertible bonds due 2016 (the "Convertible Bonds") in the aggregate principal amount of up to HK\$195,676,800 to not less than six placees. The bondholders will be entitled to convert the whole or any part of the Convertible Bonds into conversion shares at the adjusted conversion price, being HK\$0.44 (subject to further adjustments) during the conversion period.

The placing of the Convertible Bonds was completed on 29 April 2014 and the Convertible Bonds in the aggregate principal amount of up to HK\$195,676,800 have been successfully placed to not less than six placees who, and where applicable, whose ultimate beneficial owners, are independent third parties. The net proceeds from the placing are approximately HK\$190,000,000. Further details of the Convertible Bonds are set out in the announcements of the Company dated 10 April 2014 and 29 April 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Reorganisation

On 24 June 2014, the Board proposed to implement the capital reorganisation (the “Capital Reorganisation”) which involve: (a) the consolidation of every 4 issued and unissued ordinary shares of HK\$0.02 each in the existing share capital of the Company into 1 ordinary share of HK\$0.08 each (each a “Consolidated Share”); (b) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.07 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.08 to HK\$0.01; and (c) the subdivision of each authorised but unissued Consolidated Share of HK\$0.08 each into 8 new shares of HK\$0.01 each. The Capital Reorganisation was duly passed as a special resolution by the shareholders of the Company at the special general meeting of the Company held on 11 August 2014. The Capital Reorganisation had become effective on 12 August 2014. Further details of the Capital Reorganisation are set out in the circular of the Company dated 18 July 2014 and the announcements of the Company dated 24 June 2014 and 11 August 2014.

Investment in Listed Securities

On 13 August 2014, the Company entered into a subscription agreement with China Culiangwang Beverages Holdings Limited (“China Culiangwang”), pursuant to which the Company has conditionally agreed to subscribe for, and China Culiangwang has conditionally agreed to allot and issue, 395,328,000 subscription shares at the subscription price of HK\$0.25 per subscription share. All the subscription shares are subject to a lock-up period of two months from the completion date. Further details of the investment in China Culiangwang is set out in the announcement of the Company dated 13 August 2014. As at the date of this report, completion of the investment has not yet taken place.

BUSINESS PROSPECTS

On 14 July 2014, the World Trade Organization issued panel reports regarding United States (“US”) countervailing duties (“CVDs”) on certain products from China, including solar panels. The reports concluded that the tariffs imposed by the US on Chinese solar panels were improperly applied. This showed a positive light for the China solar industry if CVD/antidumping duty is withdrawn.

MANAGEMENT DISCUSSION AND ANALYSIS

Besides the general economic environment is getting better, during the period under review, the PRC government has been constantly promoting its favourable policies in supporting the development of solar PV in China, such as the mentioned Notice for Further Implementation of Distributed Solar Power Generation issued by the NEA. The Group believes that the development of solar power is further accelerated under the favourable policies.

In view of this, the Group has formulated refined development strategies and endeavored to become a leading independent solar power generating company. To meet the target, we will focus on our solar PV business and fulfill the development goal by identifying business partners globally for joint development and construction of solar power generation projects.

Going ahead, the Group will:

- Operate the existing projects efficiently and effectively to generate more electricity: In 2014, the 10-megawatt large-scale grid-connected power station project in Golmud, Qinghai Province, the 20-megawatt rooftop power station project in Xuchang, Henan Province, and the 1.5-megawatt rooftop power station project in Zhengzhou, Henan Province, will continue to generate income for the Group. The Group will strategically plan and operate the stations following the schedules set earlier this year.
- The Group is working actively in Shandong, Henan and other provinces: At the same time, the Group has sourced new opportunities and will work on new projects to enlarge our project portfolio. In the first half of 2014, the Group has been actively involved in PV projects in Shandong, Henan and Jiangsu Provinces. We believe that our investment structure will be further optimized when the new projects commenced operations. Meanwhile, we will continue to consider acquiring projects with favourable conditions and satisfactory investment returns in order to optimize the resource allocation.

To ensure efficient utilisation of fund and maximising returns to our shareholders, we will make use of our financial resources to their greatest efficiency. This may include placing them in highly liquid financial products like bank deposits, bonds, stocks and money lending.

