



JUN YANG FINANCIAL HOLDINGS LIMITED  
君 陽 金 融 控 股 有 限 公 司

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



**INTERIM**  
REPORT 2017

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

Mr. Kwok Sze Yiu, Gordon (*Chairman*)

Dr. Tang Sing Hing, Kenny  
(*Vice Chairman*)

Mr. Sit Sai Hung, Billy  
(appointed on 31 August 2017)

Mr. Ng Tang (*Chief Executive Officer*)  
(resigned with effect from 31 August 2017)

### *Independent Non-executive Directors*

Mr. Chan Chi Yuen

Mr. Chik Chi Man

Ms. Yiu Wai Yee, Catherine

## AUDIT COMMITTEE

Mr. Chan Chi Yuen (*Chairman*)

Mr. Chik Chi Man

Ms. Yiu Wai Yee, Catherine

## REMUNERATION COMMITTEE

Ms. Yiu Wai Yee, Catherine (*Chairman*)

Mr. Chan Chi Yuen

Mr. Chik Chi Man

## NOMINATION COMMITTEE

Mr. Chik Chi Man (*Chairman*)

Mr. Chan Chi Yuen

Ms. Yiu Wai Yee, Catherine

## COMPANY SECRETARY

Mr. Siu Kam Chau

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

## REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 503, 5/F  
Wing On House  
71 Des Voeux Road Central  
Hong Kong

## PRINCIPAL BANKER

Dah Sing Bank, Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## WEBSITE

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

# FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2017:

- The Group recorded revenue from continuing operations of approximately HK\$25,597,000 (2016: approximately HK\$38,700,000).
- Loss from continuing and discontinued operations attributable to owners of the Company amounted to approximately HK\$684,237,000 (2016: approximately HK\$140,488,000).
- The Board does not recommend the payment of an interim dividend.

At 30 June 2017:

- The Group held bank balances and cash of approximately HK\$189,760,000 (31 December 2016: approximately HK\$182,286,000). The Group held loan receivables of approximately HK\$26,011,000 (31 December 2016: approximately HK\$27,830,000) and held-for-trading investments of approximately HK\$1,278,729,000 (31 December 2016: approximately HK\$1,916,926,000).
- Net current assets amounted to approximately HK\$1,806,117,000 (31 December 2016: approximately HK\$2,473,499,000). Current ratio (defined as total current assets divided by total current liabilities) was 6.26 times (31 December 2016: 9.89 times).
- Net assets amounted to approximately HK\$2,217,961,000 (31 December 2016: approximately HK\$2,874,138,000).
- The Group had other borrowings of approximately HK\$299,900,000 (31 December 2016: approximately HK\$280,800,000).

## 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 2017 together with comparative figures for the corresponding period in 2016 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>Continuing operations</b>			
Revenue	3	25,597	38,700
Direct operating costs		(242)	(2,960)
Gross profit		25,355	35,740
Other income, gains and losses	5	(657,213)	(109,519)
Administrative expenses		(45,470)	(47,583)
Share of results of associates		8,636	(4,541)
Finance costs	6	(13,112)	(21,843)
Loss before tax		(681,804)	(147,746)
Income tax expense	7	(2,433)	(3,412)
Loss for the period from continuing operations	8	(684,237)	(151,158)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	8	–	10,370
<b>Loss for the period</b>	8	<b>(684,237)</b>	<b>(140,788)</b>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Other comprehensive income/ (expense)</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation	3,776	(12,783)
Share of other comprehensive income of associates	10,565	–
<b>Total comprehensive expense for the period</b>	<b>(669,896)</b>	<b>(153,571)</b>
<b>(Loss)/profit for the period attributable to owners of the Company:</b>		
Continuing operations	(684,237)	(150,858)
Discontinued operation	–	10,370
	<b>(684,237)</b>	<b>(140,488)</b>
<b>Loss for the period attributable to non-controlling interests:</b>		
Continuing operations	–	(300)
Discontinued operation	–	–
	–	<b>(300)</b>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		(669,896)	(153,271)
Non-controlling interests		–	(300)
		<b>(669,896)</b>	<b>(153,571)</b>
<b>Loss per share</b>			
<b>From continuing and discontinued operation</b>			
– Basic (HK cents)	10	<b>(23.50)</b>	(1.22)
– Diluted (HK cents)	10	<b>(23.50)</b>	(1.22)
<b>From continuing operations</b>			
– Basic (HK cents)	10	<b>(23.50)</b>	(1.31)
– Diluted (HK cents)	10	<b>(23.50)</b>	(1.31)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		59,371	60,916
Goodwill		808	808
Interests in associates		55,771	80,191
Available-for-sale investments		369,736	358,499
Other assets		458	225
		<b>486,144</b>	<b>500,639</b>
<b>Current assets</b>			
Loan receivables		26,011	27,830
Amount due from an associate		36,650	77,287
Trade and other receivables	11	515,405	441,701
Held-for-trading investments		1,278,729	1,916,926
Bank trust account balances		103,206	60,993
Bank balances and cash		189,760	182,286
		<b>2,149,761</b>	<b>2,707,023</b>
Assets classified as held for sale		-	44,761
		<b>2,149,761</b>	<b>2,751,784</b>
<b>Current liabilities</b>			
Trade and other payables	12	115,487	86,802
Tax payable		2,557	10,683
Other borrowings		225,600	180,800
		<b>343,644</b>	<b>278,285</b>
<b>Net current assets</b>		<b>1,806,117</b>	<b>2,473,499</b>



