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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jun Yang Solar Power Investments Limited (“Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION –
ACQUISITION OF MINORITY EQUITY INTEREST IN
JUN YANG HOLDINGS
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A notice convening the special general meeting of the Company to be held at 9:30 a.m. on Monday, 23 June 2014 at 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong is set out on pages SGM-1 and SGM-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

6 June 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2013 Acquisition”	the acquisition of an aggregate of 4,000 shares of Jun Yang Holdings by the Company from (i) Mr. Bai Liang; (ii) Mr. Duan Lun and (iii) Mr. Liu Xinglang, (collectively, the “ 2013 Vendors ”) pursuant to a sale and purchase agreement dated 17 January 2013 entered into between the Company and the 2013 Vendors. Such 4,000 shares of Jun Yang Holdings represented approximately 11.247% of the issued share capital of Jun Yang Holdings. Details of the 2013 Acquisition are set out in the announcement of the Company dated 17 January 2013 and the circular of the Company dated 5 March 2013
“Acquisition”	the acquisition of the Sale Shares by the Company in accordance with the terms of the SP Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	Jun Yang Solar Power Investments Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the SP Agreement
“Completion Date”	the fifth Business Day after all the Conditions Precedent (other than those condition(s) which can be fulfilled only at the Completion) specified in the SP Agreement have been fulfilled or waived on which the Completion will take place (or such other date as the Company and Sun Reliant may agree in writing)
“Conditions Precedent”	the conditions precedent to the Completion as set out in the paragraph headed “Conditions Precedent” in the Letter from the Board containing in this circular
“connected person”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Consideration”	the total consideration for the Acquisition, being HK\$109,105,267
“Consideration Shares”	the 1,091,052,670 new Shares to be allotted and issued, credited as fully paid, by the Company to satisfy the Consideration
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders on the terms of the SP Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Aviate Beijing Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the allotment and issue of the Consideration Shares as contemplated under the SP Agreement
“Independent Shareholder(s)”	Shareholder(s) other than those who are required by the Listing Rules to abstain from voting on the resolution approving the Acquisition and the allotment and issue of the Consideration Shares
“Jun Yang Holdings”	Jun Yang Solar Power Investment Holdings Limited (君陽光電投資控股有限公司), a company incorporated in the Cayman Islands with limited liability. As at the date of the SP Agreement, the Company held approximately 67.90% of the issued share capital of Jun Yang Holdings
“Jun Yang Sub-Group”	Jun Yang Holdings and its subsidiaries
“Latest Practicable Date”	3 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2014 (or such later date as Sun Reliant and the Company may agree in writing)

DEFINITIONS

“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Shares”	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 SP Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 9:30 a.m. on Monday, 23 June 2014 at 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong, the notice of which is set on pages SGM-1 and SGM-2 of this circular
“Share(s)”	the share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SP Agreement”	the sale and purchase agreement dated 7 April 2014 entered into between the Company as purchaser and Sun Reliant as vendor in relation to the Acquisition
“Specific Mandate”	the specific mandate in relation to allotment and issue of the Consideration Shares to be sought from the Independent Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	an aggregate of 1,500,000,000 new Shares to be subscribed by Mr. Bai Liang, the chairman of the Company and an executive Director, pursuant to the subscription agreement dated 14 April 2014 entered into between the Company and Mr. Bai Liang, details of which are disclosed in the announcement of the Company dated 14 April 2014 and the circular of the Company dated 28 May 2014
“Sun Reliant”	Sun Reliant International Limited, a company incorporated in the British Virgin Islands with limited liability
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

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

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent Non-executive Directors:

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

*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

6 June 2014

To the Shareholders

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION –
ACQUISITION OF MINORITY EQUITY INTEREST IN
JUN YANG HOLDINGS**

INTRODUCTION

Reference is made to the announcement of the Company dated 7 April 2014 in respect of the Acquisition.

On 7 April 2014, the Company entered into the SP Agreement with Sun Reliant pursuant to which the Company has conditionally agreed to acquire, and Sun Reliant has conditionally agreed to sell the Sale Shares, representing approximately 32.10% of the issued share capital of Jun Yang Holdings, a non wholly-owned subsidiary of the Company, at the Consideration of HK\$109,105,267. Subject to the

LETTER FROM THE BOARD

fulfilment of the Conditions Precedent as detailed below, the Consideration shall be satisfied by the allotment and issue, credited as fully paid, of 1,091,052,670 Consideration Shares at an issue price of HK\$0.10 per Consideration Share to Sun Reliant.

The purpose of this circular is to give you, among other matters, (i) further information on the Acquisition and the allotment and issue of the Consideration Shares as contemplated under the SP Agreement and the Specific Mandate; (ii) a letter of advice from the Independent Financial Adviser; (iii) a letter of recommendation from the Independent Board Committee; (iv) the notice convening the SGM; and (v) other information as required under the Listing Rules.

THE SP AGREEMENT

Major terms of the SP Agreement are set out below.

Date:

7 April 2014

Parties:

- (i) the Company as the purchaser; and
- (ii) Sun Reliant as the vendor.

Sun Reliant is a limited liability company incorporated in the British Virgin Islands and is an investment holding company. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Sun Reliant was a wholly-owned subsidiary of Hanergy Solar Group Limited (Stock Code: 566), the issued shares of which were listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, save for Mr. Bai Liang's interest in 4,500,000 shares of Hanergy Solar Group Limited, no Director had any directorship or shareholding in Hanergy Solar Group Limited. Its relationship with the Company is more particularly set out in the paragraph headed "Listing Rules Implications" below.

Assets to be acquired:

The Company has conditionally agreed to acquire, and Sun Reliant has conditionally agreed to sell, the Sale Shares at the Consideration of HK\$109,105,267. The Sale Shares represent approximately 32.10% of the issued share capital of Jun Yang Holdings as at the date of the SP Agreement.

The SP Agreement does not contain any restrictions which apply to the subsequent sale of the Sale Shares.

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Consideration:

The Consideration for the Sale Shares is HK\$109,105,267, which shall be satisfied by the allotment and issue, credited as fully paid, of 1,091,052,670 Consideration Shares at an issue price of HK\$0.10 per Consideration Share by the Company to Sun Reliant at Completion.

The original subscription cost of Sun Reliant of the Sale Shares was HK\$85,800,000.

The Consideration was determined after arm's length negotiations between the Company and Sun Reliant with reference to the net assets value of the Jun Yang Sub-Group as at 31 December 2013 and a deferred revenue of HK\$149.9 million relating to subsidy ("**Golden Sun Subsidy**") from the PRC government as at 31 December 2013 in relation to the "Golden Sun Demonstration Project (金太陽示範工程)" regarding the construction of Xuchang solar photovoltaic power station and Zhengzhou solar photovoltaic power station. As confirmed by the Directors, no conditions attaching to the Golden Sun Subsidy were required to be fulfilled for the use of the Golden Sun Subsidy granted by the PRC government. As at 31 December 2013, the Group had recorded HK\$149.9 million of the Golden Sun Subsidy as deferred revenue in its financial statements, of which the Group received (i) approximately HK\$5.8 million in the fourth quarter of the year ended 31 December 2011; (ii) approximately HK\$137.8 million in the year ended 31 December 2012; and (iii) approximately HK\$6.3 million in the year ended 31 December 2013. *(Note)*

Note: The Golden Sun Subsidy was categorised as government grant under the Group's accounting policies. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The Directors have taken into account the considerations involved in the 2013 Acquisition in assessing the fairness and reasonableness of the Consideration and the basis of determining the Consideration was the same with that for the 2013 Acquisition.

