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KONG SUN HOLDINGS LIMITED

江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The board (the “Board”) of directors (the “Directors”) of Kong Sun Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015.

FINANCIAL HIGHLIGHTS		
	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
		Restated*
Turnover	413,954	2,476
Gross profit	73,311	612
Profit/(loss) for the period	3,222	(1,849)
Major non-cash items:		
Equity-settled share-based payment expenses	(30,585)	–
Valuation gains on investment properties	5,138	–
	_____	_____
	At	At
	30 June	31 December
	2015	2014
	RMB'000	RMB'000
Solar power plants	2,413,914	1,568,150
Cash and cash equivalents	1,154,061	1,008,312
Total assets	5,495,113	3,497,760
Net assets	3,488,818	2,101,509
	_____	_____

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
	Note	2015 RMB'000	2014 RMB'000 Restated*
Turnover	3	413,954	2,476
Cost of sales		<u>(340,643)</u>	<u>(1,864)</u>
Gross profit		73,311	612
Valuation gains on investment properties	9	5,138	–
Other revenue	4	3,783	1,301
Other net income	4	19,648	5,817
Distribution costs		–	(10)
Administrative expenses		<u>(67,369)</u>	<u>(9,415)</u>
Profit/(loss) from operations		34,511	(1,695)
Finance costs	5(a)	<u>(19,813)</u>	<u>(154)</u>
Profit/(loss) before taxation	5	14,698	(1,849)
Income tax expense	6	<u>(11,476)</u>	–
Profit/(loss) for the period		<u>3,222</u>	<u>(1,849)</u>
Earnings/(loss) per share	7		
Basic (RMB cents)		<u>0.04</u>	<u>(0.10)</u>
Diluted (RMB cents)		<u>0.04</u>	<u>(0.10)</u>

* See note 2(a)

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

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
		Restated*
Profit/(loss) for the period	3,222	(1,849)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of subsidiaries outside Mainland China	12,874	9
Available-for-sale securities: net movement in the fair value reserve	–	(11,787)
Other comprehensive income for the period	12,874	(11,778)
Total comprehensive income for the period	16,096	(13,627)

* See note 2(a)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – unaudited

(Expressed in Renminbi unless otherwise stated)

		At 30 June 2015	At 31 December 2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		26,819	26,264
Solar power plants	8	2,413,914	1,568,150
Investment properties	4&9	46,133	77,943
Goodwill	17	36,543	35,050
Lease prepayments		21,521	22,778
		<u>2,544,930</u>	<u>1,730,185</u>
Current assets			
Inventories		4,137	2,691
Trade and other receivables	10	1,555,012	604,349
Pledged bank deposits	11	236,973	152,223
Cash and cash equivalents	12	1,154,061	1,008,312
		<u>2,950,183</u>	<u>1,767,575</u>
Current liabilities			
Trade and other payables	15	1,179,671	739,482
Loans and borrowings	13	278,931	198,801
Obligation under finance leases		221	246
Current taxation		11,853	9,354
		<u>1,470,676</u>	<u>947,883</u>
Net current assets		<u>1,479,507</u>	<u>819,692</u>
Total assets less current liabilities		<u>4,024,437</u>	<u>2,549,877</u>

		At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
	<i>Note</i>		
Non-current liabilities			
Other payable		18,360	18,360
Obligation under finance leases		684	650
Loans and borrowings	<i>13</i>	397,286	423,702
Corporate bonds payable	<i>14</i>	113,633	–
Deferred tax liabilities		5,656	5,656
		<u>535,619</u>	<u>448,368</u>
NET ASSETS		<u>3,488,818</u>	<u>2,101,509</u>
CAPITAL AND RESERVES			
Share capital	<i>16</i>	3,608,604	2,267,976
Reserves		<u>(119,786)</u>	<u>(166,467)</u>
TOTAL EQUITY		<u>3,488,818</u>	<u>2,101,509</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The interim financial information have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorized for issue on 28 August 2015.

The interim financial information have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements of Kong Sun Holdings Limited (the “Company”), except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together the “Group”) since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial information is unaudited and has not been reviewed by the auditors, but has been reviewed by the audit committee of the Company (the “Audit Committee”).

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES

(a) 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 subsidiaries in the PRC 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. The comparative financial statements for the six months ended 30 June 2014 have been re-translated into RMB from HKD. All financial information presented in RMB has been rounded to the nearest thousand.

(b) New and revised HKFRSs that are first effective for the current accounting period

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

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. 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 (including 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 period is as follows:

	Six months ended 30 June	
	2015	2014
	<i>RMB’000</i>	<i>RMB’000</i> Restated
Sales of electricity	45,468	–
Sales of solar energy related products	365,670	–
Sales of life-like plants	1,846	1,613
Properties rental income	970	863
	<hr/>	<hr/>
Total turnover	413,954	2,476

Sales of electricity includes tariff adjustment amounted to approximately RMB32,518,000 (2014: Nil). The Group had two (2014: Nil) customers with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 June 2015. The amount of sales to these customers amounted to approximately RMB365,670,000 for the six months ended 30 June 2015 (2014: Nil).

(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 trading of listed securities.

(i) Information about profit or loss, assets and liabilities

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 period is set out below.

