

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**KONG SUN HOLDINGS LIMITED**

**江山控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 295)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

The board (the “Board”) of directors (the “Directors”) of Kong Sun Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2014, together with the comparative amounts for the corresponding year in 2013.

**FINANCIAL HIGHLIGHTS**

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated*
Turnover	<u>524,283</u>	<u>7,364</u>
Profit/(loss) for the year	<u>11,667</u>	<u>(6,212)</u>
Earnings/(loss) per share		
– Basic (RMB cents)	<u>0.27</u>	<u>(0.41)</u>
– Diluted (RMB cents)	<u>0.27</u>	<u>(0.41)</u>
Total non-current assets	<u>1,730,185</u>	152,738
Total current assets	<u>1,767,575</u>	<u>99,364</u>
Total assets	<u>3,497,760</u>	<u>252,102</u>
Total non-current liabilities	<u>448,368</u>	10,779
Total current liabilities	<u>947,883</u>	<u>13,750</u>
Total liabilities	<u>1,396,251</u>	<u>24,529</u>
Net assets	<u>2,101,509</u>	<u>227,573</u>

\* See Note 2(i).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

(Expressed in Renminbi unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000 Restated*
<b>Turnover</b>	3	<b>524,283</b>	7,364
Cost of sales		<u>(475,130)</u>	<u>(5,854)</u>
<b>Gross profit</b>		<b>49,153</b>	1,510
Valuation gains on investment properties		<b>2,298</b>	2,473
Other revenue	4	<b>9,434</b>	1,888
Other net income/(loss)	4	<b>7,958</b>	(637)
Distribution costs		<b>(137)</b>	(85)
Administrative expenses		<u>(40,225)</u>	<u>(11,310)</u>
<b>Profit/(loss) from operations</b>		<b>28,481</b>	(6,161)
Finance costs	5	<u>(7,694)</u>	<u>(255)</u>
<b>Profit/(loss) before taxation</b>	6	<b>20,787</b>	(6,416)
Income tax (expenses)/credit	7	<u>(9,120)</u>	<u>204</u>
<b>Profit/(loss) for the year</b>		<u><b>11,667</b></u>	<u>(6,212)</u>
<b>Earnings/(loss) per share</b>	8		
Basic (RMB cents)		<u><b>0.27</b></u>	<u>(0.41)</u>
Diluted (RMB cents)		<u><b>0.27</b></u>	<u>(0.41)</u>

\* See Note 2(i).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2014*

*(Expressed in Renminbi unless otherwise stated)*

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated*
<b>Profit/(loss) for the year</b>	<b>11,667</b>	(6,212)
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of subsidiaries outside Mainland China	(5,109)	(6,635)
Available-for-sale securities: net movement in the fair value reserve	(12,331)	10,928
Other comprehensive income for the year	(17,440)	4,293
<b>Total comprehensive income for the year</b>	<b>(5,773)</b>	(1,919)

\* See Note 2(i).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

(Expressed in Renminbi unless otherwise stated)

	<i>Note</i>	<b>2014</b> <b>RMB'000</b>	2013 <i>RMB'000</i> Restated*	2012 <i>RMB'000</i> Restated*
<b>Non-current assets</b>				
Property, plant and equipment	<i>10</i>	<b>26,264</b>	33,640	37,053
Solar power plants	<i>11</i>	<b>1,568,150</b>	–	–
Investment properties	<i>12</i>	<b>77,943</b>	75,399	75,247
Goodwill		<b>35,050</b>	–	–
Lease prepayments		<b>22,778</b>	10,595	10,926
Available-for-sale financial assets		–	33,104	18,108
Deposit for acquisition of property, plant and equipment		–	–	92
		<b>1,730,185</b>	152,738	141,426
<b>Current assets</b>				
Trading securities		–	844	919
Inventories		<b>2,691</b>	804	1,176
Trade and other receivables	<i>13</i>	<b>604,349</b>	9,677	4,229
Pledged bank deposits	<i>14</i>	<b>152,223</b>	106	941
Cash and cash equivalents	<i>15</i>	<b>1,008,312</b>	87,933	85,661
		<b>1,767,575</b>	99,364	92,926
<b>Current liabilities</b>				
Trade and other payables	<i>16</i>	<b>739,482</b>	10,208	10,820
Loans and borrowings	<i>17</i>	<b>198,801</b>	3,305	7,159
Obligation under finance leases		<b>246</b>	237	7
Current taxation		<b>9,354</b>	–	–
		<b>947,883</b>	13,750	17,986
<b>Net current assets</b>		<b>819,692</b>	85,614	74,940
<b>Total assets less current liabilities</b>		<b>2,549,877</b>	238,352	216,366

	<i>Note</i>	<b>2014</b> <b>RMB'000</b>	2013 <i>RMB'000</i> Restated*	2012 <i>RMB'000</i> Restated*
<b>Non-current liabilities</b>				
Other payables		<b>18,360</b>	–	–
Obligation under finance leases		<b>650</b>	779	19
Loans and borrowings	<i>17</i>	<b>423,702</b>	4,130	–
Deferred tax liabilities		<b>5,656</b>	5,870	6,261
		<u><b>448,368</b></u>	<u>10,779</u>	<u>6,280</u>
<b>NET ASSETS</b>		<u><b>2,101,509</b></u>	<u>227,573</u>	<u>210,086</u>
<b>CAPITAL AND RESERVES</b>				
Share capital: nominal value	<i>18</i>	–	69,008	66,680
Other statutory capital reserves		–	334,707	317,629
Share capital and other statutory capital reserves		<b>2,267,976</b>	403,715	384,309
Other reserves		<b>(166,467)</b>	(176,142)	(174,223)
<b>TOTAL EQUITY</b>		<u><b>2,101,509</b></u>	<u>227,573</u>	<u>210,086</u>

\* See Note 2(i).

