Jun Yang Financial Holdings Limited
君陽金融控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 397)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2016:

– The Group recorded revenue of approximately HK$69,849,000 (2015: approximately HK$49,215,000 (restated)).

– Loss attributable to owners of the Company amounted to approximately HK$140,488,000 (2015: profit of approximately HK$465,194,000).

– The Board does not recommend the payment of an interim dividend.

At 30 June 2016:

– The Group held cash and cash equivalents of approximately HK$403,834,000 (31 December 2015: approximately HK$461,301,000). The Group held loan receivables of approximately HK$60,292,000 (31 December 2015: approximately HK$410,632,000) and held-for-trading investments of approximately HK$2,211,659,000 (31 December 2015: approximately HK$1,726,923,000).

– Net current assets amounted to approximately HK$2,302,366,000 (31 December 2015: approximately HK$2,470,199,000). Current ratio (defined as total current assets divided by total current liabilities) was 3.14 times (31 December 2015: 4.30 times).

– Net assets amounted to approximately HK$3,700,509,000 (31 December 2015: approximately HK$3,582,888,000)

– The Group had bank and other borrowings of approximately HK$712,026,000 (31 December 2015: approximately HK$437,774,000).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Jun Yang Financial Holdings Limited ("Jun Yang Financial" or the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 together with comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
			(Restated)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**69,849**	49,215
Cost of sales and services		**(18,853)**	(15,014)
Gross profit		**50,996**	34,201
Other income and gains		**63,930**	6,505
Employee benefits expense		**(26,051)**	(26,896)
Depreciation of property, plant and equipment		**(1,808)**	(1,223)
(Loss)/gain arising on change in fair value of held-for-trading investments		**(167,447)**	510,298
Loss on disposals of subsidiaries		**–**	(504)
Finance costs	*5*	**(25,393)**	(524)
Other operating expenses		**(27,001)**	(36,523)
Share of results of associates		**(4,541)**	(18,745)
(Loss)/profit before tax		**(137,315)**	466,589
Income tax expense	*6*	**(3,473)**	(1,770)
(Loss)/profit for the period	*7*	**(140,788)**	464,819
Other comprehensive expense			
Exchange differences on translating foreign operations		**(12,783)**	(5)
Total comprehensive (expense)/income for the period		**(153,571)**	464,814

	Notes	For the six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) (Restated) HK$'000
(Loss)/profit for the period attributable to:			
Owners of the Company		**(140,488)**	465,194
Non-controlling interests		**(300)**	(375)
		(140,788)	464,819
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(153,271)**	465,189
Non-controlling interests		**(300)**	(375)
		(153,571)	464,814
(Loss)/earnings per share			
– Basic (HK cents per share)	*9*	**(1.22)**	9.91
– Diluted (HK cents per share)	*9*	**(1.22)**	9.91

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2016 (Unaudited) HK$'000	At 31 December 2015 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**523,025**	457,701
Goodwill		**1,496**	808
Interests in associates		**93,303**	69,844
Loan receivables		**–**	1,037
Other assets		**225**	611
Available-for-sale investments		**978,099**	786,593
		1,596,148	1,316,594
Current assets			
Trade and other receivables	*10*	**577,993**	504,126
Loan receivables		**60,292**	409,595
Value-added tax recoverable		**48,811**	47,825
Held-for-trading investments		**2,211,659**	1,726,923
Bank trust account balances		**73,426**	69,125
Cash and cash equivalents		**403,834**	461,301
		3,376,015	3,218,895
Current liabilities			
Trade and other payables	*11*	**341,256**	294,006
Derivative financial instruments		**454**	454
Deferred income		**10,679**	10,679
Tax payable		**9,234**	5,783
Bank and other borrowings		**712,026**	437,774
		1,073,649	748,696
Net current assets		**2,302,366**	2,470,199
Total assets less current liabilities		**3,898,514**	3,786,793
Non-current liabilities			
Deferred income		**198,005**	203,905
Net assets		**3,700,509**	3,582,888

	Notes	At 30 June 2016 (Unaudited) HK$'000	At 31 December 2015 (Audited) HK$'000
Capital and reserves			
Share capital		**24,264**	195,904
Reserves		**3,673,081**	3,383,520
Equity attributable to owners of the Company		**3,697,345**	3,579,424
Non-controlling interests		**3,164**	3,464
Total equity		**3,700,509**	3,582,888

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

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

Except as described below, accounting policies used in the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2016 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

During the six months ended 30 June 2016, the Group has applied, for the first time, a new interpretation and certain amendments to Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA that are mandatorily effective for the six months ended 30 June 2016.