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
<b>Total assets less current liabilities</b>	<b>2,292,261</b>	2,974,138
<b>Non-current liabilities</b>		
Other borrowings	74,300	100,000
<b>Net assets</b>	<b>2,217,961</b>	2,874,138
<b>Capital and reserves</b>		
Share capital	29,117	29,117
Reserves	2,183,742	2,839,919
<b>Equity attributable to owners of the Company</b>	<b>2,212,859</b>	2,869,036
Non-controlling interests	5,102	5,102
<b>Total equity</b>	<b>2,217,961</b>	2,874,138

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Subtotal HK\$'000	Attributable to non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Share- based payments reserve HK\$'000	Retained earnings/ (accumulated loss) HK\$'000			
At 1 January 2016 (Audited)	195,904	3,606,423	861	311,790	(5,808)	(13,438)	38,810	(555,118)	3,579,424	3,464	3,582,888
Total comprehensive expense for the period	-	-	-	-	-	(12,783)	-	(140,488)	(153,271)	(300)	(153,571)
Issue of new shares upon exercise of share options	7,559	29,147	-	-	-	-	(8,435)	-	28,271	-	28,271
Capital reorganisation	(183,117)	-	-	183,117	-	-	-	-	-	-	-
Transfer of credit arising from capital reorganisation	-	-	-	(183,117)	-	-	-	183,117	-	-	-
Issues of new shares by placing	3,918	86,292	-	-	-	-	-	-	90,210	-	90,210
Transfer to other reserve	-	-	-	-	144,276	-	-	-	144,276	-	144,276
Recognition of equity-settled share-based payment	-	-	-	-	-	-	8,435	-	8,435	-	8,435
At 30 June 2016 (Unaudited)	24,264	3,721,862	861	311,790	138,468	(26,221)	38,810	(512,489)	3,697,345	3,164	3,700,509
At 1 January 2017 (Audited)	29,117	3,801,296	861	494,907	(14,120)	-	38,810	(1,481,835)	2,869,036	5,102	2,874,138
Total comprehensive expense for the period	-	-	-	-	-	-	-	(684,237)	(684,237)	-	(684,237)
Transfer to other reserve	-	-	-	-	10,564	3,776	-	-	14,340	-	14,340
Recognition of equity-settled share-based payment	-	-	-	-	-	-	13,720	-	13,720	-	13,720
At 30 June 2017 (Unaudited)	29,117	3,801,296	861	494,907	(3,556)	3,776	52,530	(2,166,072)	2,212,859	5,102	2,217,961

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net cash used in operating activities	(66,589)	(286,079)
Net cash used in investing activities	(621)	(91,018)
Net cash from financing activities	74,684	319,630
Increase/(decrease) in cash and cash equivalents	7,474	(57,467)
Cash and cash equivalents at the beginning of period	182,286	461,301
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at the end of period, represented by bank balances and cash	189,760	403,834

# 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, the accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

During the six months ended 30 June 2017, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA that are mandatorily effective for the six months ended 30 June 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Income Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle

The application of the above amendments to HKFRS during the six months ended 30 June 2017 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3. REVENUE

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

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

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Continuing operations</b>		
Interest income from money lending	1,864	9,492
Income from financial services		
– Commission income from securities brokerage	4,873	5,364
– Commission income from placing and underwriting	2,295	10,374
– Interest income from clients	16,565	13,470
	<hr/>	
	25,597	38,700
<b>Discontinued operations</b>		
Income from green energy operation		
– Provision of consultancy services	–	4,455
– Sales of electricity	–	26,694
	<hr/>	
	–	31,149
	<hr/>	

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 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 and investment funds;
- Financial services segment – Provision for 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 for loan financing in Hong Kong.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results

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

#### Continuing operations

	Assets Investment segment		Financial Services segment		Money Lending segment		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
<b>Revenue</b>								
Segment revenue	-	-	23,733	29,208	1,864	9,492	25,597	38,700
<b>Results</b>								
Segment results	(649,939)	(100,688)	11,765	11,923	942	8,373	(637,232)	(80,392)
Unallocated corporate income							523	477
Unallocated corporate expenses							(29,742)	(41,447)
Loss on disposals of subsidiaries							(475)	-
Loss on disposal of associates							(10,402)	-
Finance costs							(13,112)	(21,843)
Share of results of associates							8,636	(4,541)
Loss before tax							(681,804)	(147,746)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2017 (2016: Nil).