The Directors are of the view that the settlement of the Consideration by way of allotment and issue of the Consideration Shares does not incur any interest expenses on the Group and affect the cash and liquidity positions of the Group as compared with other financing alternatives. Notwithstanding the potential dilution effect of the Consideration Shares on the shareholding of the Company upon Completion, taking into account (i) the allotment and issue of the Consideration Shares is beneficial to the Group in maintaining its cash and liquidity position while releasing the Group from the liabilities and the interest burden of other financing alternatives; and (ii) the allotment and issue of the Consideration Shares will facilitate the enhancement of the future prospect of the Group based on the factors as set out in the paragraph headed "Reasons for and benefits of the Acquisition" below, the Directors consider that the basis of the Consideration is fair and reasonable, and the settlement of the Consideration by the allotment and issue of the Consideration Shares is beneficial to the Company and the Shareholders as a whole.

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Conditions Precedent:

The Completion is conditional upon and subject to:

- (a) all necessary consents and approvals in relation to the transactions contemplated under the SP Agreement having been obtained by Sun Reliant and such consents and approvals should be valid up to the Completion Date;
- (b) all necessary consents and approvals in relation to the transactions contemplated under the SP Agreement having been obtained by the Company and such consents and approvals should be valid up to the Completion Date, including, if necessary, the passing of ordinary resolution(s) by the Independent Shareholders at the SGM approving the Acquisition;
- (c) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;
- (d) all warranties given by Sun Reliant remaining true and accurate in all respects and not misleading; and
- (e) there being no breach of the terms and conditions of the SP Agreement by Sun Reliant before the Completion Date.

The Company may waive either of the Conditions Precedent set out in (d) and (e) above at any time before the Long Stop Date by notice in writing to Sun Reliant. Save as aforesaid, none of the Conditions Precedent is capable of being waived.

The Conditions Precedent set out in (d) and (e) above were made capable of being waived by the Company for providing the Company flexibility. In the event that, as the Acquisition proceeds, the Company will waive any of the Conditions Precedent set out in (d) and (e) above, such right of waiver will be exercised having taken into account the best interest of the Company and the Shareholders as a whole. The Company will make further announcement if it decides that it will waive any of the Conditions Precedent and will include in such announcement the reason and basis why the Company considers such waiver is in the best interest of the Company and the Shareholders as a whole. Nonetheless, as at the Latest Practicable Date, the Company had no intention to waive any of these Conditions Precedent.

As at the Latest Practicable Date, apart from the Condition Precedent (a), none of the Conditions Precedent had been satisfied.

If the Conditions Precedent shall not have been fulfilled (or waived by the Company) on the Long Stop Date, all rights and obligations of the parties under the SP Agreement shall cease and terminate (save and except for provisions governing confidentiality, notices, costs and stamp duty as well as governing law, jurisdiction and process agents which shall continue to have full force and effect), and none of the parties shall have any claim against the others save for claim (if any) in respect of such continuing provisions as specified under the SP Agreement or any antecedent breach thereof.

LETTER FROM THE BOARD

Pursuant to the terms of the SP Agreement, there is no nomination or appointment rights given to Sun Reliant. As at the Latest Practicable Date, the Company did not contemplate any changes to the composition of the Board immediately after the allotment and issue of the Consideration Shares.

Completion:

Subject to the fulfillment or waiver of the Conditions Precedent, the Completion shall take place on the Completion Date (assuming no Subscription Shares are issued prior to the Completion).

Consideration Shares:

The 1,091,052,670 Consideration Shares represent (i) approximately 12.27% of the existing issued share capital of the Company; and (ii) approximately 10.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

As disclosed in the Company's announcement dated 14 April 2014, the Company has entered into a subscription agreement with Mr. Bai Liang, the chairman of the Board and an executive Director, who has conditionally agreed to subscribe for an aggregate of 1,500,000,000 Subscription Shares at a subscription price of HK\$0.10 per Subscription Share. Should completion of such subscription precede the Completion and assuming there is no other change in the issued share capital of the Company (other than the allotment and issue of the 1,500,000,000 Subscription Shares), the 1,091,052,670 Consideration Shares will represent approximately 9.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The issue price of HK\$0.10 per Consideration Share:

- (a) is equal to the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the date of the SP Agreement;
- (b) is equal to the average closing price of HK\$0.10 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the SP Agreement;
- (c) represents a premium of approximately 0.30% over the average closing price of HK\$0.0997 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the date of the SP Agreement.
- (d) represents a premium of approximately 35.14% over the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) represents a discount of approximately 10.71% to the net asset value of the Company per Share attributable to the equity holders of the Company of approximately HK\$0.1120 as at 31 December 2013 based on the consolidated net asset value of the Company as at 31 December 2013 and the number of issued Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

The issue price of HK\$0.10 per Consideration Share was arrived at by the Company and Sun Reliant after arm's length negotiation taking into account the closing price and average closing price of the Shares on the date of the SP Agreement and for the last five trading days up to and including the date of the SP Agreement respectively being equal to the issue price, and the recent trading prices of the Company. The Directors consider that notwithstanding the issue price represents a discount to the net asset value per Share attributable to the equity holders of the Company as at 31 December 2013, fixing the issue price at HK\$0.10 per Consideration Share, which is at a premium to the prevailing market price, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued by the Company pursuant to the Specific Mandate to be obtained by the Board from the Independent Shareholders at the SGM.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares to be allotted and issued shall rank pari passu among themselves and with all Shares in issue on the Completion Date.

Effect of the Acquisition

Upon the Completion, Jun Yang Holdings will become a wholly-owned subsidiary of the Company.

INFORMATION ON THE JUN YANG SUB-GROUP

Jun Yang Holdings is a company incorporated in the Cayman Islands with limited liability. It is an investment holding company and holds a number of subsidiaries incorporated in the British Virgin Islands, Hong Kong and the PRC. The Jun Yang Sub-Group is principally engaged in the development of large-scale solar photovoltaic power stations and rooftop power stations.

The Jun Yang Sub-Group has developed, built and been operating three solar projects in Golmud of Qinghai, Xuchang of Henan and Zhengzhou of Henan in the PRC. The Golmud Qinghai solar photovoltaic power station project ("**Golmud Qinghai Project**") is a large scale ground mounted solar farm with a total installed capacity of 10 megawatts. All power generated from the Golmud Qinghai Project is sold to the grid company and the company is paid by the base electricity rate and the electricity subsidy from the central government of the PRC. The sum of base electricity rate and the PRC central government's electricity subsidy was granted at a feed-in-tariff of RMB1.15 per kilowatt-hour for the power it generates.

Both Xuchang solar photovoltaic power station project ("**Xuchang Project**") and Zhengzhou solar photovoltaic power station project ("**Zhengzhou Project**") were subsidized by the PRC government for the investment in building the solar farms under the Golden Sun Demonstration Project. The total capacity of the solar farms for each of the Xuchang Project and the Zhengzhou Project is 20 and 1.525 megawatts respectively. The Zhengzhou Project commenced its operation of generating electricity and started to record revenue for the sales of electricity in April 2014. These solar farms were built on the rooftop of various industrial buildings, schools and other facilities buildings. These solar farms are normally classified as distributed solar power generations. The power generated in the Xuchang Project and the Zhengzhou Project is sold to the owners of the rooftop of buildings and the surplus of the power generated will be sold to the

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grid company. For the electricity sold to the grid company, it is paid by the standard grid base purchase rate. For the electricity sold to the owners of the rooftop of buildings, the electricity price were negotiated and agreed with the owners and such price were normally discounted at the retail electricity rate.