The application of the new interpretation and amendments to HKFRS during the six months ended 30 June 2016 has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

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

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	*HK$'000*
Income from financial services		
– Commission income from securities brokerage	**5,364**	5,262
– Commission income from placing and underwriting	**10,374**	8,124
– Interest income from clients	**13,470**	559
Income from sales of electricity	**26,694**	16,622
Income from the provision of green energy related consultancy services	**4,455**	3,922
Interest income from loan financing	**9,492**	14,726
	69,849	49,215

4. SEGMENT INFORMATION

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

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

- Assets investment segment – Investment in listed and unlisted securities and investment funds;
- Financial services segment – Provision of financial services including securities broking, placing and underwriting in Hong Kong;
- 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 of 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 segment:

REVENUE AND RESULTS

	Assets Investment segment For the six months ended 30 June		Financial Services segment For the six months ended 30 June		Green Energy segment For the six months ended 30 June		Money Lending segment For the six months ended 30 June		Total For the six months ended 30 June	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited) (Restated)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited) (Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue										
Segment revenue	**–**	–	**29,208**	13,945	**31,149**	20,544	**9,492**	14,726	**69,849**	49,215
Results										
Segment results	**(100,688)**	505,359	**11,923**	7,931	**13,409**	5,074	**8,373**	11,353	**(66,983)**	529,717
Unallocated income									**1,051**	881
Unallocated corporate expenses									**(41,449)**	(44,236)
Loss on disposals of subsidiaries									**–**	(504)
Finance costs									**(25,393)**	(524)
Share of results of associates									**(4,541)**	(18,745)
(Loss)/profit before tax									**(137,315)**	466,589
Income tax expense									**(3,473)**	(1,770)
(Loss)/profit for the period									**(140,788)**	464,819

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2016 (2015: Nil).

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

Segment assets and liabilities

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
Segment assets		
Assets investment segment	**3,214,204**	2,514,308
Financial services segment	**600,429**	417,856
Green energy segment	**588,904**	524,786
Money lending segment	**67,623**	469,579
Total segment assets	**4,471,160**	3,926,529
Unallocated	**501,003**	608,960
Consolidated total assets	**4,972,163**	4,535,489

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
Segment liabilities		
Assets investment segment	**243,947**	182,233
Financial services segment	**158,735**	122,075
Green energy segment	**346,482**	379,461
Money lending segment	**225**	229
Total segment liabilities	**749,389**	683,998
Unallocated	**522,265**	268,603
Consolidated total liabilities	**1,271,654**	952,601

5. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on:		
– Bank and other borrowings wholly repayable within five years	**17,031**	524
– Loan note issued by the Company	**8,362**	–
	25,393	524

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong profits tax	**3,412**	1,770
– PRC Enterprise Income Tax ("EIT")	**61**	–
	3,473	1,770
Deferred tax	**–**	–
Tax expense for the period	**3,473**	1,770

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for the period.

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.

6. INCOME TAX EXPENSE (Continued)

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary, 許昌君陽電力有限公司 ("Xuchang Jun Yang Power Co., Ltd.") 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 Xuchang Jun Yang Power Co., Ltd. was the year ended 31 December 2013. Accordingly, Xuchang Jun Yang Power Co., Ltd. was exempted from EIT for the years ended 31 December 2013, 2014 and 2015, followed by a 50% reduction for the years ended 31 December 2016, 2017 and 2018.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary, Rongcheng Jijun Power Co., Ltd. ("Rongcheng Jijun") 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 Rongcheng Jijun was the year ended 31 December 2015. Accordingly, Rongcheng Jijun was exempted from EIT for the years ended 31 December 2015, 2016 and 2017, followed by a 50% reduction for the years ended 31 December 2018, 2019 and 2020.