	For the six months ended 30 June 2015				Total RMB'000
	Photovoltaic RMB'000	Manufacturing and sales of life-like plants RMB'000	Properties investment RMB'000	Securities investment RMB'000	
Revenue from external customers	411,138	1,846	970	-	413,954
Inter-segment revenue	-	-	-	-	-
Reportable segment revenue	<u>411,138</u>	<u>1,846</u>	<u>970</u>	<u>-</u>	<u>413,954</u>
Reportable segment profit/(loss)	52,066	(1,622)	6,022	(19)	56,447
As at 30 June 2015					
Reportable segment assets	5,064,875	17,071	57,230	64,270	5,203,446
Reportable segment liabilities	<u>2,163,860</u>	<u>35,497</u>	<u>1,001</u>	<u>15,786</u>	<u>2,216,144</u>

For the six months ended 30 June 2014

	Photovoltaic RMB'000 Restated	Manufacturing and sales of life-like plants RMB'000 Restated	Properties investment RMB'000 Restated	Securities investment RMB'000 Restated	Total RMB'000 Restated
Revenue from external customers	-	1,613	863	-	2,476
Inter-segment revenue	-	-	-	-	-
Reportable segment revenue	-	1,613	863	-	2,476
Reportable segment profit/(loss)	-	(1,804)	703	(1,192)	(2,293)
As at 31 December 2014					
Reportable segment assets	3,363,921	17,034	81,672	143,680	3,606,307
Reportable segment liabilities	1,471,966	33,668	1,528	15,792	1,522,954

The measure used for reporting segment profit is adjusted earnings before other revenue and net income, depreciation and amortisation and finance costs. To arrive at reporting segment profit, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

(ii) *Reconciliations of reportable segment profit or loss*

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
		Restated
Profit		
Reportable segment profit/(loss)	56,447	(2,293)
Elimination of inter-segment profits	-	-
Reportable segment profit/(loss) derived from the Group's external customers	56,447	(2,293)
Other revenue and net income	23,431	7,118
Depreciation and amortisation	(9,520)	(1,073)
Finance costs	(19,813)	(154)
Unallocated head office and corporate expenses	(35,847)	(5,447)
Consolidated profit/(loss) before taxation	14,698	(1,849)

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Assets		
Reportable segment assets	5,203,446	3,606,307
Elimination of inter-segment receivables	(216,448)	(143,367)
Unallocated head office and corporate assets	<u>508,115</u>	<u>34,820</u>
Consolidated total assets	<u>5,495,113</u>	<u>3,497,760</u>
Liabilities		
Reportable segment liabilities	2,216,144	1,522,954
Elimination of inter-segment payables	(367,758)	(143,367)
Deferred tax liabilities	5,656	5,656
Unallocated head office and corporate liabilities	<u>152,253</u>	<u>11,008</u>
Consolidated total liabilities	<u>2,006,295</u>	<u>1,396,251</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

	Six months ended 30 June 2015 RMB'000	2014 RMB'000 Restated
Other revenue		
Interest income	3,310	771
Loan interest income	–	258
Others	<u>473</u>	<u>272</u>
	<u>3,783</u>	<u>1,301</u>
Other net income		
Net foreign exchange gain/(loss)	1,911	(852)
Net loss on disposal of property, plant and equipment	–	(66)
Net gain on disposal of a subsidiary (<i>Note</i>)	17,737	–
Available-for-sale securities:		
Reclassified from equity – on disposal	<u>–</u>	<u>6,735</u>
	<u>19,648</u>	<u>5,817</u>

Note: During the six months ended 30 June 2015, the Group disposed the entire equity shares of a wholly owned subsidiary, Coast Holdings Limited (“Coast Holdings”), at a consideration of RMB55,330,000 (equivalent to HKD70,000,000) with a net gain on disposal of subsidiary amounted to RMB17,737,000 (2014: Nil). The principal activity of Coast Holdings is the investment in and holding of an investment property located in Hong Kong.

5. PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 30 June	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> Restated
(a) Finance costs		
Interest on bank loans wholly repayable within five years	3,597	114
Interest on other borrowings	17,410	–
Finance charges on obligations under finance leases	42	40
Interest on corporate bonds payable	<u>1,365</u>	<u>–</u>
Total interest expense on financial liabilities not at fair value through profit or loss	22,414	154
Less: interest expense capitalised into solar power plants under development	<u>(2,601)</u>	<u>–</u>
	<u>19,813</u>	<u>154</u>

(b) Other items

	Six months ended 30 June	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> Restated
Amortisation		
– lease prepayments	187	187
Depreciation		
– Property, plant and equipment	2,026	886
– Solar power plants	18,347	–
Net foreign exchange (gain)/loss	(1,911)	852
Operating lease charges in respect of properties	5,757	252
Equity-settled share-based payment expenses	30,585	–
Cost of inventories (<i>Note</i>)	<u>322,560</u>	<u>1,198</u>

Note: Cost of inventories included approximately RMB767,000 (2014: RMB977,000) for the six months ended 30 June 2015 relating to staff costs and depreciation.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i> Restated
Current tax		
PRC Corporate Income Tax	11,476	–
Hong Kong Profits Tax	–	–
	<u>11,476</u>	<u>–</u>

- (i) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong.
- (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 Photovoltaic Limited Company* ("Gansu Hongyuan"), YumenYonglian Technology New Energy Limited Company* ("YumenYonglian") and Hami Zhaoxiang New Energy Technology Limited Company* ("Hami Zhaoxiang") started to generate operating income and enjoyed the 3+3 tax holiday from 2014. Yingjisha Tianhuaweiye Solar Technology Limited Company* ("Yingjisha"), Kuche Tianhua New Energy Electric Power Limited Company* ("Kuche Tianhua"), Wushi Huayangweiye Solar Technology Limited Company* ("Wushi") and Hejing Xushuang Photovoltaic Technology Limited Company* ("Hejing Xushuang") generates operating income and enjoyed the 3+3 tax holiday from 2015. Gansu Hongyuan and Hami Zhaoxiang obtained the 3+3 tax holiday approval in 2014 and Yumen Yonglian, Yingjisha, Kuche Tianhua and Wushi obtained the approval in 2015, and Hejing Xushuang 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.

