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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHT

For the year ended 31 December 2014:

- The Group recorded revenue of approximately HK\$63,016,000 (2013: approximately HK\$63,003,000). Of it, approximately HK\$30,812,000, or 49% (2013: approximately HK\$42,288,000, or 67%), was from the solar power main business.
- Profit attributable to owners of the Company amounted to approximately HK\$255,398,000 (2013: loss of approximately HK\$18,049,000). The profit was mainly attributable to the gain arising on change in fair value of held-for-trading investments.
- The Board does not recommend the payment of any dividend.

At 31 December 2014:

- The Group held pledged bank deposits and cash and cash equivalents of approximately HK\$314,940,000 (2013: approximately HK\$212,547,000). The Group held loan receivables of approximately HK\$316,737,000 (2013: approximately HK\$226,342,000) and held-for-trading investments of approximately HK\$863,883,000 (2013: approximately HK\$366,313,000) respectively.
- Net current assets amounted to approximately HK\$1,328,183,000 (2013: approximately HK\$564,813,000). Current ratio (defined as total current assets divided by total current liabilities) was 5.77 times (2013: 3.24 times).
- Net assets amounted to approximately HK\$1,768,727,000 (2013: approximately HK\$1,055,228,000).
- The Group had bank and other borrowings of approximately HK\$43,582,000 (2013: approximately HK\$10,957,000).

RESULTS

The board (the “Board”) of directors (the “Directors”) of Jun Yang Solar Power Investments Limited (the “Company” or “Jun Yang Solar”) announces the audited consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 together with figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	For the year ended 31 December	
		2014 HK\$'000	2013 HK\$'000
Revenue	3	63,016	63,003
Cost of sales		(29,430)	(13,029)
Gross profit		33,586	49,974
Other income and gains		12,575	25,444
Employee benefits expense		(32,802)	(26,455)
Depreciation of property, plant and equipment		(2,161)	(2,493)
Gain arising on change in fair value of held-for-trading investments		350,241	8,996
Gain arising on change in fair value of derivative financial instruments		97	1,853
Gain on disposals of subsidiaries		135	14,084
Loss on dilution of interests in associates		(30,208)	–
Gain on disposals of associates		–	9,610
Impairment loss of property, plant and equipment		(21,352)	(59,020)
Impairment loss of available-for-sale investments		(2,607)	(4,317)
Impairment loss of goodwill		–	(2,941)
Loss on early redemption of convertible bonds issued by the Company		(6,196)	–
Finance costs	5	(18,404)	(155)
Other operating expenses		(32,525)	(39,006)
Share of results of associates		1,858	(9,132)
Profit/(loss) before tax		252,237	(33,558)
Income tax credit/(expense)	6	828	(330)
Profit/(loss) for the year	7	253,065	(33,888)

		For the year ended	
		31 December	
		2014	2013
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive (expense)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(1,636)	7,049
Release of translation reserve upon disposal of a subsidiary		(116)	–
Release of translation reserve upon dilution of interests in associates		204	–
Share of other comprehensive (expense)/income of associates		(1,162)	153
		<u>(2,710)</u>	<u>7,202</u>
Other comprehensive (expense)/income for the year, net of income tax		<u>(2,710)</u>	<u>7,202</u>
Total comprehensive income/(expense) for the year		<u>250,355</u>	<u>(26,686)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		255,398	(18,049)
Non-controlling interests		(2,333)	(15,839)
		<u>253,065</u>	<u>(33,888)</u>
Total comprehensive income/(expense) for the year attributable to:		<u>250,355</u>	<u>(26,686)</u>
		<u>252,843</u>	<u>(10,880)</u>
Owners of the Company		252,843	(10,880)
Non-controlling interests		(2,488)	(15,806)
		<u>250,355</u>	<u>(26,686)</u>
Earnings/(loss) per share			<i>(Restated)</i>
– Basic (HK cents per share)	9	<u>9.08</u>	<u>(0.98)</u>
– Diluted (HK cents per share)	9	<u>9.05</u>	<u>(0.98)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 DECEMBER 2014

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		386,838	404,328
Goodwill		808	136
Interests in associates		117,311	146,619
Other assets		225	–
Loan receivables		13,683	45,742
Available-for-sale investments		112,277	36,432
		631,142	633,257
Current assets			
Trade and other receivables	<i>10</i>	76,129	32,307
Loan receivables		303,054	180,600
Value-added tax recoverable		23,402	24,675
Held-for-trading investments		863,883	366,313
Bank trust account balances		25,380	–
Pledged bank deposits		4,727	3,947
Cash and cash equivalents		310,213	208,600
		1,606,788	816,442
Current liabilities			
Other payables and accruals	<i>11</i>	222,798	232,239
Derivative financial instruments		224	385
Deferred income		10,617	7,076
Tax payable		1,384	972
Bank and other borrowings		43,582	10,957
		278,605	251,629