MANAGEMENT DISCUSSION AND ANALYSIS

Greeted by opportunities arising from operations in environmental protection and economic transformation, in the second half of 2014, the Group will continue the implementation of our strategies in the core solar business, which is in line with the policies from the PRC government. Leveraging on the experience generated from the ongoing projects, we will further expand our markets in China through self-development and acquisitions. The Group is confident that we would be able to maintain our steadily growth, and to create long-term returns to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group held pledged bank deposits and cash and cash equivalents of approximately HK\$149,530,000 (31 December 2013: approximately HK\$212,547,000). Net current assets amounted to approximately HK\$912,023,000 (31 December 2013: approximately HK\$564,813,000). Current ratio (defined as total current assets divided by total current liabilities) was 4.48 times (31 December 2013: 3.24 times).

As at 30 June 2014, the Company has Convertible Bonds in an aggregate principal amount of HK\$195,676,800 which are convertible into 1,778,880,000 shares of the Company at a conversion price of HK\$0.11 per conversion share.

As a result of the Capital Reorganisation, the conversion price of the Convertible Bonds have been adjusted to HK\$0.44 per conversion share (subject to further adjustments) and the number of shares of the Company which may be allotted and issued upon exercise of the conversion rights have been adjusted to 444,720,000 shares (subject to further adjustments).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 31% (31 December 2013: 27%).

As at 30 June 2014, the Group had outstanding bank and other borrowings of approximately HK\$36,026,000 (31 December 2013: bank borrowings of approximately HK\$10,957,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank and other borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 30 June 2014, the Group had shareholders' equity of approximately HK\$177,888,000 (31 December 2013: approximately HK\$177,888,000).

MANAGEMENT DISCUSSION AND ANALYSIS

On 3 July 2014, the Company allotted and issued 1,091,052,670 new shares of HK\$0.02 each in the share capital of the Company, at the price of HK\$0.1 per share, to Sun Reliant pursuant to the sale and purchase agreement dated 7 April 2014 entered into between the Company as purchaser and Sun Reliant in relation to the acquisition of 11,415 shares of US\$1.00 each, representing approximately 32.10% of the issued share capital of Jun Yang Holdings as at the date of the sale and purchase agreement, further details of which are set out in the announcement of the Company dated 7 April 2014.

On 11 July 2014, the Company allotted and issued 1,500,000,000 new shares of HK\$0.02 each in the share capital of the Company, at the price of HK\$0.1, pursuant to the subscription agreement dated 14 April 2014 and entered into between the Company and Mr. Bai in relation to the subscription of 1,500,000,000 shares by Mr. Bai, further detail of which are set out in the announcement of the Company dated 14 April 2014.

On 11 July 2014, the Company allotted and issued 164,600,000 new shares of HK\$0.02 each in the share capital of the Company, at the price of HK\$0.062, pursuant to the exercise of share options under the share option scheme adopted by the Company on 4 June 2013.

CHARGES ON GROUP ASSETS

As at 30 June 2014, certain Group's bank deposits and held-for-trading investments with carrying value of approximately HK\$5,528,000 (31 December 2013: approximately HK\$3,947,000) and HK\$10,865,000 (31 December 2013: approximately HK\$10,313,000) respectively were pledged to secure general banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group employed approximately 55 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.

OTHER INFORMATION

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

As at 30 June 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in shares of HK\$0.02 each in the share capital of the Company

Name of Director	Capacity	Number of shares of the Company	Approximate % of the issued share capital of the Company as at 30 June 2014
Mr. Bai Liang	Beneficial owner	1,632,140,598 <i>(Notes 1 & 2)</i>	18.35%
	Deemed interest pursuant to section 317 of the SFO	264,281,196 <i>(Note 2)</i>	2.97%
Mr. Peng Libin	Beneficial owner	3,400,000	0.04%

Notes:

1. Pursuant to the subscription agreement dated 14 April 2014 entered into between the Company and Mr. Bai Liang, Mr. Bai Liang agreed to subscribe 1,500,000,000 new shares of the Company. As such, as at 30 June 2014, Mr. Bai Liang was deemed to be interested in 1,500,000,000 shares of the Company pursuant to Part XV of the SFO.