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

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings 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 RMB3,222,000 (2014: loss of RMB1,849,000) and weighted average number of ordinary shares in issue during the interim period, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2015 '000	2014 '000
Ordinary shares at 1 January	8,290,742	1,762,662
Effect of issue of new shares	285,956	—
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 June	8,576,698	1,762,662

(b) Diluted earnings per share

For the six months ended 30 June 2015, the effect of conversion of share option scheme was anti-dilutive and diluted earnings per share during the period is therefore equal to basic earnings per share.

8. SOLAR POWER PLANTS

During the six months ended 30 June 2015, the Group increased its investments in solar power plants with a cost of approximately RMB861,510,000 (2014: Nil).

The Group commenced its photovoltaic business in the PRC in the second half of 2014. The solar power plants under development would be transferred to solar power plants when the solar power plants completed trial operation and are successfully connected to provincial power grid and generate electricity.

At 30 June 2015, generators and related equipment with carrying values of approximately RMB528,239,000 (31 December 2014: RMB533,903,000) were pledged as security for the Group's other borrowings (note 13).

9. INVESTMENTS PROPERTIES

The investment properties of the Group were revalued as at 30 June 2015 by an independent firm of surveyors, Grant Sherman Appraisal Limited, using the same valuation method as was used when carrying out the valuations as at 31 December 2014. A valuation gain of approximately RMB5,138,000 (2014: Nil) has been recognised in the consolidated statement of profit or loss for the period in respect of these investment properties.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Trade debtors	568,221	275,730
Bills receivable	<u>400</u>	<u>1,275</u>
Trade receivables, net of allowance	568,621	277,005
Less: Allowance for doubtful debts	<u>–</u>	<u>–</u>
	568,621	277,005
Other deposits, prepayments and other receivables	<u>986,391</u>	<u>327,344</u>
	<u>1,555,012</u>	<u>604,349</u>

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

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Neither past due nor impaired	568,621	277,005
Less than 3 months past due	–	–
Over 3 months less than 6 months past due	–	–
Over 6 months less than 12 months past due	–	–
Over 12 months less than 24 months past due	–	–
More than 24 months	<u>–</u>	<u>–</u>
	<u>568,621</u>	<u>277,005</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year, except for deposits amounting to RMB2,500,000 as at 30 June 2015 (31 December 2014: RMB587,000), which are expected to be recovered after more than one year.

As at 30 June 2015, bills receivable represented outstanding bank acceptance bills.

The Group's trade receivables are mainly electricity sales receivables and receivables from trading of solar energy related products. Generally, the receivables are due within 30 to 180 days from the date of billing, except for the tariff adjustment, representing 68% to 75% of total electricity sales. The collection of such tariff adjustment is subject to the allocation of funds by relevant government authorities to provincial power grid companies, which therefore takes a relatively long time for settlement.

Trade receivables from electricity sales represent receivables from provincial power grid companies. Pursuant to Cai Jian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff adjustment has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to provincial power grid companies.

The directors of the Company are of the opinion that the trade receivables are fully recoverable considering that there are no bad debt experiences with (1) trade receivables from the provincial power grid companies in the past and the tariff adjustment is funded by the PRC government; (2) receivables from customers for trading of solar energy related products are within credit term.

11. PLEDGED BANK DEPOSITS

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Pledged for		
– bank borrowings	236,973	152,050
– others	–	173
	<u>236,973</u>	<u>152,223</u>
Pledged bank deposits	<u>236,973</u>	<u>152,223</u>

As at 30 June 2015, bank deposits have been mainly pledged as security for bank borrowings (note 13). The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

12. CASH AND CASH EQUIVALENTS

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Cash on hand	13	11
Cash at bank	<u>1,154,048</u>	<u>1,008,301</u>
Cash at bank and in hand	<u>1,154,061</u>	<u>1,008,312</u>

As at 30 June 2015 and 31 December 2014, cash and cash equivalents placed with banks in the Mainland China amounted to RMB665,121,000 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.

13. LOANS AND BORROWINGS

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Current		
Secured		
– bank loans	232,155	152,118
– other borrowings	<u>46,776</u>	<u>46,683</u>
	<u>278,931</u>	<u>198,801</u>
Non-current		
Secured		
– bank loans	684	3,602
– other borrowings	443,378	466,783
Less: Current portion of other borrowings	<u>(46,776)</u>	<u>(46,683)</u>
	<u>397,286</u>	<u>423,702</u>
Total loans and borrowings	<u>676,217</u>	<u>622,503</u>

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

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Within 1 year or on demand	278,931	198,801
After 1 year but within 2 years	70,117	85,765
After 2 year but within 5 years	152,524	153,384
Over 5 years	<u>174,645</u>	<u>184,553</u>
	<u>676,217</u>	<u>622,503</u>

Other borrowings bear interest ranging from 5.32% to 14.25% (31 December 2014: 5.32% to 14.25%). The bank loans bear floating interest rate (31 December 2014: floating).