## NOTES TO THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- investment properties; and
- financial instruments classified as available-for-sale or as trading securities

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **2 CHANGES IN ACCOUNTING POLICIES**

### **(i) Changes in presentation currency**

The Company and other investment holding subsidiaries incorporated in the British Virgin Islands and Hong Kong have their functional currencies in Hong Kong dollars (“HKD”) and subsidiaries established in the People’s Republic of China (the “PRC”) have their functional currencies in Renminbi (“RMB”). Along with the successful acquisitions of the PRC Subsidiaries (see note 18) in 2014, the Company determined to change its presentation currency from HKD to RMB, which is the functional currency of the Company’s major subsidiaries in the PRC. Since the Group considers that the restatement resulting from the change of presentation currency has a material impact on the opening financial position, the consolidated financial statements for the year ended 31 December 2013 with an additional statement of financial position as at 31 December 2012 have been re-translated into RMB from HKD. All financial information presented in RMB has been rounded to the nearest thousand.

### **(ii) New and revised HKFRSs that are first effective for the current accounting period**

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK (IFRIC) 21, *Levies*

These amendments and new interpretation do not have an impact on these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 TURNOVER AND SEGMENTAL REPORTING

#### (a) Turnover

The principal activities of the Group are investment in and operation of photovoltaic power plants, properties investment and manufacturing and sales of life-like plants.

Turnover mainly represents income from sales of electricity (includes tariff adjustment), the sales value of goods supplied to customers and rental income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	<b>2014</b> <i>RMB\$'000</i>	2013 <i>RMB\$'000</i> (Restated)
Sales of electricity	<b>9,547</b>	–
Sales of solar energy related products	<b>508,291</b>	–
Sales of life-like plants	<b>4,760</b>	6,370
Properties rental income	<b>1,685</b>	994
	<hr/>	<hr/>
Total revenue	<b>524,283</b>	7,364

Sales of electricity includes tariff adjustment amounted to RMB6,743,000 (2013: RMB Nil).

The Group had three (2013: three) customers with whom transactions have exceeded 10% of the Group's turnover for the year ended 31 December 2014. The amount of sales to these customers amounted to approximately RMB409,929,000 (2013: RMB4,146,000) for the year ended 31 December 2014.

#### (b) Segment reporting

The Group manages its businesses by subsidiaries. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments.

- Photovoltaic: this segment engages in generating and sales of electricity and trading of solar energy related products.
- Manufacturing and sales of life-like plants: this segment engages in manufacturing and sales of life-like plants.



- Properties investment: this segment leases out properties to generate rental income and to gain from the appreciation in the properties value in the long term.
- Securities investment: this segment engaged in the investment in listed securities.

(i) *Segment results, assets and liabilities*

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current and current assets with the exception of corporate assets. Segment liabilities include trade creditors and other payable attributable to the individual segments and loans and borrowings managed directly by the segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below.

Year ended 31 December 2014					
	<b>Photovoltaic</b>	<b>Manufacturing and sales of life-like plants</b>	<b>Properties investment</b>	<b>Securities investment</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	517,838	4,760	1,685	–	524,283
Inter-segment revenue	–	–	–	–	–
<b>Reportable segment revenue</b>	<b>517,838</b>	<b>4,760</b>	<b>1,685</b>	<b>–</b>	<b>524,283</b>
Reportable segment profit (adjusted EBITDA)	42,102	550	2,681	4,772	50,105
Interest income	5,165	1	–	737	5,903
Interest expense	7,403	291	–	–	7,694
Depreciation and amortisation for the year	1,658	2,515	41	–	4,214
Reportable segment assets	3,363,921	17,034	81,672	143,680	3,606,307
Additions to non-current assets during the year	1,617,454	–	–	–	1,617,454
<b>Reportable segment liabilities</b>	<b>1,471,966</b>	<b>33,668</b>	<b>1,528</b>	<b>15,792</b>	<b>1,522,954</b>

Year ended 31 December 2013					
	<b>Photovoltaic</b>	<b>Manufacturing and sales of life-like plants</b>	<b>Properties investment</b>	<b>Securities investment</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Revenue from external customers	–	6,370	994	–	7,364
Inter-segment revenue	–	–	–	–	–
<b>Reportable segment revenue</b>	<b>–</b>	<b>6,370</b>	<b>994</b>	<b>–</b>	<b>7,364</b>
Reportable segment profit (adjusted EBITDA)	–	3,735	2,105	(330)	5,510
Interest income	–	29	–	1,343	1,372
Interest expense	–	255	–	–	255
Depreciation and amortisation for the year	–	3,029	28	371	3,428
Reportable segment assets	–	17,762	77,898	154,983	250,643
Additions to non-current assets during the year	–	–	2,473	7,456	9,929
<b>Reportable segment liabilities</b>	<b>–</b>	<b>32,979</b>	<b>1,409</b>	<b>15,827</b>	<b>50,215</b>

(ii) *Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> (Restated)
<b>Revenue</b>		
Reportable segment revenue	524,283	7,364
Elimination of inter-segment revenue	—	—
Consolidated revenue ( <i>note 3(a)</i> )	<u>524,283</u>	<u>7,364</u>
<b>Profit</b>		
Reportable segment profit	50,105	5,510
Elimination of inter-segment profits	—	—
Reportable segment profit derived from the Group's external customers	50,105	5,510
Other revenue and net income	17,392	1,251
Depreciation and amortisation	(4,665)	(3,805)
Finance costs	(7,694)	(255)
Unallocated head office and corporate expenses	<u>(34,351)</u>	<u>(9,117)</u>
Consolidated profit/(loss) before taxation	<u>20,787</u>	<u>(6,416)</u>
<b>Assets</b>		
Reportable segment assets	3,606,307	250,643
Elimination of inter-segment receivable	(143,367)	(40,583)
Unallocated head office and corporate assets	<u>34,820</u>	<u>42,042</u>
Consolidated total assets	<u>3,497,760</u>	<u>252,102</u>
<b>Liabilities</b>		
Reportable segment liabilities	1,522,954	50,215
Elimination of inter-segment payables	(143,367)	(40,583)
Deferred tax liabilities	5,656	5,870
Unallocated head office and corporate liabilities	<u>11,008</u>	<u>9,027</u>
Consolidated total liabilities	<u>1,396,251</u>	<u>24,529</u>

(iii) *Geographic information*

As the Group does not have material operation outside the PRC, no geographic segment information is presented.