Disregarding the other administrative expenses incurred by the green energy business segment, the turnover and the profits/loss attributable to each of the Xuchang Project, the Zhengzhou Project and the Golmud Qinghai Project for the two years ended 31 December 2013 were set out as follows:

	Golmud Qinghai Project	Xuchang Project	Zhengzhou Project
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 December 2012			
Turnover	4,315	–	–
Profit/(Loss) before taxation	2,172	(1,120)	(1,529)
Profit/(Loss) after taxation	2,172	(1,120)	(1,529)
Net assets as at 31 December 2012	45,775	23,294	23,950
For the year ended 31 December 2013			
Turnover	27,570	564	–
Profit/(Loss) before taxation	3,531	(43,853)	(6,021)
Profit/(Loss) after taxation	3,531	(43,853)	(6,021)
Net assets/(liabilities) as at 31 December 2013	50,851	(20,503)	18,577

Jun Yang Holdings was first established as a wholly-owned subsidiary of the Company. As incentives to the 2013 Vendors, certain options to subscribe for shares in Jun Yang Holdings were granted to the 2013 Vendors in June 2010 (“**2010 Options**”). With a view to bringing in synergy effect to the Group, Jun Yang Holdings entered into an agreement with Sun Reliant in May 2012, whereby Sun Reliant subscribed for 11,415 shares in Jun Yang Holdings (i.e. the Sale Shares in the current Acquisition), thereby diluting the Company’s shareholding from 100% to 63.84%. The 2010 Options were exercised by the 2013 Vendors in late May 2012, causing a further dilution of the Company’s shareholding in Jun Yang Holdings from 68.84% to 56.66%. Pursuant to the sale and purchase agreement dated 17 January 2013 entered into between the Company and (i) Mr. Bai Liang; (ii) Mr. Duan Lun and (iii) Mr. Liu Xinglang, the Company acquired 4,000 shares of Jun Yang Holdings from the 2013 Vendors, representing approximately 11.245% of the issued share capital of Jun Yang Holdings. Details of the 2013 Acquisition are set out in the announcement of the Company dated 17 January 2013. Since the completion of the 2013 Acquisition on 26 March 2013 and up to the Latest Practicable Date, the Company has held approximately 67.90% of the issued share capital of Jun Yang Holdings.

On 7 April 2014, the Company entered into the SP Agreement with Sun Reliant to conditionally agree to acquire the Sales Shares from Sun Reliant.

LETTER FROM THE BOARD

Set out below are certain consolidated audited financial information of the Jun Yang Sub-Group for the two years ended 31 December 2012 and 2013:

	For the year ended 31 December 2012	For the year ended 31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	13,380	42,288
Loss before taxation	(8,394)	(48,088)
Loss after taxation	(8,449)	(48,004)
	As at	As at
	31 December 2012	31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	231,086	190,024

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) solar energy business with a current focus on development, construction, operation and maintenance of power station projects; (ii) money lending business; and (iii) assets investment. Recently, the Group has established a joint venture with various independent third parties for the investment in the money lending business in the PRC, details of such joint venture are disclosed in the Company's announcements dated 11 October 2013 and 17 October 2013.

As stated in the Company's announcement of its final results for the year ended 31 December 2013, the energy demand is mainly reflected by consumption of electricity and the National Energy Administration announced that in 2013, the social consumption of electricity in the PRC was approximately 5.32 trillion kilowatt hours, representing a year-on-year growth of 7.5%, which was higher than that in 2012. The Jun Yang Sub-Group has recorded a loss after taxation of approximately HK\$48 million, however, if after adjustment of the impairment of fixed assets of approximately HK\$59.02 million, which is one off and non-cash in nature, the Jun Yang Sub-Group will record an operating profit. As disclosed in the annual report of the Company for the year ended 31 December 2013, there was a substantial drop in the market price of the main components of the photovoltaic power stations construction in recent years, which then reduced the construction costs of new power stations while also led to the impairment loss of property, plant and equipment in the constructed power stations. As the impairment loss was principally caused by the drop in construction components used in the Group's previous construction of projects, the Directors are of the view that such non-cash impairment loss had no significant adverse impact on the Company's business operations.

In view of the bright future of solar power industry in the PRC, the solar photovoltaic power station projects undergoing in the Jun Yang Sub-Group and an opportunity for the Company to take full control of the Jun Yang Sub-Group, the Directors believe that the Acquisition represents an excellent opportunity for the Group to increase its shares in downstream solar power projects and thus enjoy more benefits from the solar power business through the Jun Yang Sub-Group in the PRC.

LETTER FROM THE BOARD

The Directors believe that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director has a material interest in the SP Agreement and was required to abstain from voting at the meeting of the Board approving the SP Agreement and the transactions contemplated thereunder.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the allotment and issue of the Consideration Shares (assuming no Subscription Shares are allotted and issued prior to the Completion); and (iii) immediately upon completion of the allotment and issue of the Consideration Shares and Subscription Shares:

	As at the Latest Practicable Date		Immediately upon completion of the allotment and issue of the Consideration Shares (assuming no Subscription Shares are issued prior to the Completion)		Immediately upon completion of the allotment and issue of the Consideration Shares and Subscription Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Bai Liang (Note 2)	132,140,598	1.49	132,140,598	1.32	1,632,140,598	14.21
Peng Libin (Note 3)	3,400,000	0.04	3,400,000	0.03	3,400,000	0.03
Sun Reliant International Limited	–	–	1,091,052,670	10.93	1,091,052,670	9.50
Public Shareholders	<u>8,758,879,654</u>	<u>98.47</u>	<u>8,758,879,654</u>	<u>87.72</u>	<u>8,758,879,654</u>	<u>76.26</u>
Total:	<u>8,894,420,252</u>	<u>100.00</u>	<u>9,985,472,922</u>	<u>100.00</u>	<u>11,485,472,922</u>	<u>100.00</u>

Notes:

- The above shareholding table does not take into account the Shares that may fall to be issued upon the exercise of the conversion rights under the convertible bonds which may be placed by the Company as referred to in the Company's announcements dated 10 April 2014 and 29 April 2014.
- Mr. Bai Liang is an executive Director and chairman of the Board.
- Mr. Peng Libin is an executive Director.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the Listing Rules) stipulated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Since Sun Reliant is holding approximately 32.10% of the issued share capital of Jun Yang Holdings, a non wholly-owned subsidiary of the Company, Sun Reliant is a connected person of the Company within the meaning of Chapter 14A of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising the independent non-executive Directors has been appointed to consider the terms of the SP Agreement. An independent financial adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the SP Agreement.

SGM

A notice convening the SGM to be held at 9:30 a.m. on Monday, 23 June 2014 at 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong for the Shareholders to consider, and if thought fit, to approve, among other matters, the SP Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares and the grant of the Specific Mandate, is set out on pages SGM-1 and SGM-2 in this circular.

The votes of the Shareholders regarding the resolution for approval of the SP Agreement and the transactions contemplated thereunder will be taken by way of poll at the SGM. As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition, no Shareholder is required to abstain from voting at the SGM in respect of the Acquisition and the transactions contemplated thereunder.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (or any adjournment thereof) to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors are of the opinion that the terms of the SP Agreement are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and are in the best interests of the Company and the Shareholders as a whole and recommend you to vote in favour of the resolution relating to the Acquisition and the grant of the Specific Mandate to be proposed at the SGM.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 15 and 16 of this circular and the letter from the Independent Financial Adviser, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the allotment and issue of the Consideration Shares as contemplated under the SP Agreement, set out on pages 17 to 34 of this circular.

LETTER FROM THE BOARD

GENERAL INFORMATION

Your attention is also drawn to the general information set out in the Appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders in connection with the Acquisition which has been prepared for the purpose of inclusion in this circular:



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)

6 June 2014

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION – ACQUISITION OF MINORITY EQUITY INTEREST IN JUN YANG HOLDINGS

We have been appointed as the Independent Board Committee to advise you in connection with the SP Agreement relating to the Acquisition and the allotment and issue of the Consideration Shares as contemplated under the SP Agreement, details of which are set out in the letter from the Board contained in the circular of the Company dated 6 June 2014 (“**Circular**”), of which this letter forms part.

Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires. Aviate Beijing Capital Limited has been appointed as the independent financial adviser of the Company to advise us and the Independent Shareholders on the terms of the SP Agreement and the allotment and issue of the Consideration Shares as contemplated under the SP Agreement.