7. (LOSS)/PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited) (Restated)
	HK$'000	*HK$'000*
(Loss)/profit for the period has been arrived at after (crediting)/charging:		
Depreciation of property, plant and equipment	**1,808**	1,223
Operating lease rentals in respect of land and buildings	**3,513**	1,880
Net foreign exchange gain	**(1,028)**	(2,923)

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

9. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to owners of the Company for the period ended 30 June 2016 of approximately HK$140,488,000 (2015: profit of approximately HK$465,194,000) by the weighted average number of approximately 11,538,919,000 (2015: approximately 4,692,182,000) ordinary shares in issue during the period.

Diluted

The computation of diluted (loss)/earnings per share for the periods ended 30 June 2015 and 2016 did not assume the exercise of the Company's share options outstanding during the periods ended 30 June 2015 and 2016 as the impact of the share options outstanding had an anti-dilutive effect on the basic (loss)/earnings per share amounts presented.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
Trade receivables		
Amounts receivables arising from financial services business		
– Clients – cash *(note(i))*	**84,488**	137,038
– Clients – margin *(note(ii))*	**414,768**	320,281
– Clearing house *(note(i))*	**22,717**	5,814
Amounts receivables arising from green energy business *(note(iii))*	**18,000**	8,926
Prepayments, deposits and other receivables	**38,344**	32,400
	578,317	504,459
Less: provision for impairment of trade receivables	**(324)**	(333)
Total trade and other receivables	**577,993**	504,126

Notes:

(i) The settlements of amounts receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are two days after trade date.

(ii) No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in views of the nature of securities margin business.

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

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

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
0-60 days	**18,000**	8,926

(iv) At 30 June 2016, the Group's trade and other receivables included an amount of approximately HK$22,939,000 (31 December 2015: approximately HK$25,232,000) that is denominated in Renminbi.

11. TRADE AND OTHER PAYABLES

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
Trade payables		
Amounts payable arising from financial services business		
– Client – cash *(note(i))*	**110,547**	59,976
– Client – margin *(note(ii))*	**40,695**	10,382
– Clearing house *(note(i))*	**–**	33,868
	151,242	104,226
Other payables	**184,025**	176,992
Accruals	**5,989**	12,788
Total trade and other payables	**341,256**	294,006

Notes:

(i) The settlements of amounts payable arising from the ordinary course of business of dealing in securities from cash clients and clearing house are two days after trade date.

(ii) No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of securities margin business.

12. COMPARATIVE FIGURES

As result of the classification of financial services segment, certain comparative figures have been restated to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2016 (the "Period"), the Group recorded a revenue of approximately HK$69,849,000 (for the six months ended 30 June 2015: approximately HK$49,215,000 (restated)), and net loss of approximately HK$140,488,000 (for the six months ended 30 June 2015: net profit of approximately HK$465,194,000). The loss was principally attributable to the loss arising on change in fair value of held-for-trading investments as a result of the volatile stock market in Hong Kong in the first half of 2016. The Company had cash and cash equivalents of approximately HK$403,834,000 (31 December 2015: approximately HK$461,301,000). In spite of the significant loss, the fundamentals of the financial business are still well on track.

BUSINESS REVIEW

Bumping financial market

During the first half of 2016, the global economy experienced difficulties and uncertainties. Worldwide economists believe that the outcome of the United States general election would result in different economic policies and other uncertainties to the markets. Hong Kong stocks suffered losses in the short term after Britain's Brexit vote on 24 June 2016, but in fact, the market soon recovered. The decision of the postponement of raising interest rates by the Federal Reserve in the United States also bumped the market. Compared to what happened in the West, Asian markets responded far more moderately.

Looking domestically, gross domestic product ("GDP") growth in China continued to face pressures. As a result, China kept an easy monetary policy and a slack fiscal policy. There have been continued uncertainties around the economy, including capital outflows, weak trade and other factors weighed on the yuan, which caused nervous watch from the market. It is believed that the Government will go on monitoring and supporting the financial market.

The liquidity of Hong Kong's stock market will continue to be supported by strong capital inflows from mainland China. Following the roll-out of Shanghai-Hong Kong Stock Connect in October 2014, the launch of Shenzhen-Hong Kong Stock Connect is expected to be in the second half of 2016, and this will, to some extent, add new momentum to the booming of the market.