	2014	2013
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets	<u>1,328,183</u>	<u>564,813</u>
Total assets less current liabilities	<u>1,959,325</u>	<u>1,198,070</u>
Non-current liabilities		
Deferred income	<u>190,598</u>	<u>142,842</u>
Net assets	<u>1,768,727</u>	<u>1,055,228</u>
Capital and reserves		
Share capital	44,465	177,888
Reserves	<u>1,715,041</u>	<u>818,198</u>
Equity attributable to owners of the Company	1,759,506	996,086
Non-controlling interests	<u>9,221</u>	<u>59,142</u>
Total equity	<u>1,768,727</u>	<u>1,055,228</u>

NOTES

1. GENERAL AND BASIS OF PREPARATION

Jun Yang Solar Power Investments Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda and its shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 October 1993. The Company’s registered office is situated at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda, and its head office and principal place of business in Hong Kong is situated at Unit 1105, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), while the functional currencies of certain subsidiaries are presented in Renminbi (“RMB”). The Company has selected Hong Kong dollars as its presentation currency because the management considered it is more beneficial to the user of the consolidated financial statements.

The Group is principally engaged in solar energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and asset investment.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance, which for the current financial year continues to be those disclosures required under the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied for the first time in current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

The application of the amendments to HKFRSs and a new Interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKAS 1	Disclosure Initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁴
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

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

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income from investment properties	–	1,397
Income from the provision of green energy related consultancy services	7,399	14,154
Income from sales of electricity	23,413	28,134
Interest income from loan financing	32,204	19,318
	<u>63,016</u>	<u>63,003</u>

4. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

Revenue and results

	Assets investment segment		Green energy segment		Money lending segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
Segment revenue	<u>-</u>	<u>1,397</u>	<u>30,812</u>	<u>42,288</u>	<u>32,204</u>	<u>19,318</u>	<u>63,016</u>	<u>63,003</u>
Results								
Segment results	343,287	24,144	(21,572)	(49,349)	29,111	18,772	350,826	(6,433)
Unallocated income							1,884	1,709
Unallocated corporate expenses							(47,523)	(43,241)
Gain on disposals of subsidiaries							-	14,084
Loss on dilution of interests in associates							(30,208)	-
Gain on disposals of associates							-	9,610
Loss on early redemption of convertible bonds issued by the Company							(6,196)	-
Finance costs							(18,404)	(155)
Share of results of associates							1,858	(9,132)
Profit/(loss) before tax							252,237	(33,558)
Income tax credit/(expense)							828	(330)
Profit/(loss) for the year							<u>253,065</u>	<u>(33,888)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2014 (2013: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/loss from each segment without allocation of central administration costs including directors' emoluments, gain on disposals of subsidiaries and associates, loss on dilution of interests in associates, share of results of associates, loss on early redemption of convertible bonds issued by the Company, other income and gains other than government grant and gains on disposal of an investment property, finance costs and income tax (credit)/expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2014	2013
	HK\$'000	HK\$'000
Segment assets		
Assets investment segment	978,810	406,320
Green energy segment	431,993	446,373
Money lending segment	329,001	236,189
	<hr/>	<hr/>
Total segment assets	1,739,804	1,088,882
Unallocated	498,126	360,817
	<hr/>	<hr/>
Consolidated total assets	<u>2,237,930</u>	<u>1,449,699</u>
Segment liabilities		
Assets investment segment	6,772	6,070
Green energy segment	389,398	375,997
Money lending segment	146	–
	<hr/>	<hr/>
Total segment liabilities	396,316	382,067
Unallocated	72,887	12,404
	<hr/>	<hr/>
Consolidated total liabilities	<u>469,203</u>	<u>394,471</u>

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

- all assets are allocated to operating segments other than other assets, current tax recoverable, bank trust account balances, pledged bank deposits, cash and cash equivalents, goodwill not allocated to segment assets and interests in associates; and
- all liabilities are allocated to operating segments other than bank and other borrowings and current tax payable.

Other segment information

	Assets investment segment		Green energy segment		Money lending segment		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital addition (including available-for-sale investments, excluding goodwill)	78,452	30,327	36,841	15,671	863	-	1,438	-	117,594	45,998
Addition of goodwill	-	-	-	-	-	-	672	-	672	-
Gain arising on change in fair value of held-for-trading investments	(350,241)	(8,996)	-	-	-	-	-	-	(350,241)	(8,996)
Gain arising on change in fair value of derivative financial instruments	(97)	(1,853)	-	-	-	-	-	-	(97)	(1,853)
Depreciation of property, plant and equipment	538	508	23,311	10,871	22	-	69	-	23,940	11,379
Impairment of property, plant and equipment	-	-	21,352	59,020	-	-	-	-	21,352	59,020
Impairment of available-for-sale investments	2,607	4,317	-	-	-	-	-	-	2,607	4,317
Impairment of goodwill	-	-	-	2,941	-	-	-	-	-	2,941
	<u>78,452</u>	<u>30,327</u>	<u>36,841</u>	<u>15,671</u>	<u>863</u>	<u>-</u>	<u>1,438</u>	<u>-</u>	<u>117,594</u>	<u>45,998</u>

Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the location of assets as detailed below:

	Revenue from external customers		Non-current assets	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	30,812	42,288	383,033	401,918
Hong Kong	32,204	20,715	130,798	84,720
	<u>63,016</u>	<u>63,003</u>	<u>513,831</u>	<u>486,638</u>

Non-current assets excluding interests in associates.