Other borrowings amounted to RMB22,000,000 (31 December 2014: RMB22,000,000) were guaranteed by Yangzhou Qixing New Energy Developments Ltd. 揚州啓星新能源發展有限公司, a wholly-owned subsidiary of the Company.

The bank and other loans were secured by the following assets:

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Solar power plants	528,239	533,903
Property, plant and equipment	4,693	3,630
Pledged bank deposits	236,973	152,050
	<u>769,905</u>	<u>689,583</u>

14. CORPORATE BONDS PAYABLE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
As at 1 January	–	–
Net proceeds from corporate bonds issued during the period (<i>Note</i>)	113,633	–
As at 30 June/31 December	<u>113,633</u>	<u>–</u>

Note: During the six months ended 30 June 2015, the Company issued corporate bonds due in 2018 to certain independent third parties. As at 30 June 2015, the proceeds of the issued bonds received by the Company were approximately RMB126,965,000 (equivalent to approximately HKD161,000,000), with total issue cost amounted to approximately RMB13,332,000. The corporate bonds are denominated in HKD and issued at par. Interest is payable yearly while principal will be repaid when the bonds fall due in 2018. The annual effective costs of the bonds are 10.24%. As at 30 June 2015, interest payable for these bonds amounted to approximately RMB1,365,000 (31 December 2014: Nil).

15. TRADE AND OTHER PAYABLES

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Current liabilities		
Trade payables	1,011,148	621,813
Other payables and accruals	168,523	117,669
	<u>1,179,671</u>	<u>739,482</u>

Retention payable amounting to approximately RMB72,469,000 (31 December 2014: RMB42,550,000) will be settled or recognised as income after more than one year. All of the other trade and other payables as at 30 June 2015 are expected to be settled or recognised as income within one year or are repayable on demand.

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 3 months	1,011,148	621,813
More than 3 months but within 6 months	–	–
More than 6 months but within 1 year	–	–
More than 1 year	–	–
	<u>1,011,148</u>	<u>621,813</u>

16. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividends were proposed by the Company during the six months ended 30 June 2015 (2014: Nil).

(b) Share capital

	2015		2014	
	<i>No of shares '000</i>	<i>RMB'000</i>	<i>No of shares '000</i>	<i>RMB'000</i>
Ordinary shares, issued and fully paid:				
At 1 January	8,290,742	2,267,976	1,762,662	69,008
Transition to no-par value regime on 3 March 2014 (<i>note 1</i>)	–	–	–	334,707
Placing of new shares (<i>note 2</i>)	<u>1,496,700</u>	<u>1,340,628</u>	<u>6,528,080</u>	<u>1,864,261</u>
At 30 June/31 December	<u>9,787,442</u>	<u>3,608,604</u>	<u>8,290,742</u>	<u>2,267,976</u>

Note 1: The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account and any capital redemption reserve were subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Ordinance.

Note 2: Pursuant to a placing agreement dated 23 March 2015, the Company placed a total of 352,000,000 new shares of the Company, at the price of HKD1.07 per share to its investors, and the issue cost was approximately RMB9,143,000 (equivalent to approximately HKD11,546,000). All conditions of the placing agreement have been fulfilled and the issue of the 352,000,000 new shares was completed on 10 April 2015.

In addition, pursuant to another placing agreement dated 28 April 2015, the Company placed a total of 1,144,700,000 new shares of the Company, at the price of HKD1.20 per share to its investors, and the issue cost was approximately RMB31,954,000 (equivalent to approximately HKD40,509,000). All conditions of the placing agreement have been fulfilled and the issue of the 1,144,700,000 new shares was completed on 11 June 2015.

17. ACQUISITION OF SUBSIDIARIES

During the six months period ended 30 June 2015, the Group entered into equity transfer agreements with independent third parties to acquire equity interests in four entities for a total cash consideration of RMB25,276,000. One of the entities is with solar power plant generating electricity and the other three entities are solar power plants at development stage.

(a) Solar power plant with operation

During the period, the Group entered into an equity transfer agreement with a third party to acquire 100% equity interests in Hejing Xushuang, at a cash consideration of RMB20,000,000. The above mentioned acquisition was completed at the acquisition date of 21 May 2015 (the “Acquisition Date”), through which the Group obtains control of Hejing Xushuang.

Hejing Xushuang is a limited liability company incorporated in the PRC and is principally engaged in electricity generation. As at the Acquisition Date, Hejing Xushuang was generating electricity.

The combined identifiable assets acquired and liabilities assumed of Hejing Xushuang at the Acquisition Date are as follows:

	Acquiree's carrying amount before acquisition	Fair value adjustment	Fair value
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net assets acquired:			
Solar power plants	175,149	-	175,149
Trade and other receivables	3,021	-	3,021
Cash and cash equivalents	6	-	6
Trade and other payables	(159,669)	-	(159,669)
	<u>18,507</u>	<u>-</u>	<u>18,507</u>
Net identifiable assets			18,507
Total consideration			20,000
Less: Net identifiable assets			<u>(18,507)</u>
Goodwill on the acquisition			<u>1,493</u>
Consideration, satisfied in cash			20,000
Less: Cash and cash equivalents acquired			<u>(6)</u>
Payment for acquisition of subsidiaries, net of cash acquired			<u>19,994</u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the acquiree 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 Date to 30 June 2015, Hejing Xushuang contributed turnover (include tariff adjustment) of RMB3,016,000 and profit of RMB241,000 to the Group. If the acquisition had occurred on 1 January 2015, management estimates that the turnover (include tariff adjustment) would have been RMB6,102,000, and profit for the period would have been RMB1,487,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

(b) Solar power plants under development

During the period, the Group acquired equity interests in three entities, details as per below from independent third parties at a total cash consideration of RMB5,276,000. The entities principally engaged in generating and sales of electricity. As at the dates of acquisitions, the entities were at development stage.