#### 4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
<b>Other revenue</b>		
Interest income	5,903	1,372
Loan interest income	257	118
Others	3,274	398
	<u>9,434</u>	<u>1,888</u>
<b>Other net income/(loss)</b>		
Net foreign exchange (loss)/gain	(1,475)	863
Net gain on disposal of property, plant and equipment	2,698	105
Net realised and unrealised losses on trading securities	–	(48)
Net gain on disposal of right issues of the listed equity securities	–	1,915
Available-for-sale securities:		
Reclassified from equity		
– on disposal	6,735	–
– on impairment	–	(3,472)
	<u>7,958</u>	<u>(637)</u>

#### 5. FINANCE COSTS

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Interest on borrowings wholly repayable within five years	5,082	204
Interest on other loans	6,262	–
Interest on bank overdrafts	49	23
Finance charges on obligations under finance leases	35	28
Total interest expense on financial liabilities		
not at fair value through profit or loss	11,428	255
Less: interest expense capitalised into solar power plants under development*	(3,734)	–
	<u>7,694</u>	<u>255</u>

\* The borrowing cost has been capitalised at a rate of 10% per annum (2013: Nil)

## 6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

### (a) Staff costs

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Salaries, wages and other benefits	9,224	6,476
Contributions to defined contribution retirement plan	551	383
Equity-settled share based payment expenses	<u>10,245</u>	<u>–</u>
	<u>20,020</u>	<u>6,859</u>

### (b) Other items

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Amortisation		
– lease prepayments	451	377
Depreciation		
– Property, plant and equipment ( <i>note 10</i> )	2,556	3,428
– Solar power plants ( <i>note 11</i> )	1,658	–
Auditors' remuneration	1,743	559
Net foreign exchange (loss)/gain	(1,475)	863
Operating lease charges in respect of properties	1,555	506
Cost of inventories ( <i>Note</i> )	<u>473,418</u>	<u>5,854</u>

*Note:* Cost of inventories includes RMB3,030,000 (2013: RMB4,151,000) for the year ended 31 December 2014 relating to staff costs, depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

## 7 INCOME TAX EXPENSES/(CREDIT)

Taxation in the consolidated statement of profit or loss represents:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
<b>Current tax</b>		
PRC Corporate Income Tax	9,354	–
Hong Kong Profits Tax	–	–
	<u>9,354</u>	<u>–</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(234)	(204)
	<u>9,120</u>	<u>(204)</u>

- (i) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the years ended 31 December 2014 and 2013.
- (ii) The Group's PRC entities are subject to corporate income tax at the statutory rate of 25%, unless otherwise specified.
- (iii) Income derived by an enterprise from the investment in, and the operation of, public infrastructure projects eligible for key support from the State, are eligible for a tax exemption for the first year to the third year generating operating income and a 50% deduction in corporate income tax for the fourth year to the sixth year (the "3+3 tax holiday"). Gansu Hongyuan, Yumen Yonglian and Hami Zhaoxiang started to generate operating income and enjoyed the 3+3 tax holiday from 2014. Gansu Hongyuan and Hami Zhaoxiang obtained the 3+3 tax holiday approval in 2014 and Yumen Yonglian is in the process of applying the 3+3 tax holiday.
- (iv) According to the PRC Corporate Income Tax Law and its related regulations, the Group is subject to a withholding tax at 10%, unless reduced by tax treaties or arrangements, for dividends distributed by a PRC enterprise to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. According to the China-HK Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" of the dividends received and directly holds 25% or more of a PRC enterprise is entitled to a reduced withholding rate of 5%. Deferred withholding tax payable relating to the temporary differences arising from the undistributed profits of the Group's PRC subsidiaries have not been recognised as the Company controls the dividend policy of the Group's PRC subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

## 8 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of RMB11,667,000 (2013: loss of RMB6,212,000) and weighted average number of ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2014 '000	2013 '000
Ordinary shares at 1 January	1,762,662	1,468,962
Effect of shares to new investors' capital injection	<u>2,611,233</u>	<u>71,615</u>
Weighted average number of ordinary shares at 31 December	<u><b>4,373,895</b></u>	<u>1,540,577</u>

### (b) Diluted earnings/(loss) per share

For the year ended 31 December 2014, the effect of conversion of share option scheme was anti-dilutive and diluted earnings per share during the year is therefore equal to basic earnings per share.

## 9 DIVIDEND

The board of directors did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

## 10 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>					
Restated balance at 1 January 2013	41,369	6,287	1,434	812	49,902
Additions (restated)	125	2	1,948	43	2,118
Disposals (restated)	–	–	(1,430)	(523)	(1,953)
Effect of foreign currency exchange differences (restated)	(1,261)	(190)	(59)	(8)	(1,518)
Restated balance at 31 December 2013 and 1 January 2014	40,233	6,099	1,893	324	48,549
Additions	19	–	474	1,269	1,762
Disposals	(7,116)	–	(437)	(19)	(7,572)
Effect of foreign currency exchange differences	169	21	6	2	198
At 31 December 2014	<u>33,305</u>	<u>6,120</u>	<u>1,936</u>	<u>1,576</u>	<u>42,937</u>
<b>Accumulated depreciation:</b>					
Restated balance at 1 January 2013	7,165	4,905	315	464	12,849
Charge for the year (restated)	2,650	275	413	90	3,428
Written back on disposals (restated)	–	–	(427)	(514)	(941)
Effect of foreign currency exchange differences (restated)	(258)	(153)	(10)	(6)	(427)
Restated balance at 31 December 2013 and 1 January 2014	9,557	5,027	291	34	14,909
Charge for the year	2,092	271	124	69	2,556
Written back on disposals	(735)	–	(90)	(12)	(837)
Effect of foreign currency exchange differences	28	16	1	–	45
At 31 December 2014	<u>10,942</u>	<u>5,314</u>	<u>326</u>	<u>91</u>	<u>16,673</u>
<b>Net book value:</b>					
At 31 December 2013 (restated)	<u>30,676</u>	<u>1,072</u>	<u>1,602</u>	<u>290</u>	<u>33,640</u>
At 31 December 2014	<u>22,363</u>	<u>806</u>	<u>1,610</u>	<u>1,485</u>	<u>26,264</u>

The buildings held for own use are located in PRC and Hong Kong.



## 11 SOLAR POWER PLANTS

	<b>Solar power plants</b> <i>RMB'000</i>	<b>Solar power plants under development</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Cost:</b>			
At 1 January 2013 and 31 December 2013	–	–	–
Acquisition of subsidiaries ( <i>note 19</i> )	535,561	409,400	944,961
Additions	–	624,847	624,847
	<u>–</u>	<u>624,847</u>	<u>624,847</u>
At 31 December 2014	<u>535,561</u>	<u>1,034,247</u>	<u>1,569,808</u>
<b>Accumulated depreciation:</b>			
At 1 January 2013 and 31 December 2013	–	–	–
Charge for the year	1,658	–	1,658
	<u>1,658</u>	<u>–</u>	<u>1,658</u>
At 31 December 2014	<u>1,658</u>	<u>–</u>	<u>1,658</u>
<b>Net book value:</b>			
At 31 December 2013	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2014	<u>533,903</u>	<u>1,034,247</u>	<u>1,568,150</u>

During the year, the Group commenced the photovoltaic business in the PRC. The solar power plants under development would be transferred to solar power plants when the solar power plants complete trial operation and are successfully connected to provincial power grid companies and generate electricity.

At 31 December 2014, generators and related equipment with carrying values of approximately RMB533,903,000 were pledged as security for the Group's loans and borrowings.

## 12 INVESTMENT PROPERTIES

	<b>Valuation</b> <i>RMB'000</i>
At 1 January 2013	75,247
Fair value adjustment	2,473
Effect of foreign currency exchange differences	<u>(2,321)</u>
At 31 December 2013	<u>75,399</u>
<b>Representing:</b>	
Cost	–
Valuation	<u>75,399</u>
	<u>75,399</u>
At 1 January 2014	75,399
Fair value adjustment	2,298
Effect of foreign currency exchange differences	<u>246</u>
At 31 December 2014	<u>77,943</u>
<b>Representing:</b>	
Cost	–
Valuation	<u>77,943</u>
	<u>77,943</u>

The investment properties of the Group are situated in Hong Kong and leased to third parties. Each of the leases contains an initial non cancellable period of 1 year to 3 years. No contingent rents are charged.

The Group's investment properties were revalued as at 31 December 2013 and 2014 by an independent firm of surveyors, Grant Sherman Appraisal Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

Investment properties are accounted for using the fair value model.

### 13 TRADE AND OTHER RECEIVABLES

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Trade debtors	275,730	568
Bills receivable	<u>1,275</u>	<u>–</u>
Trade debtors and bills receivable	277,005	568
Less: allowance for doubtful debts	<u>–</u>	<u>–</u>
	277,005	568
Other deposits and prepayments and receivables	<u>327,344</u>	<u>9,109</u>
	<b><u>604,349</u></b>	<b><u>9,677</u></b>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year, except for deposits amounting to RMB587,000 (2013: RMB64,000) as at 31 December 2014, which are expected to be recovered after more than one year.

As at 31 December 2014, bills receivable represented outstanding bank acceptance bills.

#### Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivable (which are included in trade and other receivables) based on due date is as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Neither past due nor impaired	277,005	564
Less than 3 month past due	–	4
Over 3 less than 6 months past due	–	–
Over 6 less than 12 months past due	–	–
Over 12 less than 24 months past due	–	–
More than 24 months	<u>–</u>	<u>–</u>
	<b><u>277,005</u></b>	<b><u>568</u></b>

## 14 PLEDGED BANK DEPOSITS

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Pledged for		
– bank borrowings	<b>152,050</b>	–
– others	<b>173</b>	106
	<hr/>	<hr/>
Pledged bank deposits	<b><u>152,223</u></b>	<b><u>106</u></b>

As at 31 December 2014, bank deposits have been mainly pledged as security for bank borrowings (see note 17). The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

## 15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Cash on hand	<b>11</b>	261
Cash at bank	<b>1,008,301</b>	87,672
	<hr/>	<hr/>
Cash at bank and in hand	<b><u>1,008,312</u></b>	<b><u>87,933</u></b>

As at 31 December 2013 and 2014, cash and cash equivalents placed with banks in the Mainland China amounted to RMB15,673,000 and RMB575,398,000 respectively. Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## 16 TRADE AND OTHER PAYABLES

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Trade payables ( <i>Note</i> )	<b>621,813</b>	116
Other payables and accruals	<b>117,669</b>	10,092
	<b><u>739,482</u></b>	<b><u>10,208</u></b>

Retention payable amounted to RMB42,550,000 (2013: RMB Nil) will be settled or recognised as income after more than one year. All of the other trade and other payables as at 31 December 2013 and 2014 are expected to be settled or recognised as income within one year or are repayable on demand.

*Note:* An ageing analysis of the trade payables based on the invoice date is as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Within 3 months	<b>621,813</b>	116
More than 3 months but within 6 months	–	–
More than 6 months but within 1 year	–	–
More than 1 year	–	–
	<b><u>621,813</u></b>	<b><u>116</u></b>

## 17 LOANS AND BORROWINGS

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
<b>Current</b>		
Secured		
– bank loans	152,118	2,097
Current portion of non-current other borrowings	46,683	–
Unsecured		
– other borrowings	–	1,208
	<u>198,801</u>	<u>3,305</u>
<b>Non-current</b>		
Secured		
– bank loans	3,602	4,130
– other borrowings	466,783	–
Less: Current portion of non-current other borrowings	(46,683)	–
	<u>423,702</u>	<u>4,130</u>

The Group's current and non-current borrowings were repayable as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> Restated
Within 1 year or on demand	198,801	3,305
After 1 year but within 2 years	85,765	539
After 2 years but within 5 years	153,384	1,710
Over 5 years	184,553	1,881
	<u>622,503</u>	<u>7,435</u>

Other borrowings bear interest ranging from 5.32% to 14.25%. The bank loans bear floating interest rate (2013: floating).

## 18 SHARE CAPITAL

### Authorised and issued share capital

	2014		2013	
	Number of shares (‘000)	RMB‘000	Number of shares (‘000)	RMB‘000
<b>Authorised: (note 1)</b>				
Ordinary shares of HK\$0.01 each (note 2)	—	—	20,000,000	157,246
<b>Ordinary shares, Issued and fully paid:</b>				
At 1 January	1,762,662	69,008	1,468,962	66,680
Transition to no-par value regime on 3 March 2014 (note 3)	—	334,707	—	—
Placing of new shares (note 4)	6,528,080	1,864,261	293,700	2,328
At 31 December	<u>8,290,742</u>	<u>2,267,976</u>	<u>1,762,662</u>	<u>69,008</u>

*Note 1:* Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

*Note 2:* In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company’s shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

*Note 3:* In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014 any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the company’s share capital.

*Note 4:* Pursuant to a subscription agreement dated 28 May 2014, the Company placed a total of 6,528,080,000 new shares (“New Shares”) of the Company, at the price of HK\$0.36 per share to its investors. All conditions of the subscription agreement have been fulfilled and the issue of the New Shares was completed on 8 August 2014.

## 19 ACQUISITION OF SUBSIDIARIES

During the year, the Group entered into equity transfer agreements with independent third parties to acquire equity interests in ten entities for a total cash consideration of RMB604,472,000. Three of the entities are with solar power plants generating electricity and the other seven entities are at development stage.

### (a) Solar power plants with operations

During the year, the Group entered into equity transfer agreements with third parties to acquire 100% equity interests in Yumen Yonglian Technology New Energy Limited Company\* (“Yumen Yonglian”) (玉門市永聯科技新能源有限公司), Gansu Hongyuan Photovoltaic Limited Company\* (“Gansu Hongyuan”) (甘肅宏遠光電責任有限公司) and Hami Zhaoxiang New Energy Technology Limited Company\* (“Hami Zhaoxiang”) (哈密朝翔新能源科技有限公司), at a total cash consideration of RMB202,727,000. The above mentioned acquisitions were completed at the acquisition date of 4 November 2014, 7 November 2014 and 30 October 2014 respectively (the “Acquisition Dates”), through which the Group obtained control of Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang.

Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang are limited liabilities companies and are principally engaged in electricity generation. As at the Acquisition Dates, Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang were generating electricity.

The combined identifiable assets acquired and liabilities assumed at the Acquisition Dates are as follows:

	<b>Acquirees’ carrying amount before acquisition</b>	<b>Fair value adjustment</b>	<b>Fair value</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net assets acquired:			
Solar power plants	535,561	–	535,561
Lease prepayment	11,529	–	11,529
Inventories	4,599	–	4,599
Trade and other receivables	155,759	–	155,759
Cash and cash equivalents	1,873	–	1,873
Trade and other payables	(94,707)	–	(94,707)
Loans and borrowings	(446,937)	–	(446,937)
	<u>167,677</u>	<u>–</u>	<u>167,677</u>
Net identifiable assets			
Total consideration			202,727
Less: Net identifiable assets			(167,677)
Goodwill on the acquisitions			<u>35,050</u>
Consideration, satisfied in cash			202,727
Less: Cash and cash equivalents acquired			(1,873)
Less: Other payable			<u>(46,647)</u>
Payment for acquisition of subsidiaries, net of cash acquired			<u>154,207</u>

\* The English translation of the companies’ names is for reference only. The official names of these companies are in Chinese.



**(a) Solar power plants with operations (continued)**

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the acquirees into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

During the period from the Acquisition Dates to 31 December 2014, Yumen Yonglian, Gansu Hongyuan and Hami Zhaoxiang contributed a total turnover (include tariff adjustment) of RMB9,547,000 and profit of RMB3,760,000. If the acquisitions had occurred on 1 January 2014, management estimates that the turnover (include tariff adjustment) would have been RMB76,025,000, and profit for the year would have been RMB41,436,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the dates of acquisitions would have been the same if the acquisitions had occurred on 1 January 2014.

**(b) Solar power plants under development**

During the year, the Group acquired equity interests in seven entities, details as per below from independent third parties at a total cash consideration of RMB401,745,000. The entities principally engaged in generating and sales of electricity. As at the dates of acquisitions, the entities were at development stage.

<b>Name of the entity*</b>	<b>Equity interests acquired</b>
Enfei New Energy (Shuozhou) Limited Company (“恩菲新能源(朔州)有限公司”)	100%
Dunhuang Wanfa New Energy Limited Company (“敦煌萬發新能源有限公司”)	100%
Maigaiti Linuo Solar Power Limited Company (“麥蓋提力諾太陽能電力有限公司”)	100%
Kuche Tianhua new Energy Electric Power Limited Company (“庫車天華新能源電力有限公司”)	100%
Wushi Huayangweiye Solar Technology Limited Company (“烏什縣華陽偉業太陽能科技有限公司”)	100%
Yingjiasha Tianhuaweiye Solar Technology Limited Company (“英吉沙縣天華偉業太陽能科技有限公司”)	100%
Yulin BYD New Energy Limited Company (“榆林市比亞迪新能源有限公司”)	100%

\* The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

The combined identifiable assets acquired and liabilities assumed are as follows:

	<i>RMB'000</i>
Net assets acquired:	
Solar power plants under development	409,400
Trade and other receivables	14,790
Cash and cash equivalents	1,948
Trade and other payables	<u>(24,393)</u>
Total identifiable net assets acquired	<u>401,745</u>
Consideration, satisfied in cash	401,745
Less: Cash and cash equivalents acquired	(1,948)
Less: Other payable	<u>(63,234)</u>
Payment for acquisition of subsidiaries, net of cash acquired	<u>336,563</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Company is an investment holding company with its subsidiaries mainly engaged in investment in and operation of photovoltaic power plants, properties investment, manufacturing and sales of life-like plants. As stated in the annual report of the Company for the year ended 31 December 2013, the Company has been looking for new investments and business opportunities. In May 2014, the Company entered into a subscription agreement with a private equity investment fund as investor (the “Investor”), pursuant to which the Company agreed to issue 6,528,080,000 new shares of the Company (the “Shares”) at a subscription price of HK\$0.36 per Share to establish a funding source for such purposes. The issuance of new Shares by the Company was completed on 8 August 2014 and a total net proceeds amounted to approximately RMB1,864.3 million (equivalent to approximately HK\$2,338.1 million) was received by the Company. For further details of the issuance of new Shares by the Company, please refer to the heading “ISSUE OF NEW SHARES AND USE OF PROCEEDS”.