Information about major customers

For the year ended 31 December 2014, there was no (2013: one) customer with revenue (2013: approximately HK\$8,844,000) which accounted for more than 10% of the total revenue related to green energy segment.

5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on:		
– Bank and other borrowings wholly repayable within five years	2,506	134
– Bank overdraft	10	21
– Convertible bonds issued by the Company	<u>15,888</u>	<u>–</u>
	<u>18,404</u>	<u>155</u>

6. INCOME TAX (CREDIT)/EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
– Hong Kong profits tax	738	414
– PRC Enterprise Income Tax (“EIT”)	–	613
– Under/(over) provision in prior years	<u>241</u>	<u>(697)</u>
	<u>979</u>	<u>330</u>
Deferred tax:		
– Current year	<u>(1,807)</u>	<u>–</u>
	<u>(1,807)</u>	<u>–</u>
Tax (credit)/expense for the year	<u>(828)</u>	<u>330</u>

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the year.

Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary, GS-Solar (Qinghai) Company Limited ("GS-Solar") was entitled to exemption from the PRC EIT for the first three years commencing from its first revenue generated from operation and thereafter, it is entitled to a 50% relief from the PRC EIT for the following three years. The first revenue generated year of GS-Solar was the year ended 31 December 2011. Accordingly, GS-Solar was exempted from EIT for the years ended 31 December 2011, 2012 and 2013, followed by a 50% reduction for the years ended 31 December 2014, 2015 and 2016.

7. PROFIT/(LOSS) FOR THE YEAR

	2014	2013
	HK\$'000	HK\$'000
Profit/(loss) for the year has been arrived at after charging/(crediting):		
Staff costs:		
– Directors' emoluments	24,341	6,439
– Other staff costs	8,335	9,125
– Other staff retirement benefits scheme contributions	126	102
– Equity-settled share-based payments	–	10,789
	<u>32,802</u>	<u>26,455</u>
Dividend income from listed securities (including in gain arising on change in fair value of held-for-trading investments)	(8,555)	(8,357)
Depreciation of property, plant and equipment (<i>Note</i>)	23,940	11,379
Loss on disposals of property, plant and equipment	279	–
Auditors' remuneration	680	600
Operating lease rentals in respect of land and buildings	5,025	3,950
Net foreign exchange (gain)/loss	(427)	3,569
	<u>–</u>	<u>1,397</u>
Gross rental income from investment properties	–	1,397
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	–	(85)
	<u>–</u>	<u>1,312</u>

Note: Depreciation of property, plant and equipment of approximately HK\$21,779,000 (2013: HK\$8,886,000) have been included in cost of sales during the year ended 31 December 2014.

8. DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2014 (2013: Nil).

9. EARNINGS/(LOSS) PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings/(loss) for the purpose of basic earnings/(loss) per share		
Profit/(loss) for the year attributable to owners of the Company	255,398	(18,049)
Effect of dilutive potential ordinary shares:		
– Interest expenses on convertible bonds issued by the Company	15,888	–
– Loss on early redemption of convertible bonds issued by the Company	6,196	–
– Deferred tax effect	(1,807)	–
	<u>275,675</u>	<u>(18,049)</u>
Earnings/(loss) for the purpose of diluted earnings/(loss) per share		
	2014 <i>'000</i>	2013 <i>'000</i> <i>(Restated)</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (as adjusted for the share consolidation which became effective on 12 August 2014)	2,813,263	1,843,483
Effect of dilutive potential ordinary shares:		
– Share option issued by the Company	9,532	–
– Convertible bonds issued by the Company	224,188	–
	<u>3,046,983</u>	<u>1,843,483</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share (as adjusted for the share consolidation which became effective on 12 August 2014)	<u>3,046,983</u>	<u>1,843,483</u>
Basic earnings/(loss) per share (HK cents per share)	<u>9.08</u>	<u>(0.98)</u>
Diluted earnings/(loss) per share (HK cents per share)	<u>9.05</u>	<u>(0.98)</u>

The computation of diluted loss per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares for the years ended 31 December 2014 and 2013 for the purpose of basic and diluted earnings/(loss) per share has been adjusted and restated respectively resulting mainly from the share consolidation completed on 12 August 2014.

10. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables		
Trade receivables arising from green energy business	7,183	9,439
Other receivables		
Amounts receivables arising from securities broking	14,296	–
Prepayments, deposits and other receivables	43,332	22,868
Prepayments for purchase of property, plant and equipment	11,674	–
	<u>76,485</u>	<u>32,307</u>
Less: provision for impairment of other receivables	<u>(356)</u>	<u>–</u>
Total trade and other receivables	<u><u>76,129</u></u>	<u><u>32,307</u></u>

Notes:

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

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0-60 days	7,183	9,439
61-90 days	–	–
Over 90 days	–	–
	<u>7,183</u>	<u>9,439</u>

- (ii) At 31 December 2014, the Group's trade and other receivables included an amount of approximately HK\$26,641,000 (2013: HK\$ 20,835,000) that is denominated in RMB.

11. OTHER PAYABLES AND ACCRUALS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Amounts payable arising from securities broking	27,574	–
Other payables	187,590	225,650
Accruals	7,634	6,589
	<u>222,798</u>	<u>232,239</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2014, the Group recorded revenue of approximately HK\$63,016,000 (2013: approximately HK\$63,003,000). The increase was mainly attributable to the increase in the interest income from money lending business. Profit attributable to owners of the Company amounted to approximately HK\$255,398,000 (2013: loss of approximately HK\$18,049,000). The increase in profit for the year is mainly attributable to the gain arising on change in fair value of held-for-trading investments of approximately HK\$350 million, which is partly off-set by the loss as a result of dilution of interests in associates of approximately HK\$30 million. All such items do not have any impact on the cash flow of the Group. The Company has pledged bank deposits and cash and cash equivalent of approximately HK\$314,940,000 (2013: approximately HK\$212,547,000). The Group held loan receivables of approximately HK\$316,737,000 (2013: approximately HK\$226,342,000) and held-for-trading investments of approximately HK\$863,883,000 (2013: approximately HK\$366,313,000) respectively.

BUSINESS REVIEW

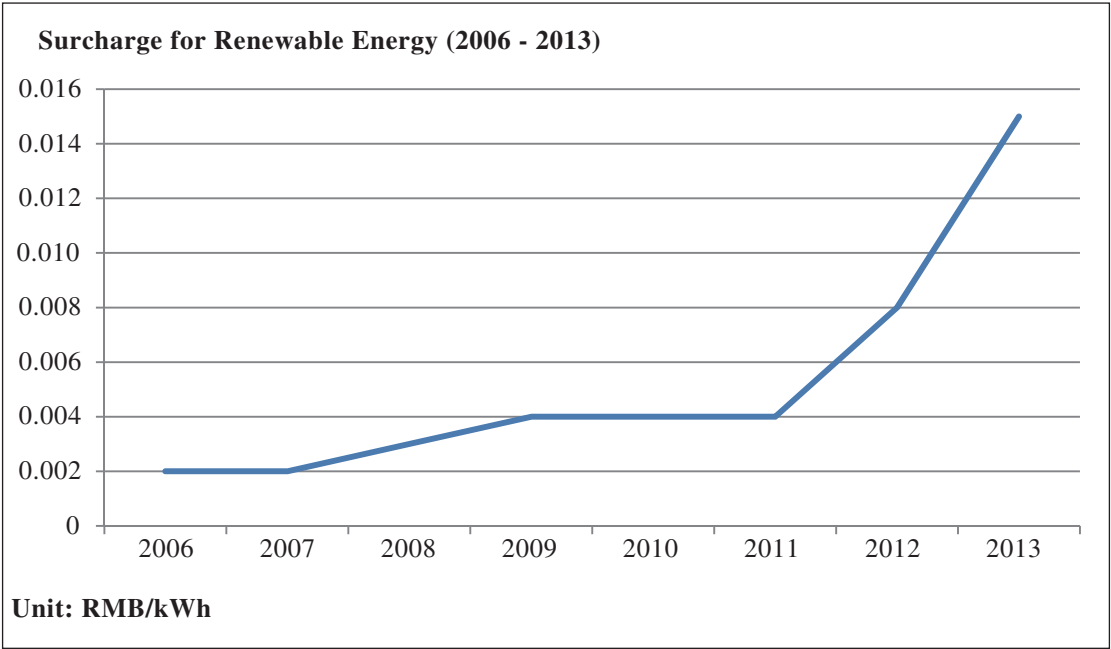
Strong Policy Support for Distributed Solar Power Generation in China

Due to the Central Government's implementation of a series of favorable policies to facilitate the distributed solar power generation in the past years, laying a sound foundation for the continuous development of distributed solar power generation in China. The National Energy Administration ("NEA") announced on 9 March 2015 that the total installation of solar power generation reached 10.6 Gigawatts ("GW") in China in 2014, accounting for one fifth of global total installation in 2014.