Name of the entity*	Equity interests acquired
Shandong Xintailou Dejiayang Solar Power Generation Limited Company	100%
Xinjiang Chengshi Yisheng Trading Limited Company	100%
Qiangmao Energy Eerduosi Limited Company (“Qiangmao”)	100%

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

	<i>RMB'000</i>
Net assets acquired:	
Solar power plants under development	13,347
Trade and other receivables	1,000
Cash and cash equivalents	1,058
Trade and other payables	<u>(10,129)</u>
Total identifiable net assets acquired	5,276
Consideration, satisfied in cash	5,276
Less: Cash and cash equivalents acquired	(1,058)
Less: Other payable	(977)
Less: Prepayment for acquisition of Qiangmao	<u>(445)</u>
Payment for acquisition of subsidiaries, net of cash acquired	<u>2,796</u>

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

18 SUBSEQUENT EVENTS

(a) Acquisition of 100% equity interest in a group of companies

On 12 July 2015, the Company entered into a memorandum of understanding with certain vendors, with an aim to acquire the entire equity interests of a group of companies principally engaged in the construction and development of solar power station projects and manufacture and sale of wind-solar hybrid street lights in the PRC. As at the date of this announcement, the Company has not signed any formal sale and purchase agreement with the vendors.

(b) Acquisition of 55% equity interest in a subsidiary

On 22 July 2015, the Group entered into a cooperation agreement with an independent third party. Pursuant to the cooperation agreement, the Group has conditionally agreed to acquire an aggregate of 55% equity interests of Shenzhen Xiongtao Rongzi Zulin Co., Ltd.* (“Xiongtao”) at an aggregate consideration of USD16,500,000 (equivalent to approximately RMB102,465,000). Xiongtao is a limited liability company incorporated in the PRC and is principally engaged in the finance lease businesses in the PRC.

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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. The Company has, since late 2014, entered into a number of memoranda of understanding and agreements for the development of photovoltaic (“PV”) power plants across the People’s Republic of China (the “PRC”). In addition, the Group continues to generate revenue from its properties investment and manufacturing and sales of life-like plants.

Photovoltaic Power Plants Business

From 2014 onwards, the Company entered into several memoranda of understanding, cooperation agreements and framework agreements on proposed acquisition of or investments in PV power plants in the PRC, as follows:

Date	Name and location of project	Capacity and type of power plants	Status as at 30 June 2015
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	Project suspended and no further negotiation will be continued by the Group
4 September 2014	Across PRC	Total 800 MW to 1,000 MW from 2014 to 2016; Ground mounted PV power plants	Project suspended and no further negotiation will be continued by the Group
24 October 2014	Across PRC	N/A	Set up of investment fund, which is still under negotiations and no formal agreement has been entered into by the Group

Date	Name and location of project	Capacity and type of power plants	Status as at 30 June 2015
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
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
26 May 2015	Across PRC	Total 324 MW; Ground mounted PV power plants	Under negotiations and no formal agreement has been entered into by the Group

In addition, on 12 July 2015, the Company entered into a memorandum of understanding with certain vendors, with an aim to acquire the entire equity interests in a group of companies principally engaged in the construction and development of PV power station projects and manufacture and sale of wind-solar hybrid street lights in the PRC. As at the date of this announcement, the Company has not signed any formal sale and purchase agreement with the vendors.

As at 30 June 2015, the Group had the following ground mounted PV power plants under development:

Name of project*	Location of project	Capacity of power plants	Status as at 30 June 2015
Enfei New Energy (Shuozhou) Limited Company (恩菲新能源(朔州)有限公司)	Shaanxi Province	70 MW	Major construction work not yet started; expected to be completed by early 2016
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 power grid by end of September 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 work not yet started; 50 MW is expected to be completed by end of 2015
Qiangmao Energy Eerduosi Limited Company 強茂能源鄂爾多斯市有限責任公司	Inner Mongolia	10 MW	Major construction work is completed; expected to connect to power grid by end of September 2015
Shandong Xintailou Dejiayang Solar Power Generation Limited Company 山東新泰樓德佳陽光發電有限公司	Shandong Province	20 MW	Major construction work is completed; expected to connect to power grid by end of September 2015
Haidong Ledu District Rui Qida Photovoltaic Power Company Limited 海東市樂都區瑞啟達光伏發電有限公司	Qinghai Province	20 MW	Major construction work not yet started
Xinjiang Chengshi Yisheng Trading Limited Company 新疆誠石易盛商貿有限公司	Xinjiang Province	20 MW	Major construction work not yet started
Total		<u>500 MW</u>	

As at 30 June 2015, the Group had the following ground mounted PV power plants completed:

Name of project*	Location of project	Capacity of power plants
Gansu Hongyuan Photovoltaic Limited Company (甘肅宏遠光電有限責任公司)	Gansu Province	30 MW
YumenYonglian Technology New Energy Limited Company (玉門市永聯科技新能源有限公司)	Gansu Province	20 MW
Hami Zhaoxiang New Energy Technology Limited Company (哈密朝翔新能源科技有限公司)	Xinjiang Province	20 MW
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
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
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
Maigaiti Linuo Solar Power Limited Company (麥蓋提力諾太陽能電力有限公司)	Xinjiang Province	20 MW
Hejing Xushuang Photovoltaic Technology Limited Company (和靜旭雙太陽能科技有限公司)	Xinjiang Province	20 MW
Langzhou Taike Photovoltaic Power Limited Company (蘭州太科光伏電力有限公司)	Gansu Province	49.5 MW
		219.5 MW
Total		219.5 MW

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

Properties Investment

The Group continues to generate rental income from its properties investment in Hong Kong. During the six months ended 30 June 2015, the Group disposed one of its investment properties located in Hong Kong through disposing all the issued shares of a wholly owned subsidiary of the Company and recorded a gain on disposal of a subsidiary (see notes 4 and 9 of the condensed consolidated interim financial information).

Life-Like Plants Business

During the six months ended 30 June 2015, the Group continued to generate revenue from the sales of life-like plants. The turnover from life-like plants business increased by 14.4% from approximately RMB1,613,000 for the six months ended 30 June 2014 to approximately RMB1,846,000 for the six months ended 30 June 2015. The life-like plants business continues to be loss making, but the loss has been reduced from approximately RMB1,804,000 for the six months ended 30 June 2014 to approximately RMB1,622,000 for the six months ended 30 June 2015.

Securities Investment

For the six months ended 30 June 2014, the Group recorded a gain of approximately RMB6,735,000 on disposal of available-for-sale financial assets. During the six months ended 30 June 2015, the Group did not invest in any securities.

Results of Operations

Turnover

The turnover of the Group increased by 166.2 times from approximately RMB2,476,000 for the six months ended 30 June 2014 to approximately RMB413,954,000 for the six months ended 30 June 2015. The increase was primarily due to an increase in the turnover from the sales of electricity and sales of solar energy related products.

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

For the six months ended 30 June 2015, the Group recorded a total amount of approximately RMB45,468,000 (2014: Nil) from the sales of electricity (includes tariff adjustment). In addition, the Group had gained revenue of approximately RMB365,670,000 (2014: Nil) from the sales of solar energy related products during the six months ended 30 June 2015.

Revenue from sales of life-like plants

The Group's revenue from sales of life-like plants increased by approximately 14.4% from approximately RMB1,613,000 for the six months ended 30 June 2014 to approximately RMB1,846,000 for the six months ended 30 June 2015.

Rental income

The Group's rental income increased by approximately 12.4% from approximately RMB863,000 for the six months ended 30 June 2014 to approximately RMB970,000 for the six months ended 30 June 2015.

Gross profit

The gross profit of the Group increased by 118.8 times from approximately RMB612,000 for the six months ended 30 June 2014 to approximately RMB73,311,000 for the six months ended 30 June 2015, mainly because of an increased gross profit due to increase in revenue from sales of electricity and sales of solar energy related products.

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 period end on an open market value or existing use basis by an independent property valuer. For the six months ended 30 June 2015, the Group recorded increase in fair value of investment properties of RMB5,138,000 (2014: Nil). The increase in fair value of the Group's investment properties during the six months ended 30 June 2015 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 190.8% from approximately RMB1,301,000 for the six months ended 30 June 2014 to approximately RMB3,783,000 for the six months ended 30 June 2015. The increase was mainly due to the increase in interest income of approximately RMB2,539,000 as a result of the increase in bank deposits with the banks.

Other net income

The Group recorded a net income of approximately RMB19,648,000 for the six months ended 30 June 2015 (30 June 2014: RMB5,817,000). The significant increase was mainly due to the net gain on disposal of a subsidiary amounting to approximately RMB17,737,000 (2014: Nil) during the six months ended 30 June 2015.

Administrative expenses

Administrative expenses of the Group increased by approximately 615.5% from approximately RMB9,415,000 for the six months ended 30 June 2014 to approximately RMB67,369,000 for the six months ended 30 June 2015. The significant increase in the Group's administrative expenses during the period under review was attributable to (i) increase in legal and other professional fees amounted to approximately RMB3,466,000 in relation to, including but not limited to, the issue of new shares by the Company during the six months ended 30 June 2015; (ii) increase in office rental expenses of approximately RMB7,026,000; (iii) increase in salaries and wages amounted to approximately RMB13,495,000 due to increase in head count to support the increasing business demand in operation; (iv) equity-settled based payment expenses in

relation to staff and consultants of the Group amounted to approximately RMB30,585,000; and (v) increase in travelling and transportation expenses amounted to approximately RMB1,623,000.

Solar power plants

As at 30 June 2015, the Group had a net book value of approximately RMB1,265,395,000 (31 December 2014: RMB533,903,000) and approximately RMB1,148,519,000 (31 December 2014: RMB1,034,247,000) 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 30 June 2015, the total investment properties held by the Group, at valuation, amounted to approximately RMB46,133,000 (31 December 2014: RMB77,943,000).

Goodwill

During the six months ended 30 June 2015, the Group had acquired one solar power plant with operations and as at 30 June 2015, the Group had a total amount of approximately RMB36,543,000 (31 December 2014: RMB35,050,000) in respect of goodwill on acquisitions.