We wish to draw your attention to the letter from the Board on pages 4 to 14 of the Circular, which sets out information in connection with the Acquisition. We also wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Acquisition and the allotment and issue of the Consideration Shares as contemplated under the SP Agreement set out on pages 17 to 34 of the Circular.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its opinion and recommendation, we concur with the view of the Independent Financial Adviser and consider that the terms of the SP Agreement and the transactions contemplated thereunder are on normal commercial terms, and the Acquisition and the allotment and issue of the Consideration Shares are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Board Committee recommends the Independent Shareholders to vote for the resolution to be proposed at the SGM to approve the SP Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Chan Chi Yuen
Independent
Non-executive Director

Chik Chi Man
Independent
Non-executive Director

Lam Wing Tai
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Aviate Beijing Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the SP Agreement and the transactions contemplated thereunder.



19th Floor
China Hong Kong Tower
8 Hennessy Road
Wanchai
Hong Kong

6 June 2014

To the Independent Board Committee and the Independent Shareholders
Jun Yang Solar Power Investments Limited
Room 509, 5th Floor
Town Health Technology Centre
10-12 Yuen Shun Circuit
Siu Lek Yuen, Shatin, N.T.
Hong Kong

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION – ACQUISITION OF MINORITY EQUITY INTEREST IN JUN YANG HOLDINGS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the “Letter from the Board” contained in the circular issued by the Company to its Shareholders dated 6 June 2014 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

On 7 April 2014 (after trading hours), the Company entered into the SP Agreement with Sun Reliant pursuant to which the Company has conditionally agreed to acquire, and Sun Reliant has conditionally agreed to sell the Sale Shares, representing approximately 32.10% of the issued share capital of Jun Yang Holdings, a non wholly-owned subsidiary of the Company, at the Consideration of HK\$109,105,267. Subject to the fulfilment of the Conditions Precedent as mentioned in the Letter from the Board, the Consideration will be satisfied by the allotment and issue, credited as fully paid, of 1,091,052,670 Consideration Shares at an issue price of HK\$0.10 per Consideration Share to Sun Reliant. The Consideration Shares represent (i) approximately 12.27% of the existing issued share capital of the Company; and (ii) approximately 10.93% of the issued share capital of the Company as enlarged by allotment and the issue of the Consideration Shares (assuming no Subscription Shares are issued prior to Completion).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the relevant percentage ratios (as defined under the Listing Rules) stipulated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Since Sun Reliant is holding approximately 32.10% of the issued share capital of Jun Yang Holdings, a non wholly-owned subsidiary of the Company, Sun Reliant is a connected person of the Company within the meaning of Chapter 14A of the Listing Rules and therefore, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai, has been formed to advise the Independent Shareholders as to whether the principal terms of the SP Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and on normal commercial terms and whether the Acquisition and the allotment and issue of the Consideration Shares pursuant to the Specific Mandate are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution at the SGM. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

BASIS OF OUR ADVICE

In formulating our recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company; (iii) the opinions expressed by and the representations of the Directors and management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects at the date thereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the management of the Group, the Directors and the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations regarding the Company and the Acquisition provided to us by the Company and/or the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the SGM.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Acquisition, we have taken into consideration the following factors and reasons:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1. Information on the Group

According to the Letter from the Board, the Group is principally engaged in (i) solar energy business with a current focus on development, construction, operation and maintenance of power station projects; (ii) money lending business; and (iii) assets investment.

Set out below is the financial summary of the Group for the two years ended 31 December 2013 extracted from the annual report of the Company for the year ended 31 December 2013 (the “2013 Annual Report”)

	For the year ended	
	31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	63,003	17,659
Gross profit	49,974	15,412
Loss for the year attributable to:		
Owners of the Company	(18,049)	(418,000)
Non-controlling interests	(15,839)	(140,488)
	As at 31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity attributable to owners of the Company	996,086	824,188

As set out in the 2013 Annual Report, the Group recorded revenue of approximately HK\$63.0 million (2012: approximately HK\$17.66 million), increased by approximately 256.78% year over year. During the year ended 31 December 2013, approximately 67.12% of the Group's revenue was generated from the solar power main business. As advised by the management of the Company, there was a substantial drop in the market price of the main components of the photovoltaic (“PV”) power stations construction in recent years which reduced the construction costs of new power stations while also led to the impairment of fixed assets in the built-up power stations. The Company recorded a total impairment in fixed assets of approximately HK\$59.02 million for the year ended 31 December 2013. This non-cash impairment has had no significant adverse impact on the Company's operations. The loss attributable to owners of the Company amounted to approximately HK\$18.05 million for the year ended 31 December 2013 (2012: approximately HK\$418 million), reduced by approximately HK\$400 million as compared with the previous year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Information on the Jun Yang Sub-Group

A. *Background of the Jun Yang Sub-Group*

The Jun Yang Sub-Group is principally engaged in the development of large-scale solar photovoltaic power stations and rooftop power stations.

As stated in the circular of the Company dated 5 March 2013, Jun Yang Holdings entered into three deeds of option (the “Option Deeds”) with Mr. Bai Liang, Mr. Duan Lun and Mr. Liu Xinglang (the “Vendors”) respectively on 21 June 2010 pursuant to which Jun Yang Holdings agreed to grant the option to each of the Vendors (the “Options”) in respect of the subscription of the share capital of Jun Yang Holdings (each an “Option Share”) at a consideration of HK\$100, which was paid by each Vendor upon the execution of the Option Deeds. The Options might be exercised in different tranches and the exercise of which was conditional on the achievement of the pre-set performance target with reference to certain fixed or non-current assets as shown in the latest available audited consolidated financial statements of the Jun Yang Sub-Group.

On 16 May 2012, Jun Yang Holdings and Sun Reliant (a wholly-owned subsidiary of Hanergy Solar Group Limited (“Hanergy Solar” and together with its subsidiaries, “Hanergy Solar Group”), the shares of which are listed on the Main Board of the Stock Exchange) entered into a subscription agreement pursuant to which Jun Yang Holdings agreed to allot and issue, and Sun Reliant agreed to subscribe for, 11,415 new shares in Jun Yang Holdings at a total consideration of HK\$85,800,000, which was determined with reference to the then net assets value of the Jun Yang Sub-Group and its business prospects (the “Sun Reliant Subscription”). Hanergy Solar Group was principally engaged in the manufacturing of equipment and turnkey production lines for the manufacture of amorphous silicon based thin-film solar PV modules, which are essential ingredients of the construction of solar PV power stations. Upon completion of the Sun Reliant Subscription, the Company’s equity interest in Jun Yang Holdings was diluted from 100% to approximately 63.838%. Details of the Sun Reliant Subscription were disclosed in the announcements of the Company dated 16 May 2012 and 25 May 2012.

On 22 May 2012, all the Vendors exercised their rights attached to the Options and subscribed for their respective Option Shares in full at a subscription price of US\$1 per Option Share. Upon completion of the exercise of the Options, Mr. Bai Liang, Mr. Duan Lun and Mr. Liu Xinglang held 2,000, 1,000 and 1,000 shares in Jun Yang Holdings respectively (representing approximately 5.623%, approximately 2.812% and approximately 2.812% of the issued share capital of Jun Yang Holdings respectively) and the Company’s equity interest in Jun Yang Holdings was further diluted from approximately 63.838% to approximately 56.658%.

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On 17 January 2013, the Company entered into a sale and purchase agreement with the Vendors pursuant to which the Company had conditionally agreed to acquire, and each of the Vendors had conditionally agreed to sell, 4,000 shares in Jun Yang Holdings, representing approximately 11.247% of the issued share capital of Jun Yang Holdings, for a consideration of HK\$42,284,991.36, which was determined with reference to the then unaudited net assets value of the Jun Yang Sub-Group taking into account the subsidy from the PRC government, which was satisfied by the Company allotting and issuing, credited as fully paid, of 264,281,196 Shares to the Vendors (or such other person as nominated by the Vendors) on completion. The Company's equity interest in Jun Yang Holdings was increased from approximately 56.658% to 67.905% upon completion of the 2013 Acquisition. Details of the sale and purchase agreement dated 17 January 2013 entered into between the Company and the Vendors were disclosed in the announcement and circular of the Company dated 17 January 2013 and 5 March 2013 respectively.