– Stable National and Local Subsidy

From July 2013, subsidy for every kilowatt hour ("kWh") electricity produced by distributed photovoltaic ("PV") power stations was introduced in replace of subsidy for investment in distributed solar power generation projects. This ensured that projects were completed and generated solar power. For these distributed solar projects, the National Development and Reform Commission ("NDRC") and the Ministry of Finance set the subsidy at RMB0.42/kWh for 20 years, whether the power is consumed internally or sold to the grid (in which case the generators also sell electricity to the end-users or the grid company and being paid for).

To facilitate the subsidy's need for fund, the Chinese government has set up the Renewable Energy Surcharge System and the rate has been raised in the last few years to finance the continuously enlarged subsidy for solar installation.



Source: NDRC Announcements

On top of national subsidies for distributed solar power generation, local governments in Zhejiang, Jiangsu, Shandong, Anhui, Jilin, Shaanxi Provinces, and Shanghai Municipal at provincial, county and city levels, all provide additional subsidies to distributed solar power at the rate range from RMB0.05-0.2/kWh for 5 to 20 years respectively. Shaanxi Province, Hefei Municipal (Anhui Province) and Tongxiang City (Zhejiang Province) also provide investment subsidies.

With the subsidies from central and local governments, the profitability and sustainability of solar power generation was improved significantly.

– Great Improvements in Grid Connection

Grid connection is a prerequisite for any power generation. Since the State Grid Corporation of China issued 《關於做好分布式光伏發電併網服務工作的意見》 (“*Opinions on Improving Services for Grid-connected Distributed PV Power Generation*”), the grid connection has been improving steadily. In 2014, a total of 10.6 GW solar power have been connected to the grid. In September 2014, the NDRC planning agency approved the NEA’s proposal to introduce a quota system for the use of power generated from renewable sources. 《可再生能源電力配額考核辦法(試行)》 (“*Renewable Energy Quota Trial Assessment Method*”) has been submitted to the State Council for final approval and details are expected to be released soon.

According to media reports (Xinhua), the draft included:

- Making grid companies responsible for acquiring power from renewable energy sources. Local governments will monitor the execution.
- Establishing two sets of power purchasing targets for grid companies and provinces/municipalities (basic and advanced); set a slightly higher target for eastern China and other prosperous areas.
- The NEA will suspend or reduce the scale of new thermal capacity installation of fossil energy for provinces that fail to meet the targets.

The management believes the implementation of Renewable Quota System will boost the grid connection of solar power.

– **Distributed PV Power Generation Project Financing**

In addition, the great improvements in financing of PV power generation project also contributed to the growth of the industry. In September 2014, The NEA issued new initiative 《關於進一步落實分布式光伏發電有關政策的通知》(國能新能[2014] 406號) (*“Notice regarding the Further Implementation of Distributed PV Power Generation Policy”*) (*Guo Neng Xin Neng [2014] No.406*) calling for banks to provide preferential loans for distributed PV power generation projects with power purchasing agreements (“PPA”) as the collateral. To follow the direction, China Development Bank and other commercial banks in China released clearer guidelines to loan to distributed PV power generation. In the second half of 2014, bank loans to distributed PV power generation has been granted. The Group was the first batch to be granted RMB50,000,000 bank facility with PPA as the collateral.

Moreover, 《關於印發能效信貸指引的通知》(*“The Energy Efficiency Credit Guidelines”*), a government document published in January 2015 by the China Banking Regulatory Commission and NDRC encourages banks to provide commercial loans to PV firms based on reasonable risk control and explores innovative ways to secure business guarantees. Chinese state-owned lenders including China Development Bank, Industrial & Commercial Bank of China (“ICBC”) and China Construction Bank started to provide more credit for new solar projects, which removes the blocks impeding the growth solar projects.