## Photovoltaic Power Plants Business

In 2014, the Company entered into several memoranda of understanding, cooperation agreements and framework agreements on proposed acquisition of or investments in photovoltaic (“PV”) power plants in the People’s Republic of China (the “PRC”), as follows:

<b>Date</b>	<b>Name and location of project</b>	<b>Capacity and type of power plants</b>	<b>Status as at 31 December 2014</b>
22 April 2014	Gansu Province	30 mega-watts (“MW”); Ground mounted PV power plants	Project suspended and no further negotiation will be continued by the Group
29 April 2014	Lincheng County, Hebei Province	50 MW; Ground mounted PV power plants	Under negotiations and no formal agreement has been entered into by the Group
30 April 2014	Anhui and Yunnan Provinces	261 MW; Ground mounted PV power plants	Under negotiations and no formal agreement has been entered into by the Group
4 September 2014	Across PRC	Total 800 MW to 1,000 MW from 2014 to 2016; Ground mounted PV power plants	Under negotiations and no formal agreement has been entered into by the Group
24 October 2014	Across PRC	N/A	Set up of investment fund still under negotiations and no formal agreement has been entered into by the Group
28 November 2014	Across PRC	Total 800 MW from 2015 to 2017; Distributed PV power plants	Under negotiations and no formal agreement has been entered into by the Group

<b>Date</b>	<b>Name and location of project</b>	<b>Capacity and type of power plants</b>	<b>Status as at 31 December 2014</b>
3 December 2014	Across PRC	Total 600 MW from 2015 to 2017; Distributed PV power plants	Under negotiations and no formal agreement has been entered into by the Group
18 December 2014	Across PRC	Not less than 300 MW for three years up to 2017; Distributed PV power plants	Under negotiations and no formal agreement has been entered into by the Group

As at 31 December 2014, the Group had the following ground mounted PV power plants under development:

<b>Name of project*</b>	<b>Location of project</b>	<b>Capacity of power plants</b>	<b>Status as at 31 December 2014</b>
Enfei New Energy (Shuozhou) Limited Company (“恩菲新能源(朔州)有限公司”)	Shaanxi Province	70 MW	Major construction not yet started; expected to be completed by end of September 2015
Dunhuang Wanfa New Energy Limited Company (“敦煌萬發新能源有限公司”)	Gansu Province	60 MW	Majority of construction work is completed; expected to connect to grid by end of April 2015
Maigaiti Linuo Solar Power Limited Company (“麥蓋提力諾太陽能電力有限公司”)	Xinjiang Province	20 MW	Majority of construction work is completed; expected to connect to grid by end of April 2015
Kuche Tianhua New Energy Electric Power Limited Company (“庫車天華新能源電力有限公司”)	Xinjiang Province	20 MW	Majority of construction work is completed; expected to connect to grid by end of March 2015

<b>Name of project*</b>	<b>Location of project</b>	<b>Capacity of power plants</b>	<b>Status as at 31 December 2014</b>
Wushi Huayangweiye Solar Technology Limited Company (“烏什縣華陽偉業太陽能科技有限公司”)	Xinjiang Province	20 MW	Majority of construction work is completed; expected to connect to grid by end of March 2015
Yingjisha Tianhuaweiye Solar Technology Limited Company (“英吉沙縣天華偉業太陽能科技有限公司”)	Xinjiang Province	20 MW	Connected to grid on 9 March 2015
Yulin BYD New Energy Limited Company (“榆林市比亞迪新能源有限公司”)	Shaanxi Province	300 MW	Major construction not yet started; 150 MW is expected to be completed by end of 2015

For further details of the Group’s PV power plants under development, please refer to note 19(b) to the financial statements of this announcement.

During the year ended 31 December 2014, the Group had acquired the following ground mounted PV power plants, which had already been connected to grid and generated electricity revenue for the Group:

<b>Date of acquisition</b>	<b>Name of project*</b>	<b>Location of project</b>	<b>Capacity of power plants</b>
7 November 2014	Gansu Hongyuan Photovoltaic Limited Company (甘肅宏遠光電有限責任公司)	Gansu Province	30 MW
4 November 2014	YumenYonglian Technology New Energy Limited Company (玉門市永聯科技新能源有限公司)	Gansu Province	20 MW
30 October 2014	Hami Zhaoxiang New Energy Technology Limited Company (哈密朝翔新能源科技有限公司)	Xinjiang Province	20 MW

For further details of the Group’s PV power plants with operations, please refer to note 19(a) to the financial statements of this announcement.

\* The English translation of the companies’ names is for reference only. The official names of these companies are in Chinese.

## **Properties Investment**

The total rental income of the Group from its properties investment increased by approximately 69.5% from approximately RMB994,000 for the year ended 31 December 2013 to approximately RMB1,685,000 for the year ended 31 December 2014, driven by an increase in units of the Group's investment properties were being rented out during the year under review.

## **Life-Like Plants Business**

The turnover from life-like plants business decreased by approximately 25.3% from approximately RMB6,370,000 for the year ended 31 December 2013 to approximately RMB4,760,000 for the year ended 31 December 2014.

## **Securities Investment**

For the year ended 31 December 2014, the Group had recorded a net gain on available-for-sale securities amounted to approximately RMB6,735,000 (2013: loss of approximately RMB3,472,000). During the year ended 31 December 2014, the Group had disposed of all of its securities investments and the Group did not hold any investment in securities as at 31 December 2014.

## **Results of Operations**

### *Turnover*

The turnover of the Group increased by 71.2 times from approximately RMB7,364,000 for the year ended 31 December 2013 to approximately RMB524,283,000 for the year ended 31 December 2014. The increase was primarily due to increase in revenue from the sales of electricity (including tariff adjustment) and increase in sales of solar energy related products.

### *Revenue from sales of electricity and sales of solar energy related products*

The Group had the first time generated revenue from sales of electricity in the second half of 2014 from its PV power plants. For the year ended 31 December 2014, the Group recorded a total amount of approximately RMB9,547,000 (2013: Nil) from the sales of electricity (includes tariff adjustment). In addition, the Group had gained revenue of approximately RMB508,291,000 (2013: Nil) from the sales of solar energy related products during the year ended 31 December 2014.