As at the Latest Practicable Date, the Company held approximately 67.90% equity interest in Jun Yang Holdings and had agreed to acquire the remaining approximately 32.10% interest in Jun Yang Holdings pursuant to the SP Agreement.

B. Financial information of the Jun Yang Sub-Group

Set out below are the audited consolidated financial information of the Jun Yang Sub-Group for the two years ended 31 December 2013:

	For the year ended	
	31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	42,288	13,380
Loss before taxation	(48,088)	(8,394)
Loss after taxation	(48,004)	(8,449)
	As at 31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	190,024	231,086

(i) For the year ended 31 December 2012

For the year ended 31 December 2012, the Jun Yang Sub-Group's revenue amounted to approximately HK\$13.38 million, which was mainly contributed by the provision of green energy related consultancy services of approximately HK\$9.06 million and sales of electricity of approximately HK\$4.32 million respectively. The Jun Yang Sub-Group recorded loss before taxation of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately HK\$8.39 million and loss after taxation of approximately HK\$8.45 million, respectively. The loss for the year ended 31 December 2012 was mainly due to the increase in operating expenses (including but not limited to staff salaries, travelling expenses and rental expenses).

As at 31 December 2012, the Jun Yang Sub-Group's net assets amounted to approximately HK\$231.09 million.

(ii) *For the year ended 31 December 2013*

For the year ended 31 December 2013, the Jun Yang Sub-Group's revenue amounted to approximately HK\$42.29 million, which was mainly contributed by the provision of green energy related consultancy services of approximately HK\$14.15 million and sales of electricity of approximately HK\$28.13 million respectively. As compared with the year ended 31 December 2012, there was an increase of approximately HK\$28.91 million in revenue which was mainly due to the increase in sales of electricity (included subsidy from the PRC government for the existing power stations).

The green energy related consultancy services provided by Jun Yang Sub-Group is mainly related to the provision of advisory services to customers who are seeking advice on the development of solar energy industry. The customers of Jun Yang Sub-Group include corporations engaged in business relating to research and development in high-end technology, information technology and dietary supplement technology, etc. and plan to develop in green energy industry.

As advised by the Directors, Mr. Bai Liang and Mr. Peng Libin, both are executive Directors, have extensive experience in the green energy industry. As mentioned in the 2013 Annual Report, since 2006, Mr. Bai Liang has been engaging in the solar energy industry and had involved in establishing a leading PRC enterprise principally engaged in the manufacture and sale of silicon based thin-film solar photovoltaic modules. Mr. Peng Libin has over 20 years of experience in power generation industry in the PRC and has extensive experience and knowledge in the development of solar energy industry and the management, operation and planning of solar power generation projects.

The Jun Yang Sub-Group recorded loss before taxation of approximately HK\$48.09 million and loss after taxation of approximately HK\$48.0 million, respectively for the year ended 31 December 2013. In recent years, there was a substantial drop in the market price of the main components of the PV power stations construction which reduced the construction costs of new power stations while also led to a decrease in fair value of the fixed assets in the built-up power stations. As a result, the Jun Yang Sub-Group has recorded an impairment of fixed assets of approximately HK\$59.02 million. Considering such impairment loss was principally caused by the drop in market price of construction components used in the Group's previous construction projects and was one off

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and non-cash in nature, the Directors are of the view that the drop in the construction costs of the PV power stations has no significant adverse impact on the Jun Yang Sub-Group's operations. As advised by the Directors, it is the Company's policy to review the carrying amount of its fixed assets at the end of each reporting period to determine whether there is any indication that those fixed assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the fixed asset is estimated in order to determine the extent of the impairment loss, if any. The Company engaged an independent professional valuer to carry out a review of the recoverable amount of the manufacturing plants and the related equipment. The recoverable amount of the relevant assets was determined on the basis of cost approach. The cost approach considers the cost to reproduce or replace the appraised equipment in new condition in accordance with current market prices for similar equipment, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history. As advised by the Directors, due to the improvement of PV technology which lowered the production cost of the main components for the PV power stations construction, the drop in the market price of those main components is not expected to be temporary. However, the Directors believe that even if further impairment of fixed assets may be recognized in future, the financial position of the Company will not be substantially affected as the Directors expect that the market price of the main components of the PV power stations construction will only be slightly decreased in the coming year.

As at 31 December 2013, the value of the solar PV power station represents approximately 70.86% of the total assets of the Jun Yang Sub-Group and the net assets of the Jun Yang Sub-Group was approximately HK\$190.02 million, representing a decrease of approximately HK\$41.06 million as compared to that as at 31 December 2012. As advised by the management of the Company, such decrease was mainly caused by the non-cash impairment of the Jun Yang Sub-Group's property, plants and equipment.

C. Industry overview

Development of green energy industry in the PRC

According to the "Statistical Communiqué of the PRC on the 2013 National Economic and Social Development" (《中華人民共和國2013年國民經濟和社會發展統計公報》) released by the National Bureau of Statistics of the PRC on 24 February 2014, the PRC's gross domestic product achieved a compound annual growth rate ("CAGR") of 7.7% in 2013, which met the planned CAGR of 7.0% as stated in the "Twelfth Five-Year Plan for National Economic and Social Development of the PRC" (《中華人民共和國國民經濟和社會發展第十二個五年規劃綱要》). Besides, the National Energy Administration announced in January 2014 that the PRC's social consumption of electricity in 2013 was approximately 5.32 trillion kWh, representing a year-on-year

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growth of 7.5%. The rapid economic growth and accelerated urbanization of the PRC has increased its energy demand, which could be reflected by consumption of electricity.

In order to support the tremendous energy demand of the PRC, fossil fuel, being a traditional form of energy has been heavily relied on in the past decades. However, along with the increase in energy consumption, the severe air pollution brought by the combustion of fossil fuel is endangering people's lives and health. The problem of smog which is mainly caused by the high concentration of air pollutants in heavy fog has been plaguing many of the PRC's cities and is putting pressure on the government to reduce fossil fuel consumption. It is clearly stated in the "Twelfth Five-Year Plan for Energy" (《能源發展「十二五」規劃》) that the proportion of non-fossil energy to total primary energy consumption is targeted to increase to 11.4% by 2015.

As stated in the Progress Evaluation Report of the "Twelfth Five-Year Plan for National Economic and Social Development of the PRC" (《中華人民共和國國民經濟和社會發展第十二個五年規劃綱要》實施中期評估報告) (the "Progress Evaluation Report") announced by the State Council of the PRC in April 2014, the proportion of non-fossil energy to total primary energy consumption has increased from 8.6% in 2010 to 9.4% in 2012. The Progress Evaluation Report also stated that, in order to achieve the planned non-fossil energy portion to 11.4% by 2015, the PRC government should actively promote the development of green energy industries in the remaining time of the twelfth five-year period (i.e. 2011-2015).

Twelfth Five-Year Plan on Solar Power Development

According to the "Twelfth Five-Year Plan on Solar Power Development" (《太陽能發電發展「十二五」規劃》) issued by the National Energy Administration in July 2012, the installed capacity of solar power is expected to reach 21 gigawatt and 50 gigawatt by end of 2015 and 2020 respectively and the annual output of generated electricity will reach 25 billion kWh by 2015. In addition, the total investment amount on solar power plant projects would be RMB250 billion in the 12th Five-Year period.

Golden Sun Demonstration Project, FiT Policy and other policies

The "Golden Sun Demonstration Project" (金太陽示範工程) is a national solar subsidy program. The program was established in July 2009 and announced by the Ministry of Finance, Ministry of Science and Technology and the National Energy Administration of the PRC. The "Golden Sun Demonstration Project" provides upfront subsidies for qualified demonstrative PV project.

The FiT Policy — named "Notice on Perfection of Policy Regarding FiT of Power Generated by Solar PV", which was released by the National Development and Reform Commission (the "NDRC") in July 2011 and triggered market development. According to the "Notice on Perfection of Policy Regarding FiT of Power Generated by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Solar PV”, except for those projects located in Tibet, the solar power projects approved on or after 1 July 2011 (or approved prior to that date but which cannot be completed before the end of 2011) are entitled to a tariff of RMB1/kWh.