There is no single customer contributing over 10% of the total sales of the Group during both periods.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the loss from each segment without allocation of directors' emoluments, certain other income, gains and losses, certain administrative expenses, finance costs and share of results of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
<b>Segment assets</b>		
Continuing operations		
Assets investment segment	1,704,832	2,416,958
Money lending segment	29,742	27,643
Financial services segment	496,451	422,264
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Total segment assets	2,231,025	2,866,865
Unallocated	404,880	385,558
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Consolidated total assets	2,635,905	3,252,423

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
<b>Segment liabilities</b>		
Continuing operations		
Assets investment segment	9,748	11,104
Money lending segment	9	820
Financial services segment	105,647	74,878
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Total segment liabilities	115,404	86,802
Unallocated	302,540	291,483
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Consolidated total liabilities	417,944	378,285



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than other assets, bank balances and cash, goodwill, assets classified as held for sales, amount due from an associate and interests in associates not allocated to segment assets; and
- all liabilities are allocated to operating segments other than other borrowings current tax payable not allocated to segment liabilities.

## 5. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Continuing operations</b>		
Interest income	523	477
Sundry income	1,396	281
Dividend income from held-for-trading securities	274	7,539
Dividend income from available-for-sale investments	54,856	49,631
Loss on disposal of subsidiaries	(475)	–
Loss on disposal of associates	(10,402)	–
Fair value change of held-for-trading investments	(703,385)	(167,447)
	<b>(657,213)</b>	<b>(109,519)</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Continuing operations</b>		
Interest on bank and other borrowings	96	13,481
Interest on loan note	13,016	8,362
	<b>13,112</b>	<b>21,843</b>

## 7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Continuing operations</b>		
Current tax:		
– Hong Kong profits tax	2,433	3,412
Tax expense for the period	<b>2,433</b>	<b>3,412</b>

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>From continuing operations</b>		
Loss for the period has been arrived at after (crediting)/charging:		
Depreciation of property, plant and equipment	1,586	1,097
Operating lease rentals in respect of land and buildings	1,614	2,757
Net foreign exchange gain	(12)	(43)

### From discontinued operation

Profit for the period has been arrived at after (crediting)/charging:

Depreciation of property, plant and equipment	–	711
Operating lease rentals in respect of land and building	–	756
Net foreign exchange gain	–	(985)

## 9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 10. LOSS PER SHARE

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

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss for the period from continuing and discontinued operations attributable to owners of the Company	(684,237)	(140,488)
Less: profit for the period from discontinued operations	-	(10,370)
<b>Loss for the purpose of basic and diluted loss from continuing operations</b>	<b>(684,237)</b>	<b>(150,858)</b>

	For the six months ended 30 June	
	2017 (Unaudited) '000	2016 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,911,713	11,538,919

The weighted average number of ordinary shares for the period ended 30 June 2016 for the purpose of basic loss per share has been adjusted to reflect the capital reorganisation completed on 6 April 2016.

The computation of diluted loss per share for the periods ended 30 June 2016 and 2017 did not assume the exercise of outstanding share options of the Company since the assumed exercise would result in a decrease in loss per share.

### From discontinued operation

Basic and diluted earnings per share for the discontinued operations is nil (six months ended 30 June 2016: HK\$0.09 cents), based on the loss for the period from discontinued operations of nil (six months ended 30 June 2016: profit of approximately HK\$10,370,000) and the denominators detailed above for both basic and diluted earnings per share.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Trade receivables from financial services operation		
– Clients ( <i>note (i) and (ii)</i> )	491,534	418,275
– Clearing house ( <i>note (i)</i> )	2,181	55
Less: provision for impairment of trade receivables	(494)	(1,173)
	493,221	417,157
Other receivables	22,184	24,544
<b>Total trade and other receivables</b>	<b>515,405</b>	<b>441,701</b>

### Notes:

- (i) Trade receivables from clients and clearing house arising from the business of dealing in securities are repayable on demand subsequent to settlement date. The normal settlement terms of trade receivables arising from the business of dealing in securities are two business days after trade date. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of nature of these trade receivables.
- (ii) Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk. As at 30 June 2017, the balance is approximately HK\$491,534,000 (31 December 2016: approximately HK\$418,275,000) which is regularly monitored by the management. The management ensure that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 12. TRADE AND OTHER PAYABLES