– Other Supportive Measures to Distributed Solar Power Generation

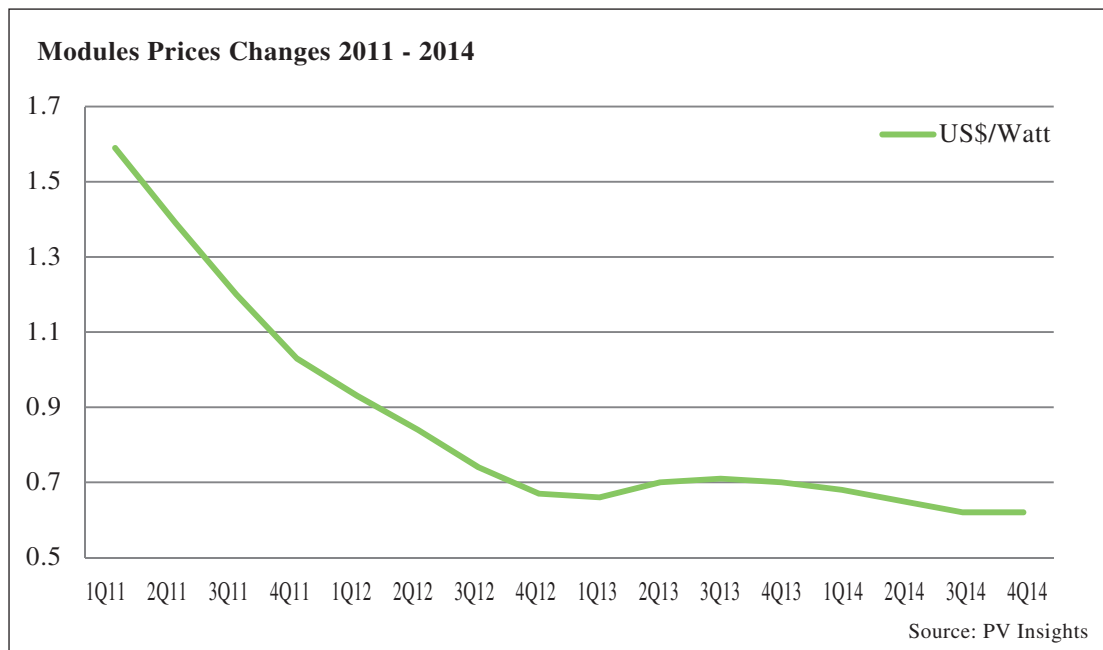
The measures formulated in 《關於進一步落實分布式光伏發電有關政策的通知》(國能新能[2014] 406號) (“*Notice regarding the Further Implementation of Distributed PV Generation Policy*”) (*Guo Neng Xin Neng [2014] No.406*) further cleared other hurdles facing distributed solar power generation, such as lack of roofs to erect solar system, bill collection for electricity sold and the subsidy payments.

- Government coordination for roof resources: Beijing, Shaanxi, Jiangxi, Zhejiang governments required all enterprises to install solar power generation system on their roofs if they consume certain amount of energy; Anhui, Henan, Jiangsu, Jiangxi, Shanxi and Zhejiang governments required all enterprises with factory roof areas more than 1,000 square meters to install solar power generation systems.
- Grid companies are asked to collect all electricity bills for distributed solar power located in the distributed solar demonstration zone.
- Grid companies are also responsible to pay the subsidy of distributed solar power timely.
- Distributed solar power generators could opt to sell (or switch to sell at their wish) all the power generated to the grid and entitled to the Feed-in-Tariff rate for ground-mounted solar farms.

Industry Profitability of Distributed Solar Power Generation is in Sight

As mentioned above, Chinese government offered top up subsidies, provinces and municipalities including Shandong, Jiangsu, Anhui, Jiangxi, Shanxi, Shanghai, Jilin, Hunan, Zhejiang, would receive subsidies on their ground power generation and/or distributed solar power generation while some provinces also enjoyed subsidies on investment project, therefore solar projects can secure better returns based on the new rules.

Coupled with the supportive policies, distributed solar power generation is also benefiting from the declines of costs. The cost for modules, accounting for the biggest share in construction investment, have dropped from US\$1.59 per Watt to US\$0.62 per Watt since 2011. The average selling price of mountings has dropped 33% in the last two years in line with the drop of steel price while the average selling price of inverters has fallen more than 30%. All these lowered the investment cost of distributed solar power generation that resulted in better project returns.



Among the different kinds of solar power projects, distributed solar power generation yields higher return because of its main feature of self-generation and self-consumption. Distributed solar power projects are typically the installation of distributed solar panels on rooftops, which generates electricity for their host buildings. In China, the power tariff for commercial and industrial end users is relatively higher, especially in more affluent provinces such as Shandong, Jiangsu, Zhejiang, etc. (it can be as high as RMB1.0/kWh when comparing with national average around RMB0.8/kWh). Therefore, higher usage of the power generated from the rooftop, lower the power consumed from utility grid, which the owners of the buildings will benefit from significant cost savings in terms of electricity bills. Meanwhile, solar power generators can enjoy higher profit margins because they can charge more than selling the electricity to the grid.

Acquisition of Entire Equity Interest in Solar Power Business

On 7 April 2014, the Company entered into a sale and purchase agreement with Sun Reliant International Limited (“Sun Reliant”), pursuant to which the Company has conditionally agreed to acquire approximately 32.10% of the issued share capital of Jun Yang Solar Power Investment Holdings Limited (“Jun Yang Holdings”), a non wholly-owned subsidiary of the Company as at the date of the said agreement, at the consideration of HK\$109,105,267. The completion of this acquisition marks the completion of acquisition of the entire equity interest of solar business, which demonstrates the Group’s confidence and determination on the development of downstream solar energy projects.

Money Lending Business Continued Contribution to the Profitability of the Group

Since the Group entering into the money lending business in Hong Kong through the acquisition of E Finance Limited in 2012, the business has been well on track and become one of the Group’s principal business focuses which enables the Group to diversify its income sources. In October 2013, Top Sense Worldwide Ltd, a wholly-owned subsidiary of the Company, entered into a joint venture agreement and also further set up a Hong Kong company and a wholly foreign-owned enterprise in the PRC to conduct money lending business in the PRC indirectly through the wholly foreign-owned enterprise. The Group’s lending business achieved outstanding performance, as noted from the aggregated sum of approximately HK\$407,154,000 for the year ended 31 December 2014. (2013: HK\$336,250,000), which laid a solid capital foundation for the core PV business. Closely monitoring the progress of this business, the management is well poised for seizing any opportunities that would immensely facilitate its development.

Trading in Hong Kong Listed Shares Achieved Good Performance

For investing activities, the Group reported the gain arising on change in fair value of held-for-trading investments of approximately HK\$350 million.

On 13 August 2014, the Company entered into a subscription agreement with China Culiangwang Beverages Holdings Limited (“China Culiangwang”), the Company has subscribe for 395,328,000 subscription shares of China Culiangwang at the subscription price of HK\$0.25 per subscription share. All the subscription shares are subject to a lock-up period of two months from the completion date. The subscription was completed on 24 October 2014, and the shares have been disposed in January and February 2015 in the market.

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

On 14 April 2014, the Company entered into a subscription agreement with the chairman of the Group, Mr. Bai Liang (“Mr. Bai”). Mr. Bai has agreed to subscribe 1.5 billion new shares of HK\$0.02 each in the share capital of the Company, represent approximately 16.86% of the issued share capital of the Company as at the date of the subscription agreement, at HK\$0.1 per subscription share. Mr. Bai paid the aggregate price in cash and the subscription shares are subject to a lock-up period of one year. Mr. Bai’s subscription of shares of the Company further demonstrated the confidence of the management in the growth of the solar power generation business and the growing opportunity of money lending business as a whole. As at the date of this announcement, Mr. Bai holds approximately 9.18% of the issued share capital of the Company and becomes the biggest shareholder of the Company.

Expanding to Global Solar Business and CEO Subscribed Shares

In August 2014, Pictures Global Holdings Limited was incorporated, aiming at expending our solar business into global markets.

On 7 October 2014, the chief executive officer of the Group, Mr. Jiang You (“Mr. Jiang”) subscribed 9.9% equity interest in Pictures Global Holdings Limited, a subsidiary of the Company. With a view to developing the solar energy business in overseas regions with a focus in Australia and United State currently, the Group believed that the extensive experiences of Mr. Jiang in the overseas solar energy business would help to establish a platform for expanding and developing the solar energy business of the Group in the overseas market.

Solar Power Generation Projects are on the Right Track

During the year under review, the operations of the Group’s solar projects had been on the right track. With years of experience in the power station management, better efficiency was achieved and generated stable revenue to the Group:

- The 10-megawatt large-scale solar PV ground-mounted power station project in Golmud, Qinghai Province commenced operation in 2012. The total power generation in 2014 was approximately 13,230,000 kWh.
- The 20-megawatt rooftop power station in Xuchang, Henan Province started to generate electricity in 2013 and the total power generation in 2014 amounted to approximately 12,903,000 kWh. Approximately RMB48 million investment subsidy residual was collected in December 2014.
- The 1.5-megawatt rooftop power station in Zhengzhou, Henan Province had been put into operation in 2013 and a total power of 360,000kWh was generated in 2014.

- A new 10-megawatt rooftop power station in Rongcheng, Shandong Province has been constructed. The project was approved by the Weihai Municipal Government in September 2014 and was granted a bank facility of RMB50,000,000 by the Bank of Beijing in December 2014. It was one of the first batches of bank facility to distributed solar power generation projects with charging rights as the collateral in China. All the ground work of the construction has been finished and the installation of modules was completed in January 2015. This new project has been connected to the grid and started to generate electricity since 3 March 2015.

Acquisition of Lucky Securities Company Limited

To leverage our experiences in money lending and securities trading business, in October 2014, the Group completed the acquisition of the entire shares of Lucky Securities Company Limited, a participant of The Stock Exchange of Hong Kong Limited and a licensed corporation to carry out businesses in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap.571). The management believes the acquisition will broaden the Group's portfolio and strengthen our financial businesses.

Lucky Securities Company Limited has changed its name to Jun Yang Securities Company Limited with effect from 20 March 2015.

BUSINESS OUTLOOK

To address the issue of pollution and combat the wide spread of smog in China, the central government fleshed out aggressive environmental protection and clean energy plan in 2014 and the landmark new Environmental Law takes effect in 2015. The Ministry of Environmental Protection is empowered to take tighten measures against polluters. Under such circumstance, environment and clean energy plays to benefit.