Stable growth of financial services business

Opportunities always hide in instabilities. In the recovering financial market, the Group was faced with both challenges and opportunities. During the Period, the Group seized opportunities as a securities broker to achieve stable and encouraging results.

During the Period, the financial services segment generated a revenue of approximately HK$29,208,000, and net profit surged by 50.3% year-on-year to approximately HK$11,923,000. Jun Yang Securities Company Limited ("Jun Yang Securities") successfully completed 15 fund-raising transactions and raised a total amount of approximately HK$550,894,000. Income from placing and underwriting activities registered a growth of 27.7% year-on-year to approximately HK$10,374,000. Jun Yang Securities has already successfully obtained the Securities and Futures Commission licence of asset management (Type 9) and advising on corporate finance (Type 6), enabling the Group to act as sponsor for listing applicant in an initial public offering, to advise listed companies on issues of acquisitions and mergers, and to engage in asset management business.

Money lending and asset investment

The Group has begun its money lending business since 2012 through the acquisition of E Finance Limited. Over the years, the money lending business segment has been well developed and become a stable revenue source of the Group. During the Period, the money lending business segment recorded an income of approximately HK$9,492,000 (for the six months ended 30 June 2015: approximately HK$14,726,000), successfully diversifying the Group's business portfolio.

However, in respect of the asset investment business, the Group recorded a significant loss, principally attributable to the loss arising on change in fair value of held-for-trading investments as a result of the volatile stock market in Hong Kong. As at 30 June 2016, the business segment recorded a loss of approximately HK$100,688,000 (for the six months ended 30 June 2015: profit of approximately HK$505,359,000). The loss had no significant effect on the Group's business operations. The Group has sufficient funds in hand and will make sure its core business segments are developing well on track.

Acquisition of 100% interest of Estate Sun Global Limited

On 26 May 2016, Red Metro Limited ("Red Metro"), a wholly-owned subsidiary of the Company, as purchaser and WLS Holdings Limited ("WLS") as vendor, entered into a sale and purchase agreement pursuant to which Red Metro acquired the entire issued share capital of Estate Sun Global Limited ("Estate Sun") at a cash consideration of HK$20,000,000 (the "Estate Sun Acquisition") from WLS on the same date. Capitalised terms used in this section shall have the same meaning as those defined in the announcements of the Company dated 26 May 2016 and 1 June 2016.

Estate Sun is principally engaged in investment holding and its principal asset is 2,000 issued ordinary shares of AP Assets Limited ("APA"), representing 20% of the equity interest of APA. Prior to the Estate Sun Acquisition, Red Metro owned 10% equity interest of APA, which was acquired by Red Metro in November 2014 by way of subscription of new shares in APA. Immediately after completion, Red Metro owns the entire issued share capital of Estate Sun and a total of 30% equity interest of APA. The APA Group is principally engaged in real estate agency business in particular for the sale of properties in Australia and the United Kingdom.

In the 2014 Acquisition, Red Metro, Estate Sun and APA, among others, entered into the APA Shareholders' Agreement. Pursuant to the APA Shareholders' Agreement (as amended), among other matters, the Non-default Shareholder may give notice to the other shareholder to terminate the APA Shareholders' Agreement in the occurrence of certain circumstances as set out in the APA Shareholders' Agreement (including, where a petition/proceeding/order is presented/commenced/made for the winding-up, insolvency and dissolution of the other shareholder(s) of APA) and can exercise the Exit Put Option or as the case may be, the Exit Call Option. Where the Non-default Shareholder is Red Metro or Estate Sun, it is entitled to exercise the Exit Put Option, requiring the Default Shareholder (i.e. the APA Majority Shareholder under such circumstances) to purchase all shares of APA held by it. Where the Non-default Shareholder is the APA Majority Shareholder, it can exercise the Exit Call Option thereby allowing the APA Majority Shareholder to purchase all shares of APA held by the Default Shareholder (i.e. Estate Sun or Red Metro) at a maximum consideration of HK$100,000,000. Further details are disclosed in the announcements of the Company dated 26 May 2016 and 1 June 2016.

Taking into account the financial performance of the APA Group after the 2014 Acquisition and the Group's interest in APA increasing from 10% to 30% through the Acquisition, the Directors believe that the Acquisition will allow the Company to enjoy an increased share of the profit of the APA Group.