OTHER INFORMATION

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

- Pursuant to the sale and purchase agreement dated 17 January 2013 (the "SP Agreement") entered into between the Company and Mr. Bai Liang, Mr. Duan Lun and Mr. Liu Xinglang (the "Vendors") in relation to the acquisition of 4,000 shares of US\$1.00 each in the share capital of Jun Yang Solar Power Investment Holdings Limited by the Company, an aggregate of 264,281,196 shares of the Company were allotted and issued to the Vendors to satisfy the consideration for the such acquisition. The 264,281,196 shares of the Company comprise (i) 132,140,598 shares of the Company held by Mr. Bai Liang as beneficial owner; (ii) 66,070,299 shares of the Company held by Mr. Duan Lun as beneficial owner; and (iii) 66,070,299 shares of the Company held by Mr. Liu Xinglang as beneficial owner. Mr. Bai Liang being a party to the SP Agreement, was deemed to be interested in the shares of the Company in which the other parties to the SP Agreement (being Mr. Duan Lun and Mr. Liu Xinglang) were interested for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2014, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

(a) 2003 Share Option Scheme

The share option scheme adopted by the Company on 17 November 2003 (the "2003 Share Option Scheme"), for the primary purpose of providing incentives to Directors and employees. Under the 2003 Share Option Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for shares of the Company.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 4 June 2013, the Company terminated the 2003 Share Option Scheme. The share options granted under the 2003 Share Option Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the 2003 Share Option Scheme.

OTHER INFORMATION

SHARE OPTIONS (Continued)

Details of the share options granted by the Company under the 2003 Share Option Scheme to the employees of the Company and the movements in such holdings during the six months ended 30 June 2014 were as follows:

Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				
			Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2014
9 October 2007	7.6672	9 October 2007 to 8 October 2017	7,357,308	-	-	-	7,357,308
18 April 2008	4.4532	18 April 2008 to 17 April 2018	387,363	-	-	-	387,363
			7,744,671	-	-	-	7,744,671

(b) 2013 Share Option Scheme

A new share option scheme was approved and adopted by the shareholders of the Company at the annual general meeting of the Company held on 4 June 2013 (the "2013 Share Option Scheme"), for the primary purpose of providing incentives to Directors and employees. Under the 2013 Share Option Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for shares of the Company.

Details of the share options granted by the Company under the 2013 Share Option Scheme to the employees of the Company and the movements in such holdings during the six months ended 30 June 2014 were as follows:

Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				
			Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2014
27 December 2013	0.062	27 December 2013 to 27 December 2014	740,700,000	-	-	-	740,700,000
			740,700,000	-	-	-	740,700,000

OTHER INFORMATION

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

So far as is known to any Director or chief executive of the Company, as at 30 June 2014, the following shareholders (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in shares of HK\$0.02 each in the share capital of the Company

Name of shareholder	Capacity	Number of shares of the Company	Approximate % of the issued share capital of the Company as at 30 June 2014
Sun Reliant International Limited	Beneficial owner	1,091,052,670 <i>(Note)</i>	12.27%
Hanergy Solar Group Limited	Interest of controlled corporation	1,091,052,670 <i>(Note)</i>	12.27%

Note: Sun Reliant International Limited is a wholly-owned subsidiary of Hanergy Solar Group Limited. As such, Hanergy Solar Group Limited was deemed to be interested in all the shares of the Company held by Sun Reliant International Limited pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2014, there was no other person (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

OTHER INFORMATION

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 six months ended 30 June 2014.

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 six months ended 30 June 2014.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 six months ended 30 June 2014.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the audit committee), Mr. Chik Chi Man and Mr. Lam Wing Tai. The audit committee 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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2014.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Name of Director	Details of Changes
Mr. Chan Chi Yuen	– resigned as an independent non-executive director of China Sandi Holdings Limited (stock code: 910), the shares of which are listed on the Stock Exchange, with effect from 9 July 2014.

On behalf of the Board
Jun Yang Solar Power Investments Limited
Bai Liang
Chairman

20 August 2014