Liquidity and Capital Resources

As at 30 June 2015, the total amount of cash and cash equivalents and pledged bank deposits was approximately RMB1,391,034,000 (31 December 2014: approximately RMB1,160,535,000). As at 30 June 2015, cash and cash equivalents of the Group was approximately RMB1,154,061,000 (31 December 2014: approximately RMB1,008,312,000), which included an amount of bank deposits of approximately RMB555,732,000 (31 December 2014: approximately RMB827,828,000), 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 and the PRC.

As at 30 June 2015, the Group's debt ratio, which was calculated by the total liabilities over the total equity, decreased from the ratio of 0.66 as at 31 December 2014 to 0.58 as at 30 June 2015.

Capital Expenditure

During the six months ended 30 June 2015, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB4,170,000 (2014: RMB1,072,000) and RMB861,510,000 (2014: Nil), respectively.

Loans and Borrowings

As at 30 June 2015, the Group's total loans and borrowings was approximately RMB676,217,000, representing an increase of approximately RMB53,714,000 over an amount of approximately RMB622,503,000 as at 31 December 2014. All the loans and borrowings of the Group, except for an equivalent amount of approximately RMB232,155,000 (31 December 2014: approximately RMB5,720,000) which were denominated in HKD, 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 six months ended 30 June 2015, the Group's revenue were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Company did not use any financial instruments for hedging purposes. The Directors expect any future exchange rate fluctuation may not have any material effect on the Group's business but will continue to monitor its foreign exchange exposures and enter into hedging arrangement as and when appropriate.

Charge on Assets and Contingent Liabilities

As at 30 June 2015, the Group has pledged bank deposits of approximately RMB236,973,000 (31 December 2014: approximately RMB152,050,000), and land and buildings and solar power plants with net book value of approximately RMB4,693,000 (31 December 2014: approximately RMB3,630,000) and approximately RMB528,239,000 (31 December 2014: 533,903,000), 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 had been pledged to a bank for the requirement of the customs authorities of the PRC.

As at 30 June 2015, the Group had no significant contingent liabilities (31 December 2014: Nil).

Employees and Remuneration Policy

As at 30 June 2015, the Group had approximately 178 employees (31 December 2014: 174) located in Hong Kong and the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2015, the total employees compensation expenses were approximately RMB15,458,000 (2014: approximately RMB1,963,000). 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.

EVENTS SUBSEQUENT TO REPORTING PERIOD

(a) Acquisition of 100% equity interest in a group of companies

On 12 July 2015, the Company entered into a memorandum of understanding with certain vendors, with an aim to acquire the entire equity interests of a group of companies principally engaged in the construction and development of solar power station projects and manufacture and sale of wind-solar hybrid street lights in the PRC. As at the date of this announcement, the Company has not signed any formal sale and purchase agreement with the vendors.

(b) Acquisition of 55% equity interest in a subsidiary

On 22 July 2015, the Group entered into a cooperation agreement with an independent third party. Pursuant to the cooperation agreement, the Group has conditionally agreed to acquire an aggregate of 55% equity interests of Shenzhen Xiongtao Rongzi Zulin Co., Ltd.* (“Xiongtao”) at an aggregate consideration of USD16,500,000 (equivalent to approximately RMB102,465,000). Xiongtao is a limited liability company incorporated in the PRC and is principally engaged in the finance lease businesses in the PRC.

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PROSPECT

Environmental protection remain one of the area of concern in the National People's Congress and Chinese People's Political Consultative Conference and related policies have been adopted. Premier Li Keqiang has indicated in the Government Work Report 2015 that great efforts should be devoted to the development of the clean energy sector, including photovoltaic power generation. From January to June 2015, China added 7.73 gigawatts of photovoltaic installed capacity, which was 134% more than the added capacity for the corresponding period of 2014. This shows that the photovoltaic power generation sector is experiencing rapid growth in the PRC.

During the first half of 2015, the Group continued to invest in photovoltaic power plants and recorded significant increase in revenue during the period under review. Leveraging on the strong financial position due to the successful fund raising transactions during the six months ended 30 June 2015, the Group has a competitive edge in executing its strategic plans to acquire and develop photovoltaic power plants in the PRC. In particular, the Group is presently in various stages of discussion with various stakeholders of photovoltaic power plants over potential acquisitions in the PRC . The Board is confident that, with the Group's solid and experienced management, the Group will be able to continue to grasp investment opportunities with excellent returns.

In the upcoming future, the Company will continue to review its investment portfolio from time to time and, in particular, strive to increase its investment in photovoltaic power plants with the aim of becoming a leading photovoltaic plant operator in China and eventually a leading photovoltaic plant operator in Asia Pacific with economies of scale that will be well received by the public markets.

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 period under review. In the opinion of the Board, save for the deviation as disclosed below, the Company has complied with the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2015.

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 Directors 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.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

ISSUE OF NEW SHARES AND USE OF PROCEEDS

Issue of new shares

- (i) On 28 May 2014, the Company entered into a subscription agreement with Pohua JT Private Equity Fund L.P. (the “Pohua Agreement”) pursuant to which Pohua JT Private Equity Fund L.P. agreed to subscribe in cash for 6,528,080,000 new shares of the Company (the “Pohua Subscription”) at the price of HK\$0.36 per share (the “Pohua Subscription Price”). The Pohua Subscription was completed on 8 August 2014 and raised funds of approximately RMB1,864.3 million (equivalent to approximately HK\$2,338.1 million).

The Pohua Subscription represented approximately 370.35% of the issued share capital of the Company as at the date of the Pohua Agreement and approximately 78.74% of the issued share capital of the Company as enlarged by the Pohua Subscription. The Pohua Subscription had a market value of approximately HK\$5,810,000,000 based on the closing price of the shares of the Company of HK\$0.89 on 28 May 2014, the date of the Pohua Agreement.

The Pohua Subscription Price of HK\$0.36 represented (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 Pohua 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 Pohua Agreement.

- (ii) On 23 March 2015, the Company entered into a placing agreement (“2015 March Placing Agreement”) with three placing agents in relation to the placing of 352,000,000 new shares of the Company (the “2015 March Placing”) to not less than six places at the placing price of HK\$1.07 per placing share (the “2015 March Placing Price”). The 2015 March Placing was completed on 10 April 2015 and 352,000,000 new shares of the Company were placed and raised funds of, after deducting the related placing commission, professional fees and all related expenses, approximately RMB292.9 million (equivalent to approximately HK\$366.1 million).

The 2015 March Placing represented approximately 4.25% of the issued share capital of the Company as at the date of the 2015 March Placing Agreement and approximately 4.07% of the issued share capital of the Company as enlarged by the 2015 March Placing. The 2015 March Placing had a market value of approximately HK\$464,640,000 based on the closing price of the shares of the Company of HK\$1.32 on 20 March 2015, the last trading day for the shares before the 2015 March Placing Agreement.

The 2015 March Placing Price of HK\$1.07 represented (i) a discount of approximately 18.9% to the closing price of the shares of the Company of HK\$1.32 per share as quoted on the Stock Exchange on 20 March 2015, the last trading day for the shares of the Company before the 2015 March Placing Agreement; and (ii) a discount of approximately 19.2% to the average closing prices of the shares of the Company of HK\$1.324 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 March 2015, the last trading day for the shares before the 2015 March Placing Agreement.

- (iii) On 28 April 2015, the Company entered into a placing agreement (“2015 April Placing Agreement”) with four placing agents in relation to the placing of up to 1,170,000,000 new shares of the Company (the “2015 April Placing”) to not less than six places at the placing price of HK\$1.20 per placing share (the “2015 April Placing Price”). The 2015 April Placing was completed on 11 June 2015 and 1,144,700,000 new shares (“2015 April Placed Shares”) of the Company were placed and raised funds of, after deducting the related placing commission, professional fees and all related expenses, approximately RMB1,068.0 million (equivalent to approximately HK\$1,335.0 million).

The 2015 April Placed Shares represented approximately 13.24% of the issued share capital of the Company as at the date of the 2015 April Placing Agreement and approximately 11.70% of the issued share capital of the Company as enlarged by the 2015 April Placed Shares. The 2015 April Placed Shares had a market value of approximately HK\$1,934,543,000 based on the closing price of the shares of the Company of HK\$1.69 on 28 April 2015, the last trading day for the shares before the 2015 April Placing Agreement.

The 2015 April Placing Price of HK\$1.20 represented (i) a discount of approximately 28.99% to the closing price of the shares of the Company of HK\$1.69 per share as quoted on the Stock Exchange on 28 April 2015, the last trading day for the shares of the Company before the 2015 April Placing Agreement; and (ii) a discount of approximately 23.47% to the average closing prices of the shares of the Company of HK\$1.568 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 April 2015, the last trading day for the shares before the 2015 April Placing Agreement.

Use of proceeds

Equity fund raising exercise	Net Proceeds	Intended use of proceeds	Actual use of proceeds as at 30 June 2015	Unutilized portion of the net proceeds as at 30 June 2015
Issue of 6,528,080,000 shares under the Pohua Subscription	RMB1,864.3 million (equivalent to approximately HK\$2,338.1 million)	Investment in the acquisition of photovoltaic power plants and as general working capital	All the proceeds of RMB1,864.3 million has been utilized to fund acquisition and/or development of photovoltaic power plants	N/A
Placing of 352,000,000 shares under the 2015 March Placing	RMB292.9 million (equivalent to approximately HK\$366.1 million)	Investment in the acquisition of photovoltaic power plants and as general working capital	RMB193.6 million has been utilized to fund acquisition and/or development of photovoltaic power plants	RMB99.3 million unutilized proceeds is held in cash and bank and it is expected that it will be applied in the manner consistent with the proceeds allocation as stipulated in the 2015 March Placing Agreement
Placing of 1,144,700,000 shares under the 2015 April Placing	RMB1,068.0 million (equivalent to approximately HK\$1,335.0 million)	Investment in the acquisition of photovoltaic power plants and as general working capital	All the proceeds of RMB1,068.0 million has not been used	RMB1,068.0 million unutilized proceeds is held in cash and bank and it is expected that it will be applied in the manner consistent with the proceeds allocation as stipulated in the 2015 April Placing Agreement

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 six months ended 30 June 2015. 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 six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2015, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 six months ended 30 June 2015 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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. The interim report for the six months ended 30 June 2015 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
Executive Director

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprise two executive Directors, Mr. Liu Wen Ping and Mr. Chang Hoi Nam, two non-executive Directors, Dr. Ma Ji and Mr. Chang Tat Joel, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Wang Haisleng and Mr. Lu Hongda.