Furthermore, the PRC government released favourable policies and gave clear direction for the development of PV power generation. In August 2013, the NDRC released the “Notice regarding the Promotion of Sound Development of PV Industry through the Leverage of Pricing” (《關於發揮價格槓桿作用促進光伏產業健康發展的通知》(發改價格[2013]1638號)), pursuant to which the subsidies are granted based on every kWh of power generated, i.e. RMB0.42 per kWh for distributed PV power stations registered after 1 September 2013 and also for PV power stations registered before this date but would only start producing PV power on or after 1 January 2014.

The NDRC released the “Notice regarding the Adjustment in the Levying Standard for Renewable Energy Surcharges and Issues in relation to Environmental Friendly Energy Tariff” (《關於調整可再生能源電價附加標準與環保電價有關事項的通知》(發改價格[2013]1651號)) on 27 August 2013. Pursuant to the tariff policy, the levying standard for renewable energy surcharge increased from RMB0.8 cent per kWh to RMB1.5 cents per kWh with effective from 25 September 2013. In addition to the subsidy polices, in September 2013, the Ministry of Finance promulgated the “Notice regarding the Value-added Tax Policies on PV Power Generation” (《關於光伏發電增值稅政策的通知》(財稅[2013]66號)) and tax payers engaging in the PV power generation business could enjoy an immediate value-added tax rebate of 50% from 1 October 2013 to 31 December 2015.

Solar energy power generation is one of the fastest growing renewable sources of electricity in recent years. In view that the PRC government adopted various incentive schemes and policies to encourage the development of the solar PV industry, it is expected that solar PV industry in the PRC will continue to grow and expand.

3. Reasons for and benefits of the Acquisition

Details on the reasons for and benefits of the Acquisition considered by the Company are set out in the section headed “Reasons for and benefits of the Acquisition” in the Letter from the Board. As disclosed in the Letter from the Board, the energy demand is mainly reflected by consumption of electricity and the National Energy Administration announced that in 2013, the social consumption of electricity in the PRC was approximately 5.32 trillion kilowatt hours, representing a year-on-year growth of 7.5%, which was higher than that in 2012. The Jun Yang Sub-Group recorded a loss after taxation of approximately HK\$48 million for the year ended 31 December 2013, however, if after adjustment of the impairment of fixed assets of approximately HK\$59.02 million, which was one off and non-cash in nature, the Jun Yang Sub-Group would record an operating profit.

We noted from the 2013 Annual Report that the Jun Yang Sub-Group continued to operate three PV power stations projects, namely Golmud Qinghai Project in Qinghai province, Xuchang Project and Zhengzhou Project in Henan Province (altogether, the “Projects”) during

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2013. Under each of the Projects, the Jun Yang Sub-Group is responsible for the construction, operation and management of a solar PV power station. The 10 megawatt large scale ground-mounted grid-connected power station in Golmud, Qinghai Province was completed and put into operation and commenced to record revenue for the sale of electricity in July 2012. The total power generation for 2013 was 13,120,000 kWh and the Group expects the total power generation of the Golmud Qinghai Project will further increase to 15,000,000 kWh in 2014.

The 20 megawatt rooftop power station project in Xuchang and the 1.5 megawatt rooftop power station project in Zhengzhou, both in Henan Province, completed the grid supervision and grid connection procedures in second half of 2013. In the first half of 2013, both projects received the final acceptance of the “Golden Sun Demonstration Project” by the Ministry of Finance. The Xuchang Project and the Zhengzhou Project commenced to record revenue for the sales of electricity in November 2013 and April 2014 respectively. The total power generation of the two projects was 2,090,000 kWh as of the end of December 2013 while the Group strives to achieve the power generation level of 12,000,000 kWh in 2014.

As disclosed in the Letter from the Board, disregarding the other administrative expenses incurred by the green energy business segment, the turnover and the profits or loss attributable to each of the Golmud Qinghai Project, the Xuchang Project and the Zhengzhou Project for the two years ended 31 December 2013 were set out as follows:

	Golmud Qinghai Project	Xuchang Project	Zhengzhou Project
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 December 2012			
Turnover	4,315	–	–
Profit/(Loss) before taxation	2,172	(1,120)	(1,529)
Profit/(Loss) after taxation	2,172	(1,120)	(1,529)
Net assets as at 31 December 2012	45,775	23,294	23,950
For the year ended 31 December 2013			
Turnover	27,570	564	–
Profit/(Loss) before taxation	3,531	(43,853)	(6,021)
Profit/(Loss) after taxation	3,531	(43,853)	(6,021)
Net assets/(liabilities) as at 31 December 2013	50,851	(20,503)	18,577

As advised by the management of the Company, the Group has formulated refined development strategies and endeavoured to become a leading independent solar power generator in the world. The Company will focus on its solar PV business and fulfill the

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development goal by searching for business partners globally for joint development and construction of solar power generation projects. In view of the bright future of solar power industry in the PRC, the solar PV power station projects undergoing in the Jun Yang Sub-Group and an opportunity for the Company to take full control of the Jun Yang Sub-Group, the Directors believe that the Acquisition represents an excellent opportunity for the Group to increase its shares in downstream solar power projects and thus enjoy more benefits from the solar power business through the Jun Yang Sub-Group in the PRC.

Notwithstanding the Jun Yang Sub-Group was loss making for the two years ended 31 December 2013, having considered the analysis above and (i) the Group has engaged in the green energy industry since 2009; (ii) the green energy segment has become the largest revenue contributor to the Group from 2011 to 2013; (iii) it is the strategy of the Group to continue to develop its solar PV power generation business; and (iv) the PRC government has been promoting complementary policies to offer support to the development of solar PV industry in the PRC, we concur with the view of the Directors that the Acquisition represents an opportunity for the Group to increase its shares in downstream solar power projects and thus enjoy more benefits from the solar power business through the Jun Yang Sub-Group in the PRC.

4. Principal terms of the SP Agreement

The principal terms of the SP Agreement are summarised as follows:

Date:	7 April 2014
Purchaser:	The Company
Vendor:	Sun Reliant
Subject matter:	The Sales Shares, representing approximately 32.10% of the issued share capital of Jun Yang Holdings as at the date of the SP Agreement
Consideration:	Pursuant to the SP Agreement, the Consideration of HK\$109,105,267 will be satisfied by the allotment and issue, credited as fully paid, of 1,091,052,670 Consideration Shares at an issue price of HK\$0.10 per Consideration Share by the Company to Sun Reliant at Completion

As stated in the Letter from the Board, the Consideration was determined after arm's length negotiations between the Company and Sun Reliant with reference to the net assets value of the Jun Yang Sub-Group as at 31 December 2013 of approximately HK\$190.02 million and a deferred revenue of HK\$149.9 million relating to subsidy from the PRC government as at 31 December 2013 in relation to the "Golden Sun Demonstration Project" (the "Golden Sun Subsidy") regarding the construction of Xuchang solar photovoltaic power

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

station and Zhengzhou solar photovoltaic power station. As confirmed by the Directors, no conditions attaching to the Golden Sun Subsidy were required to be fulfilled for the use of the Golden Sun Subsidy granted by the PRC government.

As stated in the Letter from the Board, the Directors are of the view that the settlement of the Consideration by way of allotment and issue of the Consideration Shares does not incur any interest expenses on the Group and affect the cash and liquidity positions of the Group as compared with other financing alternatives. The Directors has taken into account the considerations involved in the 2013 Acquisition in assessing the fairness and reasonableness of the Consideration and the basis of determining the Consideration was the same with that for the 2013 Acquisition.