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Trade payables		
Amounts payable arising from financial services operation		
– Client ( <i>note (i) and (ii)</i> )	103,795	62,251
– Clearing house ( <i>note (i)</i> )	–	10,088
	<b>103,795</b>	72,339
Other payables	1,513	2,258
Accruals	10,179	12,205
<b>Total trade and other payables</b>	<b>115,487</b>	<b>86,802</b>

### Notes:

- (i) The majority of the trade payables balances are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.
- (ii) The settlement terms of amounts payable arising from the ordinary course of business of dealing in securities from clients and clearing house are two days after trade date.
- (iii) 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months ended 30 June 2017 (the “Period”), the Group recorded revenue from continuing operations of approximately HK\$25,597,000 (for the six months ended 30 June 2016: approximately HK\$38,700,000), and net loss from continuing and discontinued operations attributable to owners of the Company amounted to approximately HK\$684,237,000 (for the six months ended 30 June 2016: approximately HK\$140,488,000). The net loss was principally attributable to the losses in respect of its investments (comprising realised losses of approximately HK\$27 million and unrealised losses of approximately HK\$676 million). The unrealised losses are non-cash in nature and mostly related to losses arising from change in fair value of held-for-trading investments of the Group. In spite of the significant loss, the fundamental of the financial business is still well on track and the Group is still prudent in managing its business and risks. The Group is in health cash position. As at 30 June 2017, the Group held bank balances and cash of approximately HK\$189,760,000 (31 December 2016: approximately HK\$182,286,000). The Group held loan receivables of approximately HK\$26,011,000 (31 December 2016: approximately HK\$27,830,000) and held-for-trading investments of approximately HK\$1,278,729,000 (31 December 2016: approximately HK\$1,916,926,000).

## BUSINESS REVIEW

### Hong Kong remains financial hub for the global market

In the first half of 2017, the global market faced challenges amid numerous factors particularly of the normalization of the U.S. monetary policy, leadership changes in several key countries, ongoing depreciation pressure on the Renminbi as well as Brexit’s further developments. However, despite unavoidable fluctuations, it is likely that all the challenges have been passed smoothly so far and the market is seeing a rebound.

Hong Kong is still the financial hub in Asia-pacific and even in the global market by actively supporting many large offerings and also by the support from the central government. In terms of domestic economy, trading volumes is picking up with the implementation of stable financial polices to boost the trading. It is believed that, following the roll-out of Shanghai-Hong Kong Stock Connect Program and the Shenzhen-Hong Kong Stock Connect Program, the Chinese economic performance had improved in the first half of this year. This has brought opportunities to the Group’s financial services business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial services business on track

During the Period, the Group focused on the development of its financial service segment and achieved reasonable segment result.

The Group started its financial business since October 2014. By now, this segment has become the core business segment for the Group and has generated stable cash flow. Under the leadership of seasoned professionals including Mr. Kwok Sze Yiu, Gordon (Chairman of the Board) and Dr. Tang Sing Hing, Kenny (Vice Chairman of the Board) who have years of experiences in the financial industry and solid networks, the Group had been actively participated in different corporate financing programs.

During the Period, financial business segment has generated revenue of approximately HK\$23,733,000 (for the six months ended 30 June 2016: approximately HK\$29,208,000), the net profit decreased by 1.33% year-on-year to approximately HK\$11,765,000, which was mainly attributable to interest income from margin financing. Jun Yang Securities Company Limited (“Jun Yang Securities”) successfully completed 10 fund-raising transactions and raised a total amount of approximately HK\$108,494,000 for its clients. Income from placing and underwriting activities registered a decrease of 77.88% year-on-year to approximately HK\$2,295,000.

In March 2017, the Group moved into the self-owned property at Wing On House, Central, Hong Kong, that has demonstrated our confidence in the prospect of our financial service business. During the first half of 2017, Jun Yang Securities has launched a trading app in both iOS and Android platforms that offers our customers better access to trading Hong Kong stocks. This move set as part of our plan to move towards the direction of fintech. Meanwhile, our asset management business has undergone smoothly and the Group has strengthened our market research capacity and communications with our clients by providing the weekly reports to keep them updated on the fund performances. Jun Yang Securities has also taken steps to enhance its compliance program and cyber security solutions against the backdrop of increasing threats from cyberattack.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Money lending business

The Group has been engaged in money lending business through E Finance Limited. During the Period, money lending business segment has achieved an interest income of approximately HK\$1,864,000 (for the six months ended 30 June 2016: approximately HK\$9,492,000). The Group continued to scale down the money lending business segment, including the disposal of 31.2% indirect interest with loans of Trillion Epoch Limited (principally engaged in the money lending business in the People's Republic of China) to an independent third party at a cash consideration of HK\$51 million, completed in February 2017, for the Group to allocate more resources to financial businesses.