On the other hand, according to the NEA, the newly installed capacity for solar power was 10.6 GW, falling short of NEA's 14 GW guidance at the year-start of 2014. Among which, the installation of grid-connected distributed solar power in 2014 was only 2.05 GW, fell far short of government yearly target of 8 GW. On 16 March 2015, NEA released 《關於下達2015年光伏發電建設實施方案的通知》 (“*Notice on the Implementation Plan for PV Power Generation in 2015*”). According to the plan, the total capacity of installation of solar power generation was set for 17.8 GW. All projects included in this target are entitled to the subsidy from the renewable energy fund. There will be no cap for the installation of distributed solar power on roof-tops. Relevant local Energy Administration should approve these projects and the Grid companies should get these projects grid connected timely. These distributed solar power projects are entitled to the subsidy when the constructions are completed. To meet the cumulative installation target, the Company believe that the government will roll out more supportive policies. Coupled with the good news that major commercial banks such as ICBC, China Merchants Bank and Agricultural Bank of China offering clearer credit policies for industry players that implied the better availability of bank facility for construction of solar projects.

In view of the supportive environment, the Group will strengthen its investment in solar power generation, especially in distributed solar power generation in the eastern developed regions such as Shandong and Jiangsu Provinces. The management is confident that 2015 would be a year for substantial solar project ramp.

In view of the higher returns and less possibility of curtailment, the management believes the Group will have more opportunities in the booming distributed solar power generation and has formulated refined development strategies to focus on distributed solar power generation. More resources will be devoted to realize our goal to strengthen our presence in this aspect.

On 15 March 2015, the Central Committee of Communist Party of China and the State Council released the joint document 《關於進一步深化電力體制改革的若干意見》 (“*Opinions on Deepening the Reform of Electricity System*”). It has been decided to open the distribution and retail market of electricity for private and foreign investment in an orderly manner and develop distributed power generation actively. As the Group is already selling electricity to end-users for its rooftop solar farms, the reform will likely to open a new business opportunity for the Group in the near future.

To ensure efficient utilization of fund and maximizing returns to our shareholders, the Company will continue its money lending business and assets investment to generate more profits while financial resources are available.

In March 2015, a wide spread documentary “Under the Sky” by previous CCTV journalist Ms Chai Jing recalls national sentiment for environment protection and pressures for the government to take more actions in combating the pollution and developing renewable energy are mounting. As we have stated in the previous sections, the management believes the profitability for distributed solar power generation in China is in sight with the implementation of a series government supportive policies. This is also true for other environmental protection industry. Nevertheless, partly because they have suffered large bad debts in previous loans to upstream solar companies, partly for the specific features of distributed solar power generation, the banks in China are still reluctant to lend to solar power project. Only a very few projects have been provided bank loans with PPA as collateral. Therefore, the demand for loan financing for solar power generation and environmental protection projects has not been met.

In view of that, the management believes that the environmental protection industry including solar power generation and other renewable energy is a good niche market for the Group. Leveraging our experiences in Hong Kong for the past years and the joint venture establishment in investment in China, as well as our involvement in the development and management of solar power generation projects, the Group will actively involve in the development, investment and project financing in environmental protection that include solar power and other renewable energy business in China.

The Group will carry on its continuous strategy in investment in Hong Kong listed and unlisted securities. We will monitor the market changes close and endeavor to capture investment opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group held pledged bank deposits and cash and cash equivalents of approximately HK\$314,940,000 (2013: approximately HK\$212,547,000). Net current assets amounted to approximately HK\$1,328,183,000 (2013: approximately HK\$564,813,000). Current ratio (defined as total current assets divided by total current liabilities) was 5.77 times (2013: 3.24 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 21% (2013: 27%).

As at 31 December 2014, the Group had outstanding bank and other borrowings of approximately HK\$43,582,000 (2013: approximately HK\$10,957,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank and other borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 31 December 2014, the Group had shareholders' equity of approximately HK\$44,465,000 (2013: approximately HK\$177,888,000).

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

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

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

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

On 23 October 2014, the Company allotted and issued 1,090,000,000 placing shares of HK\$0.01 each in the share capital of the Company, at the placing price of HK\$0.193 per placing share, pursuant to the placing agreement and the specific mandate granted to the Directors at the special general meeting of the Company held on 6 October 2014, details of which are disclosed in the circular of the Company dated 15 September 2014.

On 24 November 2014, the Company allotted and issued 444,000,000 placing shares of HK\$0.01 each in the share capital of the Company, at the placing price of HK\$0.186 per placing share, pursuant to the placing agreement and the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May 2014, details of which are disclosed in the announcement of the Company dated 13 November 2014.

CHARGES ON GROUP ASSETS

As at 31 December 2014, certain Group's bank deposits and held-for-trading investments with carrying value of approximately HK\$4,727,000 and HK\$153,704,000 respectively were pledged to secure general bank facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group employed approximately 54 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company endeavours in maintaining good corporate governance for the enhancement of shareholders' value. The Company has complied with all the applicable code provisions in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2014.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the audit committee), Mr. Chik Chi Man and Mr. Lam Wing Tai. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2014.

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

Hong Kong, 26 March 2015

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