As advised by the management of the Company, the Golden Sun Subsidy was granted relating to the capital expenditure incurred by the Jun Yang Sub-Group for the construction of solar PV power station projects in Xuchang and Zhengzhou, Henan Province. Such construction work had been completed and the related capital expenditure was recorded as fixed assets while the Golden Sun Subsidy was recorded as deferred income. Over the useful lives of the power stations, the deferred income will be systematically recognized and matched with the depreciation expense of the power stations. The Golden Sun Subsidy was received by the Group in stages in accordance with the progress of each project. As at 31 December 2013, the Group had recorded HK\$149.9 million of the Golden Sun Subsidy as deferred revenue in its financial statements, of which the Group received (i) approximately HK\$5.8 million in the fourth quarter of the year ended 31 December 2011; (ii) approximately HK\$137.8 million in the year ended 31 December 2012; and (iii) approximately HK\$6.3 million in the year ended 31 December 2013.

It is noted that the Consideration is approximate to the proportionate amount of HK\$339.9 million, being the sum of net assets value of the Jun Yang Sub-Group as at 31 December 2013 of approximately HK\$190.02 million and the Golden Sun Subsidy of HK\$149.9 million (the "Adjusted NAV"). Based on our discussion with the management of the Company, we are given to understand that the Adjusted NAV means a fair net assets value of the Jun Yang Sub-Group based on the latest available management/audited accounts and adjusted by any subsequent event and/or accounting treatment which casts material impact on the fair net assets value of the Jun Yang Sub-Group. The Golden Sun Subsidy was categorized as government grant under the Group's accounting policies. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

In assessing the fairness and reasonableness of the Consideration, we attempted to conduct a trading multiples analysis in order to compare the price to earnings ratio and price to book ratio implied by the Consideration against the comparable companies, being companies listed on the Stock Exchange which are principally engaged in businesses similar to the Jun

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Yang Sub-Group with revenue generated from solar power plant business segment represents more than 50% of the total revenue of such comparable companies and market capitalisation of less than HK\$1 billion. However, based on the information available from the website of the Stock Exchange, we are unable to identify comparable company to the Jun Yang Sub-Group based on the abovementioned criteria and we consider it not meaningful to adopt trading multiples analysis in our discussion accordingly.

The Directors consider that the basis of the Consideration is fair and reasonable, and the settlement of the Consideration by the allotment and issue of the Consideration Shares is beneficial to the Company and the Shareholders as a whole. As discussed in the paragraph headed "Background of the Jun Yang Sub-Group" above, the consideration for (i) the Sun Reliant Subscription in May 2012 was determined with reference to the then net assets value of the Jun Yang Sub-Group and its business prospects; and (ii) the 2013 Acquisition was determined with reference to the then unaudited net assets value of the Jun Yang Sub-Group taking into account the subsidy from the PRC government.

Taking into account (i) the basis of determining the consideration for the Sun Reliant Subscription and the 2013 Acquisition; (ii) the Jun Yang Sub-Group is an asset-based company with substantial fixed assets investments in solar PV power stations; (iii) the net assets value of the Company represents a fair market value of the assets and liabilities of the Company as the Company reviews the carrying amount of its fixed assets at the end of each reporting period in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss; and (iv) the Directors expect that the market price of the main components of the PV power stations construction will only be slightly decreased in the coming year and therefore, the amount of fixed assets impairment, if required, would not be significant and the net assets value of Jun Yang Sub-Group would not be substantially affected, we concur with the view of the Directors that it is fair and reasonable to determine the Consideration with reference to the Adjusted NAV.

Based on the 2013 Annual Report, the audited net assets value per Share attributable to owners of the Company as at 31 December 2013 was approximately HK\$0.112. Assuming that the issuance of Consideration Shares and Completion had taken place on 31 December 2013, the audited net assets value per Share attributable to owners of the Company as at 31 December 2013 would be decreased from HK\$0.112 to approximately HK\$0.1056. Having considered that the settlement of the Consideration by the allotment and issue of the Consideration Shares would not affect the cash and liquidity positions of the Group, we consider that it is beneficial to the Company and the Shareholders as a whole and the dilution effect to the net assets value per Share upon Completion to be acceptable.

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The issue price

As stated in the Letter from the Board, the issue price of HK\$0.10 per Consideration Share was arrived at by the Company and Sun Reliant after arm's length negotiation taking into account the closing price of the Shares prior to the signing of the SP Agreement. The issue price of HK\$0.10 per Consideration Share:

- (a) is equal to the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the date of the SP Agreement;
- (b) is equal to the average closing price of HK\$0.10 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the SP Agreement;
- (c) represents a premium of approximately 0.30% over the average closing price of HK\$0.0997 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the SP Agreement;
- (d) represents a premium of approximately 35.14% over the closing price of HK\$0.074 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) represents a discount of approximately 10.71% to the audited net assets value attributable to owners of the Company of approximately HK\$0.112 per Share as at 31 December 2013 (calculated based on the audited consolidated net assets value attributable to owners of the Company of approximately HK\$996.1 million as at 31 December 2013 and the total number of issued Shares of 8,894,420,252 as at the Latest Practicable Date).

When a listed company issues new shares, we consider it reasonable to compare the issue price with the recent trading prices of the listed company to form a basis of the fairness and reasonableness of the issue price of the new shares. In addition to the above, we have reviewed the historical trading price of the Shares for the period commencing from 8 April 2013, being the 12-month period prior to the date of the SP Agreement, up to and including the Latest Practicable Date (the "Review Period"). The chart below shows the daily closing price of the Shares against the issue price for the Review Period.

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Share price performance during the Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the chart above, the Share price during the Review Period rose to the highest of HK\$0.208 per Share on 10 April 2013 and fell to the lowest of HK\$0.052 per Share on 18 December 2013 and with an average closing price of approximately HK\$0.122 per Share. We noted that trading of the Shares was in the range of HK\$0.15 to HK\$0.20 during most of the days from April 2013 to mid-September 2013. The closing price of the Shares exhibited a declining trend since then and reached the lowest point at HK\$0.052 per Share on 18 December 2013. After that, the closing price of the Shares maintained at a level slightly above HK\$0.05 and rose gradually since mid-February 2014 to early April 2014. The closing price of the Shares was HK\$0.074 on the Latest Practicable Date.

As discussed with the management of the Company, the Group entered into a share subscription agreement and a put option 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”) in May 2013 to subscribe for 350,000,000 new shares of Beijing Sanjili which constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. As stated in the announcement of the Company dated 25 September 2013, the share subscription agreement and put option agreement were terminated after trading hours on the date of such announcement. The management of the Company considers that the termination of the very substantial acquisition might have impact on the closing Shares price during October 2013 to December 2013.

It is noted that the Shares were traded above HK\$0.10 from the beginning of the Review Period to early October 2013, being the first half of the Review Period, and the Shares were traded below HK\$0.10 in most of the days for the second half of the Review Period. After the date of the SP

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Agreement, the Shares were traded below HK\$0.10 since 11 April 2014 up to and including the Latest Practicable Date, we consider it reasonable to compare the issue price with the recent trading prices of the Shares to form a basis of the fairness and reasonableness of the issue price of the new Shares. Notwithstanding the issue price represents a discount of approximately 10.71% to the audited net assets value per Share attributable to owners of the Company as at 31 December 2013, on the basis that the issue price equals to the closing price of the Shares on the date of the SP Agreement and the average closing price of the Shares for the last five trading days up to and including the date of the SP Agreement respectively, we concur with the view of the Directors that the issue price was fairly and reasonably determined and consider that the issue price reflects the market price of the Shares around the date of the SP Agreement.