### *Revenue from sales of life-like plants*

The Group's revenue from sales of life-like plants decreased by approximately 25.3% from approximately RMB6,370,000 for the year ended 31 December 2013 to approximately RMB4,760,000 for the year ended 31 December 2014.

### *Rental income*

The Group's rental income increased by approximately 69.5% from approximately RMB994,000 for the year ended 31 December 2013 to approximately RMB1,685,000 for the year ended 31 December 2014.

### *Gross profit*

The gross profit of the Group increased by 32.6 times from approximately RMB1,510,000 for the year ended 31 December 2013 to RMB49,153,000 for the year ended 31 December 2014, mainly due to the increase in revenue from sales of electricity and sales of solar energy related products during the year under review.

### *Valuation gains on investment properties*

The Group holds certain properties for rental income and/or capital appreciation purposes in Hong Kong. The Group's investment properties are revaluated at the end of the respective year end on an open market value or existing use basis by an independent property valuer. For the year ended 31 December 2014, the Group recorded increases in fair value of investment properties of RMB2,298,000 (2013: RMB2,473,000). The increase in fair value of the Group's investment properties during the years ended 31 December 2014 and 2013 reflected a rise in the property price in Hong Kong over the period under review.

### *Other revenue*

Other revenue of the Group increased by approximately 399.7% from approximately RMB1,888,000 for the year ended 31 December 2013 to approximately RMB9,434,000 for the year ended 31 December 2014. The increase is mainly due to the increase in interest income of approximately RMB4,531,000 as a result of the increase in bank deposits with the banks.

### *Other net income/(loss)*

The Group recorded a net income of approximately RMB7,958,000 for the year ended 31 December 2014 (2013: net loss of approximately RMB637,000). The significant improvement was mainly due to the net gain on disposal of property, plant and equipment and disposal of available-for-sale securities of approximately RMB2,698,000 and RMB6,735,000, (2013: RMB105,000 and RMB Nil), respectively, during the year ended 31 December 2014.

### *Administrative expenses*

Administrative expenses of the Group increased by approximately 255.7% from approximately RMB11,310,000 for the year ended 31 December 2013 to approximately RMB40,225,000 for the year ended 31 December 2014. The increase was attributable to (i) increase in legal and other professional fees amounted to approximately RMB880,000 in relation to, including but not limited to, the issue of new Shares by the Company during the year 2014; (ii) increase in office rental expenses of approximately RMB591,000; (iii) increase in salaries and wages amounted to approximately RMB5,466,000 due to increase in head count; (iv) equity-settled based payment expenses in relation to staff and consultants of the Group amounted to approximately RMB15,448,000; (v) increase in auditors' remuneration amounted to approximately RMB1,184,000; and (vi) increase in travelling and transportation expenses amounted to approximately RMB1,191,000.

### *Solar power plants*

As at 31 December 2014, the Group had a net book value of approximately RMB533,903,000 (2013: Nil) and approximately RMB1,034,247,000 (2013: Nil) in completed solar power plants and solar power plants under development, respectively.

### *Investment properties*

The Group continues to hold certain investment properties in Hong Kong for rental purposes. As at 31 December 2014, the total investment properties, at valuation, amounted to approximately RMB77,943,000 (2013: RMB75,399,000).

### *Goodwill*

During the year ended 31 December 2014, the Group had acquired three solar power plants with operations and recorded a total amount of approximately RMB35,050,000 (2013: Nil) in respect of goodwill on the acquisitions. For details, please refer to note 19(a) to the financial statements of this announcement.



### *Liquidity and Capital Resources*

As at 31 December 2014, the total amount of cash and cash equivalents and pledged bank deposits was approximately RMB1,160,535,000 (2013: approximately RMB88,039,000). As at 31 December 2014, cash and cash equivalents of the Group was approximately RMB1,008,312,000 (2013: approximately RMB87,933,000), which included an amount of bank deposits of approximately RMB827,828,000 (2013: approximately RMB37,349,000), denominated in RMB. The remaining balance of the Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily held in HK\$ denominated accounts with banks in Hong Kong.

As at 31 December 2014, the Group's debt ratio, which was calculated by the total liabilities over the total equity, increased from the ratio of 0.11 as at 31 December 2013 to 0.66 as at 31 December 2014.

### *Capital Expenditure*

During the year ended 31 December 2014, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB1,762,000 (2013: RMB2,118,000) and RMB624,847,000 (2013: Nil), respectively.

### *Loans and Borrowings*

As at 31 December 2014, the Group's total loans and borrowings was approximately RMB622,503,000, representing an increase of approximately RMB615,068,000 over an amount of approximately RMB7,435,000 as at 31 December 2013. All the loans and borrowings of the Group, except for an equivalent amount of approximately RMB5,720,000 (2013: approximately RMB6,227,000) which were denominated in HK\$, were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC.

### *Foreign Exchange Risk*

The Group primarily operates its business in the PRC and during the year ended 31 December 2014, the Group's revenue were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Directors expect any future exchange rate fluctuation will not have any material effect on the Group's business. The Group did not use any financial instruments for hedging purpose.

### *Charge on Assets and Contingent Liabilities*

As at 31 December 2014, the Group has pledged bank deposits of approximately RMB152,223,000 (2013: approximately RMB106,000), and land and buildings and solar power plants with net book value of approximately RMB3,630,000 (2013: approximately RMB10,407,000) and approximately RMB533,903,000 (2013: Nil), respectively, to secure general banking and other loans facilities granted to the Group.

As at 31 December 2014, the Group's bank deposits in the amount of approximately RMB173,000 (2013: approximately RMB106,000) had been pledged to a bank for the requirement of the customs authorities of the PRC.

As at 31 December 2014, the Group had no significant contingent liabilities (2013: Nil).

### *Employees and Remuneration Policy*

As at 31 December 2014, the Group had approximately 174 (2013: 125) employees located in Hong Kong and the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2014, the total employees compensation expenses were approximately RMB9,775,000 (2013: approximately RMB6,859,000). The remuneration policy of the Group is to provide remuneration packages, including basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

### **Material Acquisition and Disposal**

Save as disclosed herein this announcement, the Group did not have any other material acquisition or disposal during the year ended 31 December 2014.

### **Prospect**

To diversify the revenue stream of the Group, the Board has started to evaluate different kinds of investments in both Hong Kong and the PRC during the first half of 2014. In particular, the Group had for the first time invested in certain photovoltaic power plants during the year under review. In light of the increasing attention on the clean energy sector worldwide, the Board is of the opinion that its investments in the photovoltaic power plants would create high investment returns for the Group in the long run.

The Strategic Action Plan for Energy Development (2014-2020) issued by the State Council in November 2014 stated that clean and low-carbon energy shall increase as a percentage of energy consumption. It envisioned that the share of renewable energies such as solar and wind energy in electricity consumption shall increase significantly going forward. The government document also stated a goal of having the country's installed PV capacity increase to 100 gigawatts (GW) by 2020. Environmental protection related policies remain one of the most concerned issues in the National People's Congress ("NPC") and Chinese People's Political Consultative Conference ("CPPCC"). Premier Li Keqiang said in the Government Work Report 2015 that great efforts should be devoted to develop clean energy sectors, including photovoltaic power generation sector.

As the leader of the global solar PV market, PRC has the most advanced solar technology. Answering the call to combat pollution, the Group has been investing in photovoltaic power plants. The Board is confident about the prospect of such investments and their potential for creating a significant growth in business in the coming decades. The PRC central government had reiterated its support to the clean energy sector under the "Twelfth Five-year Plan". This will further benefit the Group's development.

Looking forward, the Group will continue to review its investment portfolio from time to time and in particular, grasp the opportunities in investing in photovoltaic power stations to pursue a strong and rapid growth, with an aim to maximizing the investment returns for its shareholders.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for its corporate governance practices during the year under review. In the opinion of the Board, save for the deviations as disclosed below, the Company has complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2014.

#### **Code Provision A.4.1**

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. However, none of the existing non-executive Director and independent non-executive Directors is appointed for specific term but they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company, which stipulates that one-third of the directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from the office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code in this respect.

#### **Code Provision A.6.7**

Under code provision A.6.7 of the CG Code, the independent non-executive Directors and the non-executive Director should attend the general meetings of the Company. However, due to other business commitment, Mr. Man Kwok Leung and Mr. Liu Jinsong, an independent non-executive Director and a non-executive Director, did not attend the extraordinary general meetings of the Company held on 28 July 2014 and 30 September 2014, respectively.

#### **FINAL DIVIDEND**

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

#### **ISSUE OF NEW SHARES AND USE OF PROCEEDS**

On 28 May 2014, the Company entered into a subscription agreement (the "Agreement") with the Investor to allot and issue (the "Placing") 6,528,080,000 new Shares of the Company at the price of HK\$0.36 per Share (the "Placing Price"). The Placing had been completed on 8 August 2014 and the net proceeds of approximately RMB1,864.3 million (equivalent to approximately HK\$2,338.1 million) was received by the Company.

The new Shares represent approximately 370.35% of the issued share capital of the Company as at the date of the Agreement and approximately 78.74% of the issued share capital of the Company as enlarged by the allotment and issue of the new Shares. The new Shares have a market value of approximately HK\$5,810,000,000 based on the closing price of the Shares of HK\$0.89 on 28 May 2014, the date of the Agreement.

The Placing Price of HK\$0.36 represents (i) a discount of approximately 59.55% to the closing price of the Shares of HK\$0.89 per Share as quoted on the Stock Exchange on 28 May 2014, the date of the Agreement; and (ii) a discount of approximately 59.18% to the average closing prices of the Shares of HK\$0.882 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Agreement.

The net proceeds raised per new Share pursuant to the Placing was approximately HK\$0.358 per Share and the total net proceeds of RMB1,864.3 million (equivalent to approximately HK\$2,338.1 million) has been applied in compliance with the intended use of proceeds set out in the section headed “REASON FOR THE SUBSCRIPTION AND USE OF PROCEEDS” of the circular of the Company dated 11 July 2014, of which, approximately 98.1% of the net proceeds would be utilised for financing the acquisition and development of photovoltaic power projects of the Group and approximately 1.9% as general working capital of the Group. As at 31 December 2014, the Group had utilised RMB604.5 million of the net proceeds and the unutilised portion of the net proceeds is currently held in cash and cash equivalents and intended that it will be applied in the manner consistent with the proposed allocations.

#### **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”) as the code for dealing in securities of the Company by the Directors during the year ended 31 December 2014. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the required standards of the Model Code for the year ended 31 December 2014.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2014, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

#### **CHANGES IN DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

Changes in Director’s information disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Liu Jinsong, a non-executive Director, was appointed as a supervisor of Dynagreen Environmental Protection Group Co., Ltd. (stock code: 1330), a company listed on the main board of the Stock Exchange, with effect from 18 December 2013. Mr. Liu Jinsong has resigned as a non-executive Director of the Company on 7 November 2014.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2014 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters.

The Audit Committee consists of three independent non-executive Directors: Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda. Mr. Miu Hon Kit serves as the chairman of the Audit Committee.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “AGM”) will be held on Friday, 8 May 2015. A notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS’ ENTITLEMENT TO ATTEND AND VOTE AT THE AGM**

The Company’s register of members will be closed from Wednesday, 6 May 2015 to Friday, 8 May 2015 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 5 May 2015.

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This final results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the Company's website at [www.kongsun-hldgs.com](http://www.kongsun-hldgs.com). The annual report for the year ended 31 December 2014 of the Group containing all the information required by the Listing Rules will also be published on the same websites and dispatched to the shareholders of the Company in due course.

By order of the Board  
**Kong Sun Holdings Limited**  
**Liu Wen Ping**  
*Chairman*

Hong Kong, 20 March 2015

*As of the date of this announcement, the Board comprises two executive Directors, Mr. Liu Wen Ping and Mr. Chang Hoi Nam, one non-executive Director, Mr. Chang Tat Joel, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisheng and Mr. Lu Hongda.*