## Asset investment business

In respect of the asset investment business, the Group recorded a significant loss, principally attributable to the loss arising from change in fair value of held-for-trading investments as a result of the volatile stock market in Hong Kong. The asset investment business segment recorded a loss of approximately HK\$649,939,000 (for the six months ended 30 June 2016: approximately HK\$100,688,000).

On 25 April 2017, the Group entered into the sale and purchase agreement to sell, an aggregate of 30% of the issued share capital of AP Assets Limited, at the consideration of HK\$27,092,000 to an independent third party. AP Assets Limited is principally engaged in real estate agency business in particular for the sales of properties in Australia and the United Kingdom. After completion, the Group has ceased to hold any interest in AP Assets Limited.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SIGNIFICANT INVESTMENTS

As at 30 June 2017, the Group's held-for-trading investments amounted to approximately HK\$1,278,729,000, of which approximately HK\$1,240,081,000 were investments in equity securities listed in Hong Kong, approximately HK\$27,289,000 were investments in the United States stock market and approximately HK\$11,359,000 were unlisted investment funds.

During the Period, the Group's held-for-trading investments portfolio comprised over 50 equity securities listed in Hong Kong and 7 equity securities listed in the United States. Among them, 50 equity securities of such investments accounted for less than 1% of the Group's unaudited total assets as at 30 June 2017 and the remaining accounted for approximately 1.02% to approximately 17.41% of the Group's unaudited total assets as at 30 June 2017.

In addition to that, the Group's unlisted available-for-sale investments have incurred losses and the impairment loss of available-for-sale investments is approximately HK\$67,958,000 in the first half of 2017 which is mainly contributed by the reduction in share price of the listed shares as included in one of the available-for-sale investments. As at 30 June 2017, the Group's total available-for-sale investments valued at approximately HK\$369,736,000, including approximately HK\$13,769,000 of equity securities listed in Hong Kong, and investment funds at cost less impairment of approximately HK\$355,967,000.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Directors considered that investments with a carrying amount that account for more than 5% of the Group's unaudited total assets as at 30 June 2017 as significant investments. Details of the significant investments are as follows:

## Held-for-trading investments

Description of investment	Brief description of the business	Number of shares held as at 30 June 2017	Approximate percentage held to the total issued share capital of the stock/ investments as at 30 June 2017	Investment cost/capital owned as at	Carrying amount as at	Approximate percentage of the Group's unaudited total assets as at
				30 June 2017 HK\$'000	30 June 2017 HK\$'000	30 June 2017
<b>Significant investments</b>						
Convoy Global Holdings Limited (stock code: 1019)	Independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance advisory business and securities dealing business	1,483,788,000	9.93%	515,947	170,636	6.47%
Town Health International Medical Group Limited (stock code: 3886)	Healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities	674,762,000	8.97%	851,879	458,838	17.41%
First Credit Finance Group Limited (stock code: 8215)	Money lending business	350,000,000	9.65%	48,000	206,500	7.83%
<b>Other investments</b>						
Other listed shares*				655,450	404,107	15.33%
Listed shares outside Hong Kong				18,535	27,289	1.04%
Unlisted investment funds				10,109	11,359	0.43%
<b>Grand total for the held-for-trading investments</b>				<b>2,099,920</b>	<b>1,278,729</b>	<b>48.51%</b>

\* Other listed shares mainly represented the Group's investment in over 50 companies whose shares are listed on the Main Board and the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Available-for-sale investments

Description of investment	Investment cost/capital owned as at	Carrying amount as at	Approximate percentage of the Group's unaudited total assets as at
	30 June 2017 HK\$'000	30 June 2017 HK\$'000	30 June 2017
Listed shares	112,269	13,769	0.52%
Unlisted investment funds <sup>#</sup>	525,381	355,967	13.50%
<b>Grand total for the available-for-sale investments</b>	<b>637,650</b>	<b>369,736</b>	<b>14.02%</b>

<sup>#</sup> *The unlisted investment funds comprises of 11 different private funds. The business/ investment sector of the unlisted investment funds are of various industries included, but not limited to, investments in listed companies in Hong Kong, Shanghai, Shenzhen, Singapore, Taiwan, London and New York; companies in consumer goods, retail, agricultural, medical service, social media, veterinary and healthcare sectors and internet-related and mobile-application-related industries; and low-risk investment grade bonds worldwide other than those in the Asia bond market.*

*Note: None of the aforesaid available-for-sale investments has a carrying amount that accounts for more than 5% of the Group's unaudited total assets as at 30 June 2017, the Directors consider that none of the available-for-sale investments are significant investments for the purpose of making specific disclosures in this report.*