5. Dilution to the shareholding of the Independent Shareholders

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon Completion (assuming no Subscription Shares are issued prior to Completion); and (ii) immediately upon Completion (assuming Subscription Shares have been allotted and issued prior to Completion):

	As at the Latest Practicable Date		Immediately upon Completion (assuming no Subscription Shares are issued prior to Completion)		Immediately upon Completion (assuming Subscription Shares have been allotted and issued prior to Completion)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Mr. Bai Liang (Note 2)	132,140,598	1.49	132,140,598	1.32	1,632,140,598	14.21
Mr. Peng Libin (Note 3)	3,400,000	0.04	3,400,000	0.03	3,400,000	0.03
Sun Reliant	-	-	1,091,052,670	10.93	1,091,052,670	9.50
Public Shareholders	<u>8,758,879,654</u>	<u>98.47</u>	<u>8,758,879,654</u>	<u>87.72</u>	<u>8,758,879,654</u>	<u>76.26</u>
Total	<u>8,894,420,252</u>	<u>100.00</u>	<u>9,985,472,922</u>	<u>100.00</u>	<u>11,485,472,922</u>	<u>100.00</u>

Notes:

- (1) The above shareholding table is for illustration purpose only and does not take into account the Shares that may fall to be issued (i) upon the exercise of the conversion rights under the convertible bonds which may be placed by the Company as referred to in the Company's announcements dated 10 April 2014 and 29 April 2014; and (ii) upon exercise of the share options granted under the share option schemes of the Company.
- (2) Mr. Bai Liang is an executive Director and chairman of the Board.

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(3) Mr. Peng Libin is an executive Director.

As illustrated in the table above, the Consideration Shares, being allotted and issued, will represent (i) approximately 10.93% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares; and (ii) approximately 9.50% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and Subscription Shares. The shareholding interests of the existing public Shareholders will be diluted from approximately 98.47% as at the Latest Practicable Date to (i) approximately 87.72% upon the issue of the Consideration Shares; and (ii) approximately 76.26% upon the issue of the Consideration Shares and Subscription Shares. Taking into account (i) the factors as set out under the paragraph headed “Reasons for and benefits of the Acquisition” in this letter and that the issue of the Consideration Shares is beneficial to the Group in maintaining its cash liquidity position while releasing the Group from the liabilities and interest burden of other financing alternatives, it will facilitate the enhancement of the future prospect of the Group; and (ii) the capital base of the Company will be enlarged upon the issue of the Consideration Shares, we concur with the Directors’ view that the dilution effect on the shareholding interests of the existing public Shareholders to be acceptable.

6. Financial impact of the Acquisition

Earnings

Upon Completion, Jun Yang Holdings will be treated as a wholly-owned subsidiary of the Group and its financial results will continue to be consolidated into the consolidated financial statements of the Group with its interest in Jun Yang Holdings increased from approximately 67.90% to 100%.

As the Jun Yang Sub-Group recorded a loss of approximately HK\$48.0 million for the year ended 31 December 2013, the Acquisition would have negative financial effects on the loss attributable to the owners of the Company as if Completion had taken place as at 31 December 2013. Notwithstanding the above, given the potential future prospects of the Jun Yang Sub-Group as mentioned in the paragraph headed “Reasons for and benefits of the Acquisition” and assuming that the development plan of the PV power station projects will be realized as intended, the Directors consider that the Acquisition will bring positive financial effects on the earnings attributable to the owners of the Company should the Jun Yang Sub-Group’s performance improves in the future.

Net assets value

Assuming that the issuance of the Consideration Shares and Completion had taken place on 31 December 2013, the audited net assets value attributable to owners of the Company as at 31 December 2013 would be increased from HK\$996.1 million to HK\$1,054.4 million as a result of the Acquisition as there would be a decrease in the non-controlling interest of Jun Yang Holdings of approximately HK\$58.3 million and an increase in the capital and reserves account of approximately HK\$58.3 million due to the allotment and issue of the Consideration Shares.

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The audited net assets value per Share attributable to owners of the Company as at 31 December 2013 would be decreased from HK\$0.112 to approximately HK\$0.1056 assuming that the issuance of the Consideration Shares and Completion had taken place on 31 December 2013.

Working capital

As at 31 December 2013, the cash and cash equivalents of the Group amounted to approximately HK\$208.6 million. The working capital of the Group would not be altered as a result of the Acquisition as the Consideration would be settled by way of allotment and issue of the Consideration Shares which has no cash flow impact on the Group.

RECOMMENDATION

Taking into account the above principal factors and reasons, we are of the opinion that although the Acquisition is not in the ordinary course of business of the Company, the terms of the SP Agreement and the transactions contemplated thereunder are on normal commercial terms and the Acquisition and the allotment and issue of the Consideration Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the SP Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate.

Yours faithfully,
For and on behalf of
Aviate Beijing Capital Limited

Phoebe Wong
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director or the chief executive of the Company in the Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Long position in Shares

Name of Director	Capacity	Number of Shares	Approximate Percentage
Bai Liang	Beneficial owner	1,632,140,598 Shares ^(Notes)	18.35%
	Deemed interest pursuant to section 317 of the SFO	264,281,196 Shares	2.97%
Peng Libin	Beneficial owner	3,400,000 Shares	0.04%

Notes: Out of the 1,632,140,598 Shares beneficially owned by Mr. Bai Liang, 1,500,000,000 Shares of which were the Subscription Shares proposed to be issued to Mr. Bai Liang pursuant to the subscription agreement dated 14 April 2014 entered into between the Company and Mr. Bai Liang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interest and short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion, letter or advice contained in this circular:

Name	Qualification
Aviate Beijing Capital Limited	a corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity

Aviate Beijing Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, Aviate Beijing Capital Limited was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. DIRECTORS' COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors nor their respective associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules, if the Directors were controlling Shareholders.

6. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

On 14 April 2014, the Company entered into a subscription agreement with Mr. Bai Liang, the chairman of the Board and an executive Director, pursuant to which Mr. Bai Liang has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 1,500,000,000 Subscription Shares at a subscription price of HK\$0.10 per Subscription Share ("Subscription"). Details of the Subscription are disclosed in the announcement of the Company dated 14 April 2014 and the circular of the Company dated 28 May 2014.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or

disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up.

8. GENERAL

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at Room 509, 5th Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.
- (c) The company secretary of the Company is Mr. Siu Kam Chau, who is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and a Certified Public Accountant (practising) of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) This circular has been prepared in both English and Chinese. In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the office of Leung & Lau at Units 7208-10, 72nd Floor, The Center, 99 Queen's Road, Central, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the SP Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (d) the written consent referred to in paragraph headed "Expert and consent" of this appendix;

- (e) the subscription agreement dated 14 April 2014 and entered into between the Company and Mr. Bai Liang, pursuant to which Mr. Bai Liang has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,500,000,000 Subscription Shares at the subscription price of HK\$0.10 per Subscription Share;
- (f) the circular of the Company dated 13 February 2014;
- (g) the circular of the Company dated 28 May 2014; and
- (h) this circular;

NOTICE OF THE SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Jun Yang Solar Power Investments Limited (“**Company**”) will be held at 9:30 a.m. on Monday, 23 June 2014 at 1st Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (A) the proposed acquisition (“**Acquisition**”) of 11,415 shares of US\$1.00 each in, representing 32.10% of the issued share capital of, Jun Yang Solar Power Investment Holdings Limited, (“**Sale Shares**”) by the Company as contemplated under the sale and purchase agreement (“**SP Agreement**”) dated 7 April 2014 entered into between the Company and Sun Reliant (as defined in the circular of the Company dated 6 June 2014, a copy of which is marked “A” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) (a copy of the SP Agreement is marked “B” and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) be and is hereby approved;
- (B) subject to completion of the Acquisition, the directors of the Company (“**Directors**”) be and are hereby specifically authorised to exercise all the powers of the Company and to take all steps as might in their opinion be desirable or necessary in connection with the allotment and issue of 1,091,052,670 shares of HK\$0.02 each of the Company (“**Consideration Shares**”) pursuant to the SP Agreement; and
- (C) all other transactions contemplated under the SP Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the SP Agreement and the allotment and

NOTICE OF THE SGM

issue of the Consideration Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole.”

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

6 June 2014

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

Notes:

- (1) A member of the Company entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the special general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the special general meeting or any adjournment thereof, should he/she so wish.
- (3) Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll.

As at the date hereof, the executive Directors are Mr. Bai Liang, Mr. Jiang You, Mr. Siu Kam Chau and Mr. Peng Libin; and the independent non-executive Directors are Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai.