



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 2013



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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. Lawrence Tang  
Mr. Peng Libin

### *Independent Non-executive Directors*

Mr. Chan Chi Yuen  
Mr. Chik Chi Man  
Mr. Yu Chun Fai

## AUDIT COMMITTEE

Mr. Chan Chi Yuen (*Chairman*)  
Mr. Chik Chi Man  
Mr. Yu Chun Fai

## REMUNERATION COMMITTEE

Mr. Yu Chun Fai (*Chairman*)  
Mr. Chan Chi Yuen  
Mr. Chik Chi Man

## NOMINATION COMMITTEE

Mr. Chik Chi Man (*Chairman*)  
Mr. Chan Chi Yuen  
Mr. Yu Chun Fai

## COMPANY SECRETARY

Mr. Lam Chun Kei

## AUDITORS

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

## REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## 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 BANKERS

Dah Sing Bank Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group  
(Bermuda) Limited  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Hong Kong

## WEBSITE

[www.junyangsolar.com](http://www.junyangsolar.com)

## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2013:

- The Group recorded revenue of approximately HK\$18,174,000 (2012: approximately HK\$13,373,000).
- Profit attributable to owners of the Company amounted to approximately HK\$25,500,000 (2012: loss of approximately HK\$351,421,000).
- The Board does not recommend the payment of an interim dividend.

At 30 June 2013:

- The Group held bank balances and cash of approximately HK\$189,761,000 (31 December 2012: approximately HK\$260,411,000). The Group held loans receivable of approximately HK\$255,837,000 (31 December 2012: approximately HK\$67,895,000) and held-for-trading investments of approximately HK\$303,917,000 (31 December 2012: approximately HK\$286,982,000).
- Net current assets amounted to approximately HK\$513,325,000 (31 December 2012: approximately HK\$479,371,000). Current ratio (defined as total current assets divided by total current liabilities) was 2.75 times (31 December 2012: 2.92 times).
- Net assets amounted to approximately HK\$1,001,053,000 (31 December 2012: approximately HK\$924,734,000).
- The Group had bank borrowings of approximately HK\$10,886,000 (31 December 2012: Nil).

## INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Jun Yang Solar Power Investments Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013 together with comparative figures for the corresponding period in 2012 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Notes		
Gross proceeds from operations	3	155,970	152,134
Revenue	3	18,174	13,373
Cost of sales		(6,063)	(2,083)
Gross profit		12,111	11,290
Other income and gains		2,785	4,170
Employee benefits expense		(6,214)	(5,326)
Depreciation of property, plant and equipment		(1,062)	(32,440)
Gain/(Loss) arising on change in fair value of held-for-trading investments		12,756	(108,140)
Gain arising on change in fair value of derivative financial instruments		446	–
Gain on disposals of subsidiaries		14,126	–
Gain on disposal of an associate		1,000	–
Gain arising on change in fair value of financial assets at fair value through profit or loss		5,470	–
Impairment loss on property, plant and equipment		–	(315,193)
Write down on inventories		–	(2,400)
Selling and distribution expenses		–	(1,089)
Finance costs	5	(65)	(5,272)
Other operating expenses		(16,831)	(16,570)
Share of result of an associate		(1,252)	(3,483)
Profit/(Loss) before tax		23,270	(474,453)
Income tax credit/(expense)	6	397	(873)
<b>Profit/(Loss) for the period</b>	7	<b>23,667</b>	<b>(475,326)</b>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2013	2012
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Other comprehensive income/ (expense)</b>			
Exchange differences on translating foreign operations		7,262	(943)
<b>Total comprehensive income/ (expense) for the period</b>		<b>30,929</b>	<b>(476,269)</b>
<b>Profit/(Loss) attributable to:</b>			
Owners of the Company		25,500	(351,421)
Non-controlling interests		(1,833)	(123,905)
		<b>23,667</b>	<b>(475,326)</b>
<b>Total comprehensive income/ (expense) attributable to:</b>			
Owners of the Company		32,762	(352,364)
Non-controlling interests		(1,833)	(123,905)
		<b>30,929</b>	<b>(476,269)</b>
<b>Earnings/(Loss) per share</b>			
- Basic (HK cents per share)	9	0.36	(5.57)
- Diluted (HK cents per share)	9	0.36	(5.57)



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		450,895	444,964
Investment properties		–	121,000
Goodwill		3,077	3,077
Interest in an associate		6,926	8,178
Loans receivable	11	104,826	–
Financial assets at fair value through profit or loss		53,860	–
Available-for-sale investments		11,723	11,723
		<b>631,307</b>	588,942
<b>Current assets</b>			
Trade and other receivables	10	17,214	20,623
Loans receivable	11	151,011	67,895
Value-added tax recoverable		25,708	24,709
Amount due from an associate		67,021	67,022
Held-for-trading investments		303,917	286,982
Derivative financial instruments		7	940
Tax recoverable		–	75
Bank balances and cash		189,761	260,411
		<b>754,639</b>	728,657
Assets classified as held for sale		52,000	–
		<b>806,639</b>	728,657

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
<i>Notes</i>		
<b>Current liabilities</b>		
Other payables	281,341	248,985
Tax payable	318	–
Derivative financial instruments	769	301
Bank borrowings	10,886	–
	<b>293,314</b>	<b>249,286</b>
<b>Net current assets</b>	<b>513,325</b>	<b>479,371</b>
<b>Total assets less current liabilities</b>	<b>1,144,632</b>	<b>1,068,313</b>
<b>Non-current liabilities</b>		
Deferred income	143,579	143,579
<b>Net assets</b>	<b>1,001,053</b>	<b>924,734</b>
<b>Capital and reserves</b>		
Share capital	148,288	126,180
Reserves	779,650	698,008
<b>Equity attributable to owners of the Company</b>	<b>927,938</b>	<b>824,188</b>
Non-controlling interests	73,115	100,546
<b>Total equity</b>	<b>1,001,053</b>	<b>924,734</b>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Attributable to non-controlling interests	Total
	Share Capital	Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Share-based payments	Retained earnings/ (accumulated losses)	Sub total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012 (Audited)	126,180	1,168,025	861	311,790	26,392	27,444	(383,125)	1,277,567	64,476	1,342,043
Total comprehensive expense for the period	-	-	-	-	(943)	-	(351,421)	(352,364)	(123,905)	(476,269)
Lapse of share option previously recognised in share-based payments	-	-	-	-	-	(8,330)	8,330	-	-	-
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	86,747	86,747
Changes in ownership interest in a subsidiary without loss of control	-	-	-	-	-	-	(15,556)	(15,556)	15,556	-
At 30 June 2012 (Unaudited)	126,180	1,168,025	861	311,790	25,449	19,114	(741,772)	909,647	42,874	952,521
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	-	-	-	-	7,263	-	25,500	32,763	(1,833)	30,930
Issue of new shares	16,822	28,567	-	-	-	-	-	45,389	-	45,389
Acquisition of additional interest in a subsidiary	5,286	36,999	-	-	-	-	(16,687)	25,598	(25,598)	-
At 30 June 2013 (Unaudited)	148,288	1,233,591	861	311,790	13,832	11,176	(791,600)	927,938	73,115	1,001,053

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash used in operating activities	(192,647)	(82,599)
Net cash generated from/(used in) investing activities	111,176	(13,486)
Net cash generated from financing activities	10,821	109,275
(Decrease)/increase in cash and cash equivalents	(70,650)	3,190
Cash and cash equivalents at the beginning of period	260,411	146,272
Cash and cash equivalents at the end of period	189,761	159,462

# 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 (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 investment properties, held-for-trading investments and financial instruments 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 2012.

The following amendments to standards are relevant and mandatory to the Group for the financial year beginning 1 January 2013:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)–Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Directors consider that the application of the above amendments to standards beginning 1 January 2013 is not material to the Group’s results of operations or financial position.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

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

Gross proceeds from operations also include the gross proceeds received and receivable from securities trading and investments under the assets investment segment, in addition to the revenue.

An analysis of the Group's revenue and gross proceeds from operations for the period is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Revenue – rental income from investment properties	<b>1,182</b>	1,428
Revenue – income from the provision of green energy related consultancy services	<b>6,710</b>	10,996
Revenue – income from sales of electricity	<b>2,219</b>	–
Revenue – interest income from loan financing	<b>8,063</b>	–
Revenue – sales of silicon based thin-film solar photovoltaic modules	–	949
	<b>18,174</b>	13,373
Gross proceeds from securities trading and investment	<b>137,796</b>	138,761
<b>Gross proceeds from operations</b>	<b>155,970</b>	152,134

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION

### Application of HKFRS 8 Operating Segments

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 operating segments under HKFRS 8 are as follows:

- Assets investment segment – Investment in listed and unlisted securities and investment properties;
- Green energy segment – Production of silicon based thin-film solar photovoltaic modules, provision of green energy related consultancy services and sales of electricity in the People's Republic of China (the "PRC"); and
- Money lending segment – Provision of 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 segment:

Revenue and results	Assets		Green		Money		Total	
	investment segment		energy segment		lending segment		For the six months	
	For the six months		For the six months		For the six months		ended 30 June	
	ended 30 June		ended 30 June		ended 30 June		ended 30 June	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Gross proceeds from operations</b>	<b>138,978</b>	<b>140,189</b>	<b>8,929</b>	<b>11,945</b>	<b>8,063</b>	<b>-</b>	<b>155,970</b>	<b>152,134</b>
<b>Revenue</b>								
Segment revenue	1,182	1,428	8,929	11,945	8,063	-	18,174	13,373
<b>Results</b>								
Segment results	13,244	(105,549)	(4,811)	(355,080)	7,580		16,013	(460,629)
Unallocated income							400	263
Unallocated corporate expenses							(6,952)	(5,332)
Gain on disposals of subsidiaries							14,126	-
Gain on disposal of an associate							1,000	-
Finance costs							(65)	(5,272)
Share of results of an associate							(1,252)	(3,483)
Profit/(Loss) before tax							23,270	(474,453)
Income tax credit/(expense)							397	(873)
Profit/(Loss) for the period							23,667	(475,326)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2013 (2012: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned or generated by each segment without allocation of central administration costs including directors' emoluments, share of results of an associate, other income and gains, finance costs, and income tax credit/(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 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
<b>Segment assets</b>		
Assets investment segment	371,958	489,786
Green energy segment	491,615	486,398
Money lending segment	255,987	68,045
<b>Total segment assets</b>	<b>1,119,560</b>	1,044,229
Unallocated assets	318,386	273,370
<b>Total assets</b>	<b>1,437,946</b>	1,317,599
<b>Segment liabilities</b>		
Assets investment segment	11,729	2,705
Green energy segment	378,484	390,148
Money lending segment	1	1
<b>Total segment liabilities</b>	<b>390,214</b>	392,854
Unallocated liabilities	46,679	11
<b>Total liabilities</b>	<b>436,893</b>	392,865



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5. FINANCE COSTS

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
– Bank borrowings wholly repayable within five years	65	3,856
– Amount due to non-controlling interests	–	1,416
	<b>65</b>	<b>5,272</b>

## 6. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong Profits Tax	265	141
– the PRC Enterprise Income Tax	–	732
– Over provision in prior years	(662)	–
Total income tax recognised in profit or loss	<b>(397)</b>	<b>873</b>

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit arising in or derived from Hong Kong for the period.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both current and prior period.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7. PROFIT/(LOSS) FOR THE PERIOD

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(Loss) for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	6,063	1,561
Depreciation of property, plant and equipment	5,494	32,440
Operating lease rentals in respect of land and buildings	1,498	1,070

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

## 9. EARNINGS/(LOSS) PER SHARE

### Basic

Basic earnings/(loss) per share is calculated by dividing the profit attributable to owners of the Company for the period ended 30 June 2013 of approximately HK\$25,500,000 (2012: loss of approximately HK\$351,421,000) by the weighted average number of 7,054,759,432 (2012: 6,308,982,430) ordinary shares in issue during the period.

### Diluted

The computation of diluted earnings/(loss) per share for the period ended 30 June 2013 and 2012 did not assume the exercise of the Company's share options outstanding during the periods ended 30 June 2013 and 2012 as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
Trade receivables	968	370
Prepayments, deposits and other receivables	16,246	20,253
<b>Total trade and other receivables</b>	<b>17,214</b>	<b>20,623</b>

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 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
0-60 days	968	370

- (ii) At 30 June 2013, the Group's trade and other receivables included an amount of approximately HK\$14,840,000 (31 December 2012: approximately HK\$15,423,000) that is denominated in Renminbi.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11. LOANS RECEIVABLE

	At 30 June 2013 (Unaudited) HK\$'000	At 31 December 2012 (Audited) HK\$'000
Loans to customers	249,771	67,300
Accrued interest receivables	6,066	595
	<b>255,837</b>	67,895
Analysed as:		
Non-current assets	104,826	—
Current assets	151,011	67,895
	<b>255,837</b>	67,895

### Notes:

- (i) The loans receivable were neither impaired nor overdue as of the end of the reporting period.
- (ii) All these loans receivable are entered with contractual maturity within 1 to 4 year. The Group seeks to maintain tight control over its loans receivable in order to minimise credit risk by reviewing the borrowers' or guarantors' financial positions.
- (iii) Loans receivable are interest-bearing at rates mutually agreed with the contracting parties, ranging from 5% to 12% per annum.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months ended 30 June 2013, the Group recorded revenue of approximately HK\$18,174,000 (for the six months ended 30 June 2012: approximately HK\$13,373,000). For the six months ended 30 June 2013, profit attributable to owners of the Company amounted to approximately HK\$25,500,000 (for the six months ended 30 June 2012: loss of approximately HK\$351,421,000). As at 30 June 2013, the Company held bank balances and cash of approximately HK\$189,761,000 (31 December 2012: approximately HK\$260,411,000). The Group held loans receivable of approximately HK\$255,837,000 (31 December 2012: approximately HK\$67,895,000) and held-for-trading investments of approximately HK\$303,917,000 (31 December 2012: approximately HK\$286,982,000).

### **Continued growth in energy demand driven by steady economic growth and increasing urbanisation in the PRC**

Against the macro-environment of lingering financial crisis around the globe, the PRC managed to sustain economic growth momentum, as marked by her Gross Domestic Product (“GDP”) growth of over 7% per annum. National economic growth rests in large part on energy growth. GDP growth is set to drive a growth in energy demand. Meanwhile, the PRC per capita energy consumption of 1.8 tonnes of standard coal is still much lower than that of 7 tonnes of developed countries. The rise in the PRC’s per capita energy consumption along with the swiftly increasing urbanisation across the PRC will also boost the total energy demand in the PRC.

Electricity is the primary way for energy consumption. The PRC’s demand for electricity remains huge, as reflected from a year-on-year growth in social consumption of electricity of more than 5% in the first half of the year according to the recent statistics released by the National Energy Administration. This rate of growth is in line with the growth in the PRC’s energy demand as forecasted by the International Energy Agency. This steady growth impetus will continue to lay a firm base for the growth in electricity demand in the PRC in the years ahead.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Pollution poses great challenges to the PRC government**

In light of rising energy consumption in pace with economic development, the PRC is facing with increasingly severe air pollution in recent years, as noted from the pervasion of smog in extensive areas in the PRC in early 2013, the persistence of smog in Beijing for almost a month and the extension of smog from winter to spring and summer in Beijing. Smog is mainly caused by the high concentration of a mass of air pollutants in the air as air pollutants can hardly spread in heavy fog, and is extremely detrimental to the people's health. Thus, improving air pollution has become one of the important tasks taken by the PRC government under new leadership.

## **Active leaps made by the government in stepping up the development of new energy in an effort to solve the problem of air pollution**

The PRC government made active leaps to combat air pollution from the sources of pollutants by actively stepping up the development of new energy. The government also raises a clear goal by enhancing the proportion of non-fossil energy sources (including power generation by wind and solar energy) to 15% in 2020 and by making committed efforts to shift from the existing production model that causes high pollution and high energy consumption to clean energy. With the PRC government's focus on developing three types of non-fossil energy sources, solar power is bound to become one of the energy sources blessed with focused development in the coming years. In view of this, the Group will extend its reach into the development of clean energy as a direction for its future development.

The PRC government plans to roll out the pilot carbon emission trading schemes in seven regions, Shenzhen was the first market for carbon emission trading in mid-June this year. The first batch of the scheme covers 635 industrial enterprises which will be entitled to a total of 100 million tonnes of carbon quotas from 2013 to 2015. The implementation of the schemes will give rise to greater costs for the consumption of traditional energy and higher economic benefits for the use of new energy, which will in turn fuel a further growth in the use of new energy sources by the government and local enterprises.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Increasingly attractive packages of subsidies for distributed photovoltaic power generation

The PRC government is more determined than ever to add vitality to the development of photovoltaic (“PV”) power generation - as an indispensable source of new energy (in particular, distributed PV power generation).

According to 《關於完善光伏發電價格政策通知》 (“Notice on improving PV power electricity tariff policy”) issued by the National Development and Reform Commission (“NDRC”) in March this year in seeking opinions in relation thereto, it is clearly stated that a subsidy of RMB0.35 per kilowatt-hour (“kWh”) will be granted for distributed PV power generation. It is generally expected by the market that such subsidy may be further raised to RMB0.42 per kWh. Besides, the governments at provincial level in Jiangsu, Shandong, Anhui and Zhejiang offer an additional subsidy other than the existing subsidy for PV power plants, such as RMB0.20-0.25 per kWh. The grant of extra subsidies for PV power generation will definitely beef up the economic benefits and attractiveness of distributed PV power generation, and will in turn further flourish the development of PV power generation market.

To boom the development of new energy sources, 《關於申報分佈式光伏發電規模化應用示範區的通知》 (“Notice about reporting the scale application of distributed PV power generation in demonstration areas”) was issued by the National Energy Administration in September last year. Seven provinces and seven cities were requested by the National Energy Administration to select urban areas that are in greater demand for electricity and with better development conditions to frame demonstration solutions in relation to scale application of distributed PV power generation in June this year. The National Energy Administration has also implemented a fixed subsidy policy for power generation units in respect of these demonstration areas and standard subsidies for self-generation and self-consumed electricity and additional on-grid electricity.

Moreover, the National Energy Administration has been making great efforts to get rid of the default of the payment of subsidies for PV by constantly perfecting the policies thereon. At the start of the year, the NDRC announced the list of subsidies for the electricity tariffs of the third and forth batches of renewable energy generation. The Ministry of Finance announced in June this year to audit the projects under “Golden Sun Demonstration Project”, to recover payments in advance for failure of timely completion of power generation projects or cancellation of demonstration of power generation projects, and to grant subsidies in full for timely completion of power generation projects or commencement of electricity generation. With our dedication to the development of solar PV projects and the effective use of subsidies, we have successfully fulfilled all the conditions for the grant and payment of subsidies for all of our projects.



## MANAGEMENT DISCUSSION AND ANALYSIS

According to 《關於促進光伏產業健康發展的若干意見》 (“Certain opinions on promoting the healthy development of PV industry”) issued in July this year by the State Council, it is highlighted that vigorous endeavours will be made to expand the PV power generation market, to promote the popularity of small-scale distributed power generation systems in schools, hospitals, government agencies, public utilities and residential buildings in small districts, and to motivate each kind of power users to build up distributed power generation systems with adherence to the principles of “self-generation and self-consumed, grid connection for excess electricity and regulation of electricity grids”. Also, the local governments are encouraged to introduce subsidy policies for distributed PV power generation on the basis of the central subsidies.

We envisage a brilliant future for the horizon of the PV industry (especially the distributed PV power generation segment) in the near term, thanks to the grant of incentive subsidies, the optimisation of the subsidy mechanism as well as the upcoming policy on PV power generation.

### BUSINESS REVIEW

#### **Stable development of solar PV power generation projects**

In respect of new energy business, the Group successfully developed three solar PV power generation projects last year. Some of the projects have already commenced electricity generation:

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

The Group invested in the construction of a 10-megawatt large-scale solar PV ground-mounted power station project in Golmud, Qinghai Province. Such project received earlier verification from the NDRC in relation to a feed-in-tariff of RMB1.15 per kWh, in which a feed-in-tariff of RMB0.8 per kWh has been listed on the fourth batch of feed-in-tariff for new energy. The project has been completed and commenced electricity generation. Basic electricity tariffs were charged monthly on normal terms and RMB9.12 million of the subsidy tariff part of 2012 has been received in full in August 2013. For the six months ended 30 June 2013, the electricity volume generated by the project amounts to 6,600,000 kWh and is expected to reach a power generation capacity of 14,000,000 kWh in 2013 on a year-round basis.

## MANAGEMENT DISCUSSION AND ANALYSIS

– *20-megawatt rooftop power station project in Zhengzhou*

The 20-megawatt rooftop power station project in Zhengzhou, Henan Province is a government's demonstration project, in which a 1.5-megawatt rooftop PV power station has received a financial subsidy of approximately RMB18 million under the "Golden Sun Demonstration Project" from the government. Currently, the Group has completed phase-1 construction of thirteen rooftop power stations with a total installed capacity of 1.525 megawatts. The proposal for the project's power grid connecting into the electricity system was approved by Henan Electric Power Company, a subsidiary of State Grid, in August 2012 and was granted the preliminary power generation permit from the Henan Electricity Regulatory Bureau. A tripartite agreement for electricity generation and consumption has been executed with the electricity company and consumers.

– *20-megawatt rooftop power station project in Xuchang*

Xuchang project refers to the Group's large-scale distributed solar power stations in Henan Province. The project is one of the largest projects under the second batch of the "Golden Sun Demonstration Project" of the PRC Government and is included in the 12th Five-Year Plan. The Ministry of Finance and the Department of Finance in Henan Province granted a total subsidy of RMB180 million, approximately RMB112 million of which has been received. The construction of the project has been completed and put into operation. The proposal for the integration of the project's power grid into the electricity system was approved by 許昌市供電公司 (in English, for identification purpose only, Xuchang Electric Power Company), a subsidiary of State Grid, in May 2013. A tripartite agreement for electricity generation and consumption was executed with the electricity company and consumers in June 2013. The preliminary work for the integration of power generation of the project into an electric grid has been completed.

In addition, the Group has finished the grid connection procedures for the above three power stations in order to implement a self-generation and self-consumed and grid connection for excess electricity model.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Progress of memoranda and framework agreements

At the end of 2012, the Group and Sky Solar Holdings Co., Ltd (“Sky Solar”) entered into a framework agreement, pursuant to which, the Group agreed to make investment in the solar energy projects of Sky Solar by way of subscribing for and acquiring the solar energy projects or holding beneficiary equity interests in those projects. Due to sluggish performance of the solar energy markets around the world, and the lower-than-expected revenue in comparison with the rate of returns internally set by the Company, the cooperation has not yet reaped notable fruit for us.

In addition, during the first half of the current year, the Group has entered into various memoranda of understanding and framework agreements with a number of domestic and foreign partners in order to give fresh vigour to the development of the PV power business.

Since the adjustment and optimisation of the subsidy policy on the “Golden Sun Demonstration Project” by the state, the Group has entered into a memorandum of understanding for the development of 20-megawatt of PV power generation with 寧夏眾力科技園有限公司 (in English, for identification purpose only, Ningxia Zhongli Science & Technology Park Co., Ltd) (“Ningxia Zhongli”). In addition, the Group has also entered into a memorandum of understanding for the development of 60-megawatt of rooftop power station project with Xuchang Municipal People’s Government (“Xuchang Government”) in Xuchang. Such project is subject to the subsidy policy to be worked out by the government.

Furthermore, in March 2013, the Group and Zhongxing Energy (Shenzhen) Company Limited entered into a framework agreement, which is conditional upon the completion of the audit of the acquisition project according to 《金太陽清算示範工程財政補助金的通知》 (“Notice on auditing the financial subsidies given to Golden Sun Demonstration Projects”).

The Group is currently only considering the proposed projects with Ningxia Zhongli and Xuchang Government among all the transactions contemplated under the memoranda of understanding and framework agreements as mentioned above.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Carving out a niche in the aspects of traditional and new energy projects

To fetch more stable returns, 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 non wholly-owned subsidiary within the Group) entered into the share subscription agreement 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”) (State Development and Investment Corporation being the largest shareholder) in June this year. Beijing Sanjili is principally engaged in the development, investment, construction and operation of power generation plants as well as investment in coal-mining assets. Beijing Sanjili currently owns and controls four operating power plants in Jiangsu Province and Henan Province, the PRC, namely Shazhou Power Plant I, Huaxing Power Plant I, Xinmi Power Plants I and II, whose total installed capacity is 4,640 megawatts. It is currently carrying out the construction works for Shazhou Power Plant II. The preparatory works of Huaxing Power Plant II and Zhoukou Power Plant II are now underway. The generation units of Beijing Sanjili are mainly efficient supercritical and ultra super-critical units of high-capacity.

Beijing Jun Yang agreed to subscribe for 350,000,000 shares of Beijing Sanjili (representing approximately 25.735% of the issued share capital of Beijing Sanjili as enlarged by the issue of subscription shares) at a price of RMB1.5015 per share. The aggregate consideration for the subscription shares is RMB525,000,000 (approximately HK\$662,000,000). Upon the completion of such transaction, Beijing Jun Yang will become the second largest shareholder of Beijing Sanjili, only after the State Development and Investment Corporation, which representing approximately 26.03% equity interest of the issued share capital of Beijing Sanjili as enlarged by the issue of subscription shares.

In addition, a guaranteed revenue return is provided under the terms of cooperation, such that 北京國利能源投資有限公司 (in English, for identification purpose only, Beijing Guoli Energy Investment Co., Ltd.) (one of the shareholders of Beijing Sanjili) shall be obliged to repurchase all the subscription shares from Beijing Jun Yang should Beijing Sanjili fail to obtain a listing status within five years or dispose of more than 50% of its audited net assets. With the investment in Beijing Sanjili, the Group can yield a return equivalent to 12% per annum after-taxation revenue (including all dividends to be received by Beijing Jun Yang) or 15% per annum before-taxation revenue (including dividends to be received by Beijing Jun Yang).

## MANAGEMENT DISCUSSION AND ANALYSIS

On 13 August 2013, the Company was informed by Beijing Sanjili that certain terms of the share subscription, in particular, the share subscription price and the reference date on which the share subscription price was determined shall be revised in light of the remarks made by the approving authority and Beijing Sanjili invited Beijing Jun Yang to re-negotiate the terms of the share subscription. Subject to final agreement between the parties, the revised share subscription price may be increased up to RMB2.5 per subscription share.

The Board is now considering the proposal made by Beijing Sanjili and whether it is in the best interest of the Company and its shareholders as a whole to enter into a supplemental agreement to the share subscription agreement to proceed with the share subscription with the revised terms.

Beijing Sanjili is a company with well-established business connections with state-owned enterprises, and its largest shareholder is State Development and Investment Corporation, a state-owned investment holding company and a key state-owned enterprise under the direct management of the central government. State Development and Investment Corporation was approved by the State Council of the PRC and established in 1995 with limited liability. It holds approximately 36.875% interest in the issued share capital of Beijing Sanjili. Through the collaboration between both parties, the Group will be able to generate financial returns from the traditional energy sector.

### **Attaining solid growth in money lending business**

In September 2012, the Group made a move to money lending business through the acquisition of the entire issued share capital in E Finance Limited, a company incorporated in Hong Kong with limited liability and holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Over a couple of months, the Group's efforts in growing its money lending business were paying off, as noted from over ten money lending transactions with an aggregate sum of approximately HK\$310,000,000 for the six months ended 30 June 2013. While the management of the Group have no intention to expand the money lending business, they are going to keep an eye on the development of the business and promptly react to the demand in the market as they are optimistic of the prospect of the money lending business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS PROSPECTS

According to 《關於促進光伏產業健康發展的若干意見》 (“Certain opinions on promoting the healthy development of the PV industry”) issued by the State Council in July 2013, it is mentioned that the annual average increase in newly installed PV capacity will jump from 10 gigawatts during 2013-2015 to a total installed capacity of over 35 gigawatts in 2015. This implies that the PRC will account for 30% of the world’s installed capacity, thus becoming the largest market around the world in terms of PV power generation and application within the coming three years. Moreover, according to those opinions, it is proposed that a reliable and trustworthy mechanism will be put into place for the distribution of tariffs and the payment of subsidies. This mechanism is aimed at protecting investment enterprises from incurring the defaulted payment of electricity tariffs that are reasonably charged by them and the defaulted payment of subsidies that are receivable by them upon commencement of electricity generation. These auxiliary initiatives and measures will pave a solid path for the development of the PV power generation industry, yet they will take a certain length of period for maturity. The Group will take full advantage of these subsidies and measures to develop its solar PV power generation projects.

The cooperation between the Group and Beijing Sanjili will bring bilateral synergies. Building on Beijing Sanjili’s leading position and tremendous strengths in the field of traditional energy sources in the PRC, we expect that the cooperation will help us diversify our investment portfolio and bear stable returns, while bolstering up our share in the PRC’s energy market.

Going ahead, both parties will team up to make focused efforts on two aspects, namely the development of distributed gas-based power generation and distributed solar power generation. The parties have worked out the following major plans: Firstly, an aggregate installed capacity of distributed gas-based power generation of up to 600-megawatt in five years. Secondly, both parties intend to co-develop distributed solar PV power generation projects with an aggregate installed capacity of up to 500-megawatt in five years. Thirdly, both parties intend to co-develop other new energy projects blessed with great development potential. According to the agreement, PV power generation projects will be mainly undertaken by Beijing Jun Yang, whereas gas-based power generation will be mainly handled by Beijing Sanjili.

Buttressed by the support from the state’s policy on the development of new energy sources, and on the back of strong edges of Beijing Sanjili, we will be well-poised to reach new milestones in the aspects of traditional and new energy projects and to create stable and long-term value for our shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group held bank balances and cash of approximately HK\$189,761,000 (31 December 2012: approximately HK\$260,411,000). Net current assets amounted to approximately HK\$513,325,000 (31 December 2012: approximately HK\$479,371,000). Current ratio (defined as total current assets divided by total current liabilities) was 2.75 times (31 December 2012: 2.92 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 30% (31 December 2012: approximately 30%).

As at 30 June 2013, the Group had outstanding bank borrowings of approximately HK\$10,886,000 (31 December 2012: Nil). 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 borrowings bore interest at prevailing market rates and are repayable in accordance with the relevant loan agreements.

## CAPITAL STRUCTURE

As at 30 June 2013, the Group had shareholders' equity of approximately HK\$148,288,000 (31 December 2012: approximately HK\$126,180,000).

On 21 February 2013, the Company allotted and issued 841,156,626 new shares of HK\$0.02 each in the share capital of the Company (the "Shares") pursuant to the sale and purchase agreement dated 16 January 2013 entered into between the Company and the vendors in relation to the acquisition of the zero coupon convertible bonds issued by Computech Holdings Limited, further details of which are set out in the announcement of the Company dated 16 January 2013.

On 26 March 2013, the Company allotted and issued 264,281,196 new Shares pursuant to the sale and purchase agreement dated 17 January 2013 entered into between the Company and the vendors in relation to the acquisition of 4,000 shares of US\$1.00 each, representing approximately 11.247% of the issued share capital of Jun Yang Solar Power Investment Holdings Limited, a non wholly-owned subsidiary of the Company, further details of which are set out in the announcement of the Company dated 17 January 2013.

Save as disclosed above, there was no movement in the issued share capital of the Company during the six months ended 30 June 2013.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CHARGES ON GROUP ASSETS

As at 30 June 2013, certain held-for-trading investments of the Group with fair value of approximately HK\$11,834,000 were pledged to secure bank loan granted to the Group.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed approximately 56 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 2013, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

#### *Long positions in shares of the Company*

Name of Director	Capacity	Number of Shares	Approximate % of the issued share capital of the Company
Mr. Bai Liang	Beneficial owner	132,140,598 (Note 1)	1.78%
	Deemed interest pursuant to section 317 of the SFO	264,281,196 (Note 1)	3.56%
Mr. Lawrence Tang	Beneficial owner	190,600,000	2.57%
Mr. Peng Libin	Beneficial owner	3,400,000	0.05%

#### Notes:

- 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 were allotted and issued to the Vendors to satisfy the consideration for such acquisition. The 264,281,196 Shares comprise (i) 132,140,598 Shares held by Mr. Bai Liang as beneficial owner; (ii) 66,070,299 Shares held by Mr. Duan Lun as beneficial owner; and (iii) 66,070,299 Shares 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 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.*

## OTHER INFORMATION

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

- Each of the executive Directors (namely Mr. Bai Liang, Mr. Jiang You, Mr. Siu Kam Chau, Mr. Lawrence Tang and Mr. Peng Libin) is also a director of Sense Lights Group Limited, which has an interest in the Shares that has been reported under the provisions of Divisions 2 and 3 of Part XV of the SFO, further details of which are set out in "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" section on pages 32 to 33 of this interim report.*

Save as disclosed above, as at 30 June 2013, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTIONS

#### (a) 2003 Share Option Scheme

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

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

## 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 2013 were as follows:

Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				
			Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding as at 30 June 2013
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
			<u>7,744,671</u>	-	-	-	<u>7,744,671</u>

#### (b) 2013 Share Option Scheme

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

No share options were granted under the 2013 Share Option Scheme since its adoption.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' 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 2013, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

#### *Long positions in shares of the Company*

Name of shareholder	Capacity	Number of Shares	Approximate % of the issued share capital of the Company as at 30 June 2013
Sense Lights Group Limited	Beneficial owner	2,466,000,000 (Note)	33.26%
Tam Siu Ki	Beneficial owner	740,217,830	9.98%
Town Health International Investments Limited	Corporate interest	506,920,000	6.84%

*Note:* Pursuant to the subscription agreement dated 23 January 2013 (as varied and supplemented by supplemental agreement dated 2 July 2013) entered into between the Company and Sense Lights Group Limited, which is owned as to 95% in aggregate by the executive Directors (namely Mr. Bai Liang, Mr. Jiang You, Mr. Siu Kam Chau, Mr. Lawrence Tang and Mr. Peng Libin), upon completion of the subscription, which will take place after the completion, an aggregate of 2,466,000,000 subscription Shares will be allotted and issued to Sense Lights Group Limited. Completion of such subscription has not yet taken place.

Save as disclosed above, as at 30 June 2013, 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.

### 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 2013.

## OTHER INFORMATION

### 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 (the "CG Code") set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, except that under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The post of the chief executive officer of the Company was vacant during the period from 1 January 2013 to 21 January 2013 and the job responsibilities of the chief executive officer of the Company were discharged by the executive Directors collectively. The Company has appointed Mr. Jiang You as an executive Director and chief executive officer of the Company on 22 January 2013.

### 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 2013.

### 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. Yu Chun Fai. 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 2013.

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

Name of Director	Details of Change
Mr. Siu Kam Chau	– appointed as an independent non-executive director of Oriental Unicorn Agricultural Group Limited (stock code: 8120), the shares of which are listed on the Stock Exchange, on 24 May 2013.

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

21 August 2013