# MANAGEMENT DISCUSSION AND ANALYSIS

## Performance and future prospect of significant investments under held-for-trading investments

### *Convoy Global Holdings Limited (“Convoy”)*

As at 1 January 2017, the Group held 1,483,788,000 shares in the issued share capital of Convoy which amounted to an aggregate carrying amount of approximately HK\$343 million. During the Period, the Group did not purchase or sell any of its shares in Convoy. As at 30 June 2017, the Group held 1,483,788,000 shares of Convoy, which represented approximately 9.93% of the issued shares of Convoy as at 30 June 2017; and the aggregate carrying amount of such investment was approximately HK\$171 million, representing approximately 6.47% of the Group’s unaudited total assets as at 30 June 2017 and approximately 7.69% of the Group’s unaudited net assets as at 30 June 2017. No dividend was received by the Group from Convoy during the Period and the Group recorded a fair value loss of approximately HK\$172 million for its investment in Convoy during the Period.

As disclosed in the annual report of Convoy (“Convoy Annual Report”) for the year ended 31 December 2016, Convoy recorded a consolidated net loss attributable to its owners of approximately HK\$95.5 million for the year.

With regards to the future prospects of Convoy based on published information, the Directors noted that Convoy would (i) establish a comprehensive financial services platform in Asia, particularly in Hong Kong and Mainland China; (ii) materialise the synergies among different business segments and locations; and (iii) improve the capital structure of its group in order to pursue their vision of becoming one of the leading financial groups across Asia, as disclosed in the Convoy Annual Report.

The Directors noted the market shares price movement of Convoy in the past few months and the Group will closely monitor its share price and trading volume changes, as well as its fundamentals. The Directors will not rule out the possibilities to adjust our position to respond to market changes.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***First Credit Finance Group Limited (“First Credit”)***

As at 1 January 2017, the Group held 350,000,000 shares in the issued share capital of First Credit and the aggregate carrying amount of such investment was approximately HK\$163 million. During the Period, the Group did not purchase or sell any of its shares in First Credit. As at 30 June 2017, the Group held 350,000,000 shares of First Credit, which represented approximately 9.65% of the issued shares of First Credit as at 30 June 2017; and the aggregate carrying amount of such investment was approximately HK\$207 million, representing approximately 7.83% of the Group’s unaudited total assets as at 30 June 2017 and approximately 9.31% of the Group’s unaudited net assets as at 30 June 2017. The Group received a final dividend of HK0.2 cents per share of First Credit for the year ended 31 December 2016. The Group recorded a fair value gain of approximately HK\$44 million for its investment in First Credit during the Period.

As disclosed in the annual report of First Credit (“First Credit Annual Report”) for the year ended 31 December 2016, it recorded a consolidated profit attributable to its owners of approximately HK\$34 million for the year.

With regards to the future prospects of First Credit based on published information, the Directors noted that First Credit would maintain consistent availability of liquidity for its money lending business and closely monitor its cash position to explore if there are any potential investment proposals or opportunities, including but not limited to investments in bonds, debt instruments, listed equity securities or project-based investments, subject to the prevailing market condition and the position of its group, as disclosed in the First Credit Annual Report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***Town Health International Medical Group Limited (“Town Health”)***

As at 1 January 2017, the Group held 619,762,000 shares in the issued share capital of Town Health which amounted to an aggregate carrying amount of approximately HK\$775 million. During the Period, the Group purchased an aggregate of 55 million shares of Town Health in the aggregate amount of approximately HK\$66 million but did not sell any shares in Town Health. As at 30 June 2017, the Group held 674,762,000 shares of Town Health, which represented approximately 8.97% of the issued shares of Town Health as at 30 June 2017; and the aggregate carrying amount of such investment was approximately HK\$459 million, representing approximately 17.41% of the Group’s unaudited total assets as at 30 June 2017 and approximately 20.69% of the Group’s unaudited net assets as at 30 June 2017. The Group received a dividend of approximately HK\$5.8 million for its shares held in Town Health during the year ended 31 December 2016 and a final dividend of HK0.28 cent per ordinary share. During the Period, the Group recorded a fair value loss of approximately HK\$382 million for its investment in Town Health.

As disclosed in the annual report of Town Health (“Town Health Annual Report”) for the year ended 31 December 2016, it recorded a consolidated profit attributable to its owners of approximately HK\$63 million for the year.

With regards to the future prospects of Town Health based on published information, the Directors noted that Town Health would continue to focus on developing its quality healthcare businesses both in China and Hong Kong and will expand its healthcare business in China and proactively introduce Hong Kong style healthcare services into the China market with a vision to become the leading healthcare services operator in China, as disclosed in the Town Health Annual Report. The Directors also noted that there has been solid progresses with Nanshi Hospital of Nanyang, under the management of Town Health invested management company and Town Health will develop chained comprehensive health management centres in cooperation with its largest shareholder, China Life Insurance, as disclosed in its published article.

The Directors noted the market shares price movement of Town Health in the past few months and will closely monitor its share price and trading volume changes, as well as its fundamentals in order to make decisions to optimise our investment returns.

# MANAGEMENT DISCUSSION AND ANALYSIS

## General analysis of the Group's held-for-trading investments

The Directors expect that the stock market in Hong Kong will continue to be volatile in the second half of the year of 2017 and such investment environment may affect the value of both held-for-trading investments and available-for-sale investments of the Group. However, taking into account the future prospects of the three companies mentioned above, the Directors are generally confident about the potential of such companies and the Group would continue to invest in them unless the investment strategy of the Group changes or there exists significant changes in the market. The Group will closely monitor the market prices and trading of these shares will continue in order to optimise return. To diversify risks, the Group will review its extensive investments portfolio and consider restructuring the portfolio and acquiring shares in other listed companies when opportunity arises.

## BUSINESS OUTLOOK

During the first half of 2017, the rise in interest rate by Federal Reserve and anxiety toward Trumponomics added uncertainties to the global financial market. Under such situation, Hong Kong stock market experienced fluctuation. In the coming months, Federal Reserve is possible to have the third increase in interest rate this year, which may lead to market fluctuation again, that may contribute to challenges to the Group's business development.

With regards to Hong Kong market, with the implementation of Shenzhen-Hong Kong Stock Connect Scheme and Bond Connect (northbound trading), cross border investment activities are further encouraged. Bond Connect is a mutual bond market access programme between Hong Kong and the Mainland China. It was officially launched in July 2017. Currently, there is only Northbound trading link and Southbound trading link will be added later. It is expected that the launch of the schemes can enhance the penetration rate of derivatives products, boost stock trading volumes and become the driving force of structural growth of the Hong Kong financial market.

Concerning with China market, China's economy is continuously on track to grow, with current gross domestic product annual growth rate at 6.9%. This is ahead of the Chinese government's target of 6.5% annual growth rate, showing a good sign of rebound. Supported by the Chinese government and the strong and cohesive financial cooperation with China, it is expected that Hong Kong financial market will continue to prosper in the future amid unavoidable fluctuations.



# MANAGEMENT DISCUSSION AND ANALYSIS

The Group is prudently optimistic towards the financial market in the second half of 2017. To achieve its target of becoming a premier financial services provider in Hong Kong, Jun Yang Financial will further strengthen and consolidate the financial service business, and will also expand the sales force to seize the enormous market opportunities.

The Directors believe that the Bond Connect is a major breakthrough in the development of the China bond market, which is the world's third largest. Eligible overseas investors can access, for the first time, the Mainland interbank bond market through infrastructural connection established between the Mainland and overseas bond markets. It can be expected Hong Kong is going to have a more important role in fixed income. With previous experience in over-the-counter bonds placing, the Group will seize the opportunity and make efforts to expand its business on bond related markets.

For the sake of diversifying the revenue stream, the Group will continuously regulate its investment portfolio and enlarge its service offering to cover merger and acquisition, asset management, margin and IPO financing, etc. The Group will review its investment policies and procedures from time to time to safeguard the investment. The Group is confident that we will be able to make prudent decisions with reference to marketing environment in a timely manner and create long term returns to our shareholders.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group held bank balances and cash of approximately HK\$189,760,000 (31 December 2016: approximately HK\$182,286,000). Net current assets amounted to approximately HK\$1,806,117,000 (31 December 2016: approximately HK\$2,473,499,000). Current ratio (defined as total current assets divided by total current liabilities) was 6.26 times (31 December 2016: 9.89 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 16% (31 December 2016: 12%).

As at 30 June 2017, the Group had outstanding other borrowings of approximately HK\$299,900,000 (31 December 2016: approximately HK\$280,800,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars and Renminbi, risk in exchange rate fluctuation would not be material. The other borrowings carry interest at 7%–9.3% (31 December 2016: 8%–9.3%) per annum.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

As at 30 June 2017, the Group had shareholders' equity of approximately HK\$29,117,000 (31 December 2016: approximately HK\$29,117,000).

## CHARGES ON GROUP ASSETS

As at 30 June 2017, assets of the Group were not charged to any parties (31 December 2016: Nil).

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group employed approximately 30 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

## OTHER INFORMATION

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

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Name of Director	Capacity	Number of shares of the Company	Number of underlying shares of the Company pursuant to share options	Approximate % of the issued share capital of the Company as at 30 June 2017
Mr. Kwok Sze Yiu, Gordon	Beneficial owner	19,590,000	–	0.67%
	Beneficial owner	–	29,110,000	1.00%
Dr. Tang Sing Hing, Kenny	Beneficial owner	2,300,000	–	0.08%
	Beneficial owner	–	29,110,000	1.00%
Mr. Ng Tang	Beneficial owner	19,500,000	–	0.67%
	Beneficial owner	–	29,110,000	1.00%

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### SHARE OPTIONS

#### (a) 2003 Share Option Scheme

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

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

Details of the share options granted by the Company under the 2003 Share Option Scheme to the employees of the Company and the movements in such holdings during the six months ended 30 June 2017 were as follows:

Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
			Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding as at 30 June 2017
9/10/2007	9/10/2007 to 8/10/2017	280.40	201,176	-	-	-	201,176
18/4/2008	18/4/2008 to 17/4/2018	162.80	10,591	-	-	-	10,591
Total:			211,767	-	-	-	211,767

## OTHER INFORMATION

### SHARE OPTIONS (Continued)

#### (b) 2013 Share Option Scheme

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

Details of the share options granted by the Company under the 2013 Share Option Scheme to the Directors, employees and other eligible participants of the Group and the movements in such holdings during the six months ended 30 June 2017 were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				Outstanding as at 1 January 2017	Granted during the period (Note)	Exercised during the period	Cancelled/lapsed during the period	Outstanding as at 30 June 2017
<b>Directors</b>								
Mr. Kwok Sze Yiu, Gordon	24/1/2017	24/1/2017 to 23/1/2019	0.17	N/A	29,110,000	-	-	29,110,000
Dr. Tang Sing Hing, Kenny	24/1/2017	24/1/2017 to 23/1/2019	0.17	N/A	29,110,000	-	-	29,110,000
Mr. Ng Tang	24/1/2017	24/1/2017 to 23/1/2019	0.17	N/A	29,110,000	-	-	29,110,000
Sub-total:				-	87,330,000	-	-	87,330,000
Directors of an associate company	10/4/2017	10/4/2017 to 9/4/2019	0.142	N/A	38,860,000	-	-	38,860,000
Employees	14/4/2015	14/7/2015 to 13/7/2017	2.97	24,303,125	-	-	-	24,303,125
Employees	24/1/2017	24/1/2017 to 23/1/2019	0.17	N/A	116,440,000	-	-	116,440,000
Total:				24,303,125	242,630,000	-	-	266,933,125

## OTHER INFORMATION

### SHARE OPTIONS (Continued)

#### (b) 2013 Share Option Scheme (Continued)

*Note: The closing price of the shares of the Company on the business day immediately preceding the date of grant on 24 January 2017 and 10 April 2017 were HK\$0.17 and HK\$0.153 per share respectively.*

*The fair value of the share options granted under the 2013 Share Option Scheme on 24 January 2017 determined pursuant to the Binomial Option Pricing Model was HK\$13,274,000. The inputs into the model included grant date share price of HK\$0.17, exercise price of HK\$0.17 per share, expected volatility of 97.084%, expected legal life of 2 years, no expected dividend and estimated risk-free rate of 0.981%.*

*The fair value of the share options granted under the 2013 Share Option Scheme on 10 April 2017 determined pursuant to the Binomial Option Pricing Model was HK\$446,000. The inputs into the model included grant date share price of HK\$0.142, exercise price of HK\$0.142 per share, expected volatility of 97.684%, expected legal life of 2 years, no expected dividend and estimated risk-free rate of 0.938%.*

*The model requires the input of subjective assumptions, including the volatility of share price. As changes in subjective input assumptions can materially affect the fair value estimate, in the Directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of shares options.*

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS

So far as is known to any Director or chief executive of the Company, as at 30 June 2017, the following shareholders (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

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

Name of shareholder	Capacity	Number of shares of the Company (Note 1)	Approximate % of the issued share capital of the Company as at 30 June 2017 (Note 2)
Wong Ka Man	Beneficial owner	194,694,000	6.69%
China Mobile Games and Entertainment Group LTD.	Beneficial owner	176,994,000	6.08%

Notes:

- The number of shares held by the respective shareholders have been adjusted as a result of the capital reorganisation (the "Capital Reorganisation") approved by the shareholders of the Company at the special general meeting of the Company held on 5 April 2016 which involved, among other steps, (i) the share consolidation of 10 pre-consolidated shares into 1 share of HK\$0.10 and (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 and thereby creating the shares and the Capital Reorganisation became effective on 6 April 2016.*
- The percentage of shareholding is calculated with reference to the Company's number of shares in issue as at 30 June 2017.*

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS (Continued)

Save as disclosed above, as at 30 June 2017, there was no other person (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

### 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 (the "Listing Rules") throughout the six months ended 30 June 2017.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

### 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 Ms. Yiu Wai Yee, Catherine. 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 2017.



## OTHER INFORMATION

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

Name of Director	Details of Changes
Mr. Ng Tang	– resigned as an executive director of WLS Holdings Limited (stock code: 8021), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 11 August 2017.

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

Hong Kong, 29 August 2017