Continuous development in solar power division

Fighting the air pollution, the Chinese government has been releasing a string of supportive governmental policies upon solar power generation. During the Period, China's National Energy Administration ("NEA") and National Development and Reform Commission ("NDRC") has announced the Notice of Completing Solar Quotas Management and Implementing Competitive Mode for Quota Allocation, in which it mentioned again that there will be unlimited quotas for rooftop solar and solar power projects that use the self-consumption mode. In June 2016, NEA released the Notice on Issuance of the 2016 Photovoltaic Construction Implementation Plan, which specified this year's target for newly added solar capacity: 18.1 gigawatts ("GW"), including 12.6 GW for ordinary power stations and 5.5 GW for 'front-runner' stations making use of advanced technology. While the target for 2020 solar photovoltaic ("PV") has been raised from 100 GW to 150 GW, including 70 GW for distributed PV. Solar power industry is still in the spot light.

During the first half of 2016, the Group's solar business was under stable operation. The Group's four PV projects (i.e. Large-scale grid-connected PV power station project in Golmud, Qinghai; and 20-megawatt and 1.5-megawatt rooftop power station projects in Xuchang and Zhengzhou, Henan Province, 10-megawatt rooftop power station project in Rongcheng, Shandong Province) are all generating solar power stably, and the new projects of Shandong Longkou and Shandong Jining Phase I were completed late last year. The new projects generated electricity of approximately 3.8 million kilowatt-hours ("kWh") and 5.0 million kWh in the first half respectively, further enriched the Group's capacity in electricity generation. All solar projects have generated about 29.3 million kWh electricity in total, representing an increase of 61.6% year-on-year. Revenue from the solar projects also increased by 60.6% to approximately HK$26,694,000.

During the Period, Shandong Jining Phase II 28.8-megawatt project was successfully connected to the grid. The new project was approved by the government last year and will soon contribute to the Group's total revenue.

BUSINESS OUTLOOK

During the first half of 2016, the overall development momentum in China has slowed down. Brexit and the United States general election also added uncertainties to the global market. Under such environment, the Hong Kong stock market experienced fluctuations. In the coming months, China will again face downward economic pressure, and this will bring challenges to the Group's financial business.

However, it is estimated by economists that China's economy is still on track to grow by 6.5% in 2016 and 6.2% in 2017, based on the official GDP measure. This is at the low end of the government's target of 6.5-7% growth in 2016 and annual growth of 6.5% in 2016-2020. The International Monetary Fund data shows that China has been the source of 35% of global growth over the past five years, and is forecasted to form 30% of growth until 2020. In addition, China's renminbi ("RMB") will join the benchmark Special Drawing Rights ("SDR") currency basket. The joining of China's RMB will increase RMB's desirability as a reserve currency for investors globally. This may encourage central banks around the world to increase their holdings of the RMB and further bring about opportunities for the financial market in the Greater China region. At the same time, the Chinese government is considered to be very strong in dealing with potential financial problems; they have injected huge investment to the market during the last few years and are expected to provide support to the financial market again when needed. Backed by the Chinese market and leveraged on a deepened and tightened financial collaboration with the mainland, it is anticipated that the Hong Kong financial market will still be prosperous in the long run. This will bring opportunities to the Group's financial business.

In regard to Hong Kong market, following the roll-out of Shanghai-Hong Kong Stock Connect, it is expected that Shenzhen-Hong Kong Stock Connect would be launched in the second half of 2016, cross-border investment activities will be encouraged and that will be the impetus to the picking up of the stock market. Shenzhen-Hong Kong Stock Connect will allow investors on both sides to conduct cross-border trading up to a certain monetary cap per day. Fund managers have been looking forward to the launch as they see that the Shenzhen pool is complementary to the Shanghai pool of stocks. The two pools will enable foreign investors to capitalise on the growth of companies at various stages in the economic cycle. It is expected that the roll out of the programme will help Hong Kong's mid and small-cap stocks experience a bullish momentum.

The Group is prudently optimistic about the financial market in the second half of 2016. With the aim of becoming a premier financial services provider in Hong Kong, the Group will further develop its financial services business, and will also expand its sales force. The Group will diversify its income revenue, with a focus on the development and expansion of its financial services business to cover merger and acquisition, asset management, margin and IPO financing, etc. The Group will work tirelessly to capture the business opportunities of the upcoming Shenzhen-Hong Kong Stock Connect and RMB's joining the benchmark SDR currency basket.

For the solar business, though the government policy is generally supportive towards renewable energy in China, the solar investors are facing with electricity curtailment, serious delay in subside payment and fierce competition from over-supplied giant coal fire electricity generators. The Group will make prudent decisions according to the market environment. In the long run, the Group will set financial business as its developing core.

The Company announced on 19 August 2016 the disposal of 30% interest in its PRC solar business for the consideration of HK$34,500,000. The Directors consider that the disposal will enable the Group to shift the resources from the solar energy business to the financial services business of the Group in which the Group has been continuously putting more efforts and resources. On the other hand, the Directors are of the view that the disposal will allow the Company to realise part of its investment in the solar business at a reasonable price and is in the interest of the Company. The Company intends to use the net proceeds from the disposal for general working capital of the Group and/or its financial services business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group held cash and cash equivalents of approximately HK$403,834,000 (31 December 2015: approximately HK$461,301,000). Net current assets amounted to approximately HK$2,302,366,000 (31 December 2015: approximately HK$2,470,199,000). Current ratio (defined as total current assets divided by total current liabilities) was 3.14 times (31 December 2015: 4.30 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 25.6% (31 December 2015: 21%).

As at 30 June 2016, the Group had outstanding bank and other borrowings of approximately HK$712,026,000 (31 December 2015: approximately HK$437,774,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars and RMB, risk in exchange rate fluctuation would not be material. The bank and other borrowings bore interest at prevailing market rates and were repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 30 June 2016, the Group had shareholders' equity of approximately HK$24,264,000 (31 December 2015: approximately HK$195,904,000).

On 31 March 2016, the Company allotted and issued 755,900,000 new pre-consolidated shares of the Company, at the price of HK$0.0374 per share, pursuant to the exercise of share options under the share option scheme adopted by the Company on 4 June 2013.

On 15 February 2016, the Board proposed to implement the capital reorganisation (the "Capital Reorganisation") which involve (i) the share consolidation of 10 pre-consolidated shares into 1 share of HK$0.10; (ii) the reduction of the share capital of the Company whereby the par value of each of the then issued consolidated shares of HK$0.10 each was reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the then issued consolidated share; (iii) the credits arising in the books of the Company from (a) the cancellation of any fraction in the issued share capital of the Company which may arise from the share consolidation; and (b) the capital reduction, which in aggregate, amount to HK$176,313,846.11 would be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and (iv) immediately following the capital reduction, each of the then authorised but unissued consolidated shares of par value of HK$0.10 each were sub-divided into 10 new shares of par value 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 5 April 2016. The Capital Reorganisation had become effective on 6 April 2016. Further details of the Capital Reorganisation are set out in the circular of the Company dated 9 March 2016 and the announcements of the Company dated 15 February 2016 and 5 April 2016.

On 4 May 2016, the Company allotted and issued 391,800,000 placing shares of HK$0.01 each in the share capital of the Company, at the placing price of HK$0.238 per placing share, pursuant to the placing agreement dated 12 April 2016 and the general mandate granted to the Directors at the special general meeting held on 29 January 2016, details of which are disclosed in the announcement of the Company dated 12 April 2016.

CHARGES ON GROUP ASSETS

As at 30 June 2016, certain Group's held-for-trading investments and available-for-sale investments with a carrying value of approximately HK$989,313,000 (31 December 2015: HK$452,122,000) and HK$605,111,000 (31 December 2015: HK$139,830,000) respectively were pledged to secure general bank facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group employed approximately 98 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 six months ended 30 June 2016.

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 six months ended 30 June 2016.

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 six months ended 30 June 2016.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the audit committee), Mr. Chik Chi Man and Mr. Lam Wing Tai. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016.

On behalf of the Board
Jun Yang Financial Holdings Limited
Kwok Sze Yiu, Gordon
Chairman

Hong Kong, 26 August 2016

As at the date of this announcement, the executive Directors are Mr. Kwok Sze Yiu, Gordon, Dr. Tang Sing Hing, Kenny and Mr. Ng Tang; and the independent non-executive Directors are Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai.