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 2015

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 2015, together with the comparative amounts for the corresponding year in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015
(Expressed in Renminbi unless otherwise stated)

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*3*	**1,736,278**	524,283
Cost of sales		**(1,545,128)**	(475,130)
Gross profit		**191,150**	49,153
Gain on fair value changes on investment properties		**5,222**	2,298
Other revenue	*4*	**10,264**	9,434
Other net income	*4*	**1,071**	7,958
Distribution costs		**(72)**	(137)
Administrative expenses		**(190,797)**	(40,225)
Gain on disposal of a subsidiary	*22*	**21,006**	–
Finance costs	*5*	**(62,762)**	(7,694)
Impairment loss of a disposal group classified as held for sale	*15*	**(57,158)**	–
Share of loss of a joint venture		**(1,342)**	–
(Loss)/Profit before income tax	*6*	**(83,418)**	20,787
Income tax expense	*7*	**(15,576)**	(9,120)
(Loss)/Profit for the year		**(98,994)**	11,667
(Loss)/Earnings per share	*8*		
Basic and diluted *(RMB cents)*		**(1.08)**	0.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

(Expressed in Renminbi unless otherwise stated)

	2015	2014
	RMB'000	*RMB'000*
(Loss)/Profit for the year	**(98,994)**	11,667
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(1,840)**	(5,109)
Release of exchange reserve upon disposal of a subsidiary	**(623)**	–
Available-for-sale financial assets	**–**	(12,331)
Other comprehensive income for the year, net of tax	**(2,463)**	(17,440)
Total comprehensive income for the year	**(101,457)**	(5,773)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

(Expressed in Renminbi unless otherwise stated)

	Notes	**2015**	2014
		RMB'000	*RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**38,554**	26,264
Solar power plants	*10*	**4,418,018**	1,568,150
Investment in a joint venture	*11*	**286,891**	–
Investment properties		**49,010**	77,943
Goodwill		**86,261**	35,050
Lease prepayments		**51,115**	22,778
		4,929,849	1,730,185
Current assets			
Inventories		**1,181**	2,691
Trade and other receivables	*12*	**3,950,076**	604,349
Structured bank deposits	*13*	**700,000**	–
Pledged bank deposits		**–**	152,223
Cash and cash equivalents	*14*	**637,732**	1,008,312
		5,288,989	1,767,575
Assets of a disposal group classified as held for sale	*15*	**188,557**	–
Total current assets		**5,477,546**	1,767,575
Current liabilities			
Trade and other payables	*16*	**2,435,026**	739,482
Loans and borrowings	*17*	**1,028,517**	198,801
Obligations under finance leases		**276**	246
Current taxation		**15,753**	9,354
		3,479,572	947,883
Liabilities of a disposal group classified as held for sale	*15*	**3,090**	–
Total current liabilities		**3,482,662**	947,883
Net current assets		**1,994,884**	819,692
Total assets less current liabilities		**6,924,733**	2,549,877

	Notes	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Other payables		**–**	18,360
Loans and borrowings	*17*	**1,940,097**	423,702
Obligations under finance leases		**531**	650
Loan from ultimate holding company	*18*	**1,256,670**	–
Corporate bonds	*19*	**322,008**	–
Deferred tax liabilities		**3,230**	5,656
		3,522,536	448,368
NET ASSETS		**3,402,197**	2,101,509
CAPITAL AND RESERVES			
Share capital	*20*	**3,608,604**	2,267,976
Reserves		**(206,407)**	(166,467)
TOTAL EQUITY		**3,402,197**	2,101,509

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the provisions of the Companies Ordinance (Chapter 622) of the Laws of Hong Kong (the "Hong Kong Companies Ordinance") which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial information relating to the year ended 31 December 2015 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The auditor's reports were qualified and contain a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance. The auditor's reports did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance. For details, please refer to sub-section under "EXTRACT OF INDEPENDENT AUDITOR'S REPORT".

The financial statements have been prepared under the historical cost convention except for certain investment properties which are stated at fair values.

2. ADOPTION OF HKFRSs

2.1 Adoption of new/revised HKFRSs – effective 1 January 2015

In the current year, the Company and its subsidiaries have applied for the first time the following new/amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2015:

HKFRSs (Amendments)	Annual Improvements to 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to 2011-2013 Cycle

The adoption of these amendments has no material impact on the Group's financial statements.

2.2 New/amended HKFRSs that have been issued but are not yet effective

The following new/amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or a date to be determined

The Group is in the process of making an assessment of the potential impact of these new/amended HKFRSs and the Directors are not yet in a position to quantity the effects on the Group's financial statements.

2.3 New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, which came into effect on 3 March 2014, in relation to the preparation of financial statements apply to the Company in this financial year.

The Directors consider that there is no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. REVENUE

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

	2015	2014
	RMB'000	*RMB'000*
Sales of electricity	**118,032**	9,547
Sales of solar energy related products	**1,611,711**	508,291
Sales of life-like plants	**4,929**	4,760
Properties rental income	**1,606**	1,685
	1,736,278	524,283

Sales of electricity includes tariff adjustment amounted to approximately RMB86,113,000 (2014: RMB6,743,000).

4. OTHER REVENUE AND OTHER NET INCOME

	2015	2014
	RMB'000	*RMB'000*
Other revenue		
Interest income	**3,580**	5,903
Loan interest income	**–**	257
Others	**6,684**	3,274
	10,264	9,434
Other net income		
Net foreign exchange gain/(loss)	**712**	(1,475)
Net gain on disposal of property, plant and equipment	**359**	2,698
Reclassified from equity upon disposal of available-for-sale financial assets	**–**	6,735
	1,071	7,958

5. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on loans and borrowings	**62,012**	11,344
Interest on loan from ultimate holding company	**4,022**	–
Interest on bank overdrafts	**36**	49
Imputed interest on corporate bonds *(note 19)*	**12,391**	–
Finance charges on obligations under finance leases	**66**	35
Total interest expense on financial liabilities not at fair value through profit or loss	**78,527**	11,428
Less: interest expense capitalised into solar power plants under development*	**(15,765)**	(3,734)
	62,762	7,694

* For the year ended 31 December 2015, borrowing cost has been capitalised at a rate of 9% (2014: 10%) per annum.

6. (LOSS)/PROFIT BEFORE INCOME TAX

The Group's (loss)/profit before income tax is arrived at after charging:

(a) Employee benefit expenses (including directors' emoluments)

	2015	2014
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**29,351**	9,224
Contributions to defined contribution retirement plan	**1,104**	551
Equity settled share-based payment expenses	**61,517**	10,245
Total employee benefit expenses	**91,972**	20,020

(b) Other items

	2015	2014
	RMB'000	*RMB'000*
Auditors' remuneration	**9,865**	1,743
Amortisation of lease prepayments	**1,347**	451
Cost of inventories *(note)*	**1,479,315**	473,418
Depreciation		
– Property, plant and equipment	**2,406**	2,556
– Solar power plants	**83,601**	1,658
Operating lease charges in respect of properties	**7,978**	1,555

Note:

For the year ended 31 December 2015, cost of inventories included approximately RMB622,000 (2014: Nil) relating to the write-off of inventories, RMB1,534,000 (2014: RMB3,030,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
– PRC Corporate Income Tax	**15,753**	9,354
– Under-provision in prior years	**60**	–
	15,813	9,354
Deferred tax	**(237)**	(234)
	15,576	9,120

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 2015 and 2014.

The Group's PRC entities are subject to corporate income tax at the statutory rate of 25%, unless otherwise specified.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the year of RMB98,994,000 (2014: profit for the year of RMB11,667,000) and weighted average number of ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2015	2014
	'000	*'000*
Ordinary shares at 1 January	**8,290,742**	1,762,662
Effect of placing/subscription of new shares	**896,304**	2,611,233
Weighted average number of ordinary shares at 31 December	**9,187,046**	4,373,895

(b) Diluted (loss)/earnings per share

For the year ended 31 December 2015, the effect of conversion of share option scheme was anti-dilutive and diluted loss per share during the year is therefore equal to basic loss per share. For the year ended 31 December 2014, the diluted earnings per share was calculated after taking into account the dilutive effect of deemed exercise of share options of 6,900,000.

9. DIVIDEND

No dividend was paid or proposed during the year 31 December 2015 nor has any dividend been proposed since the end of reporting period (2014: Nil).

10. SOLAR POWER PLANTS

	Solar power plants RMB'000	Solar power plants under development RMB'000	Total RMB'000
Cost			
At 1 January 2014	–	–	–
Acquisition of subsidiaries	535,561	409,400	944,961
Additions	–	621,113	621,113
Interest capitalised in solar power plants under development	–	3,734	3,734
At 31 December 2014 and 1 January 2015	535,561	1,034,247	1,569,808
Acquisition of subsidiaries *(note 21)*	1,244,583	1,192,909	2,437,492
Additions	40,346	684,896	725,242
Interest capitalised in solar power plants under development	–	15,765	15,765
Transfer	624,832	(624,832)	–
Transfer to assets of a disposal group classified as held for sale *(note 15)*	–	(245,030)	(245,030)
At 31 December 2015	2,445,322	2,057,955	4,503,277
Accumulated depreciation			
At 1 January 2014	–	–	–
Charge for the year	1,658	–	1,658
At 31 December 2014 and 1 January 2015	1,658	–	1,658
Charge for the year	83,601	–	83,601
At 31 December 2015	85,259	–	85,259
Net carrying value			
At 31 December 2014	533,903	1,034,247	1,568,150
At 31 December 2015	2,360,063	2,057,955	4,418,018

Solar power plants under development would be transferred to solar power plants when the solar power plants complete their trial operations and are successfully connected to provincial power grid and generate electricity.

As at 31 December 2015, certain solar power plants with carrying value of approximately RMB739,925,000 (2014: RMB487,591,000) were constructed and built on the lands in the PRC which the Group has not yet paid the related land premium and obtained the relevant title certificates. With reference to the legal opinion from a PRC lawyer, the Directors do not expect any legal obstacles for the Group in obtaining the relevant title certificates.

As at 31 December 2015, certain solar power plants with carrying value of approximately RMB2,567,145,000 (2014: RMB533,903,000) were pledged as securities for the Group's loans and borrowings.

11. INVESTMENT IN A JOINT VENTURE

	2015 *RMB'000*
At the beginning of the year	–
Capital contributions	288,233
Share of loss	(1,342)
At the end of the year	286,891

As at 31 December 2015, particulars of the joint venture were as follows:

Name of joint venture	**Form of business structure**	**Country of incorporation and principal place of operation**	**Percentage of ownership interests/ voting rights**	**Principal activity**
江山寶源國際有限公司 Kong Sun Baoyuan International Company Limited* ("Kong Sun Baoyuan")	Incorporated	The People's Republic of China ("PRC")	55%	Finance lease business

The Group has established Kong Sun Baoyuan with 55% equity interest during the year. Kong Sun Baoyuan is a separate structured vehicle incorporated and operating in the PRC. It is primarily engaged in the finance lease business in the PRC. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Kong Sun Baoyuan. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been accounted for in the consolidated financial statements using equity method.

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade debtors *(note (i))*	**821,697**	275,730
Bills receivable *(note (ii))*	**655,824**	1,275
Trade debtors and bills receivable *(note (i))*	**1,477,521**	277,005
Loans and advances to Zhongke Hengyuan *(note (iii))*	**1,144,109**	2,208
Other deposits and prepayments and receivables	**1,328,446**	325,136
Total trade and other receivables *(note (iv))*	**3,950,076**	604,349

Notes:

(i) 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 (2014: 30 to 180 days) from the date of billing, except for the tariff adjustment. At 31 December 2015, based on invoice dates, ageing analysis of the trade and bills receivables was as follows:

	2015	2014
	RMB'000	*RMB'000*
Less than 3 months	**1,246,313**	232,535
Over 3 months less than 6 months	**99,864**	18,685
Over 6 months less than 12 months	**67,486**	25,785
Over 12 months less than 24 months	**63,858**	–
	1,477,521	277,005

Ageing of trade debtors and bill receivables based on due date are as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,254,243**	182,210
Less than 3 months past due	**41,100**	55,893
Over 3 months less than 6 months past due	**65,183**	18,840
Over 6 months less than 12 months past due	**59,611**	20,062
Over 12 months less than 24 months past due	**57,384**	–
	1,477,521	277,005

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired primarily related to tariff adjustment. 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 CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源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 are of the opinion that trade receivables arising from electricity sales are fully recoverable considering that there are no bad debt experiences with trade receivables from the provincial power grid companies in the past and the tariff adjustment is funded by the PRC government.

(ii) As at 31 December 2015 and 2014, bills receivable represented outstanding commercial acceptance bills.

(iii) The balance relates to certain loans and advances made to 中科恆源科技股份有限公司 (Zhongke Hengyuan Technology Co., Ltd.*) (“Zhongke Hengyuan”).

As set out in the Company’s announcement dated 4 December 2015 and the circular of the Company dated 30 December 2015, the Group entered into a sale and purchase agreement on 4 December 2015 with certain shareholders of Zhongke Hengyuan to acquire 44.587% equity interests in Zhongke Hengyuan. The transaction was approved by the shareholders of the Company in the extraordinary general meeting of the Company held on 15 January 2016 and was eventually completed subsequent to the reporting period on 30 January 2016. The directors of the Company are of the opinion that, as at 31 December 2015, Zhongke Hengyuan was neither a connected party as defined under the Listing Rules nor a related party as defined under HKAS 24 “Related Parties Disclosures”.

Of the total loans and advances, approximately RMB1,000,000,000 of which were made to Zhongke Hengyuan for its investments in long-term investments in an insurance company and a commercial bank in the PRC and the remaining were made to Zhongke Hengyuan mainly for financing certain of its solar power plants development projects. These loans and advances are unsecured, interest free and have no fixed terms of repayment. No formal agreements have been entered into between the Group and Zhongke Hengyuan in respect of these loans and advances.

Subsequent to the reporting period, Zhongke Hengyuan had repaid all of the loans and advances to the Group.

(iv) All of these trade and other receivables are expected to be recovered or recognised as expense within one year, except for certain deposits amounting to approximately RMB647,000 (2014: RMB587,000) as at 31 December 2015, which are expected to be recovered after more than one year.

As at 31 December 2015, certain trade receivables arising from the electricity sales amounting to approximately RMB106,086,000 (2014: RMB37,224,000) were pledged as securities for the Group's loans and borrowings (note 17).

13. STRUCTURED BANK DEPOSITS

The structured bank deposits, denominated in RMB, are yield enhancement deposits and contain embedded derivative which represents the returns varying with the underlying investment portfolio of the structured bank deposit and comprises primarily of equity instruments, debt instruments including corporate bonds, and money market instruments. The deposits are solely managed and invested by the bank and the Group has no right to choose and trade the components of the financial assets. The structured bank deposits carried an effective interest rate of 3% per annum and were subsequently withdrawn in January 2016. The principal amount together with the investment return would be returned to the Group anytime upon request. The Group considers that the fair value of embedded derivative is minimal and hence no derivative financial instruments are recognised.

14. CASH AND CASH EQUIVALENTS

	2015	2014
	RMB'000	*RMB'000*
Cash on hand	**14**	11
Cash at banks	**637,718**	1,008,301
	637,732	1,008,312

Included in cash and cash equivalents of the Group is approximately RMB502,453,000 (2014: RMB575,398,000) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The assets and liabilities related to 榆林市比亞迪新能源有限公司(Yulin BYD New Energy Limited Company*) ("Yulin BYD"), a subsidiary in which the Group has 99.884% equity interests, have been presented as held for sale following the repurchase agreement dated 24 December 2015 (the "Repurchase Agreement") entered into between the Group and the purchaser (the "Purchaser"). Yulin BYD is principally engaged in the development of a solar power plant and electricity generation. As at the date of the Repurchase Agreement, the solar power plant owned by Yulin BYD is still at development stage. The disposal of Yulin BYD was completed on 15 January 2016.

On 7 July 2014, the Group entered into an equity transfer agreement with the Purchaser to acquire the entire equity interests of Yulin BYD (the "Yulin BYD Acquisition Agreement"). Pursuant to the terms of the Yulin BYD Acquisition Agreement, 91% equity interests of Yulin BYD was transferred to the Group on 25 September 2014 and thereby Yulin BYD became a non-wholly owned subsidiary of the Group. On 27 November 2014, Yulin BYD completed a capital increase and pursuant to which the Group made further capital contribution to Yulin BYD, and thereby the Group's interests in Yulin BYD was increased to approximately 99.884%.

On 9 October 2014 and 28 October 2014, the State Energy Administration (the "SEA") (國家能源局) issued the notices "國家能源局關於進一步加強光伏電站－建設與運行管理工作的通知" and "國家能源局關於規範電力專案開工建設秩序的通知" (the "Notices"), respectively, which prohibit the original applicant (i.e. the wholly-owned subsidiary of the Purchaser) who has obtained from the relevant local government the requisite approval documents (the "Approvals") for the 300 MW photovoltaic power plant project (the "Project") from transferring its equity interests before the Project was connected to the power grid unless the new shareholder of the Project make relevant filings to obtain the Approvals again as if the Project owned by Yulin BYD were a new project (the "New Project Application").

As registration for the transfer of the 91% equity interests of Yulin BYD has been completed before the issue of the Notices, the Directors did not consider there was any violation of the relevant laws or regulations by the Group. As a result, the Group did not make New Project Application at that time and the Group commenced its foundation and construction work on the Project owned by Yulin BYD in early 2015.

On 28 October 2015, the SEA issued another notice to the Shaanxi Province Energy Administration (the "SPEA") (陝西省能源局) and Northwest Energy Administration (西北能源監管局) which ruled that the transfer of the equity interests of Yulin BYD violated the Notices (the "Violation") and the SPEA issued a letter to Shaanxi Province Yulin City Development and Reform Commission (the "SPYCDRC") (陝西省榆林市發展和改革委員會) on 16 November 2015 and instructed SPYCDRC to rectify the Violation. SPYCDRC subsequently issued a letter to Shaanxi Province Yulin City Yuyang District Development and Reform Commission (the "SPYDDRC") (陝西省榆林市榆陽區發展和改革局) on 18 November 2015; which in turn issued a notice to Yulin BYD on 20 November 2015, instructing Yulin BYD to remedy the Violation and to file its remediation plan to SPYDDRC by 30 November 2015.

On 26 November 2015, the Group wrote two letters to the Purchaser and SPYDDRC respectively, on the arrangement of possible disposal of the 99.884% equity interests back to the Purchaser and subsequently concluded the Repurchase Agreement on 24 December 2015.

In accordance with HKFRS 5, assets and liabilities relating to Yulin BYD have been classified as held for sale in the consolidated statement of financial position. The disposal does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

The Directors regard the sale proceeds less the directly attributable cost which amounted to approximately RMB185,467,000 as the fair value less cost of disposal for the disposal of Yulin BYD. An impairment loss of approximately RMB57,158,000, which represents the sale proceeds less the carrying amount of the net assets of Yulin BYD as at the reporting date, was charged to profit or loss.

	2015
	RMB'000
Solar power plant under development *(note 10)*	245,030
Other receivables	423
Cash and cash equivalents	262
Impairment loss on a disposal group classified as held for sale	(57,158)
Total assets classified as held for sale	188,557
Other payables	3,090
Total liabilities classified as held for sale	3,090

On 22 October 2016, an equity transfer agreement was entered into between the Group and the Purchaser pursuant to which the Group agreed to acquire the entire equity interest of Yulin BYD from the Purchaser at a consideration of RMB18,670,000 (the "Buy-back").

Immediately upon completion of the Buy-back, the Group, through Yulin BYD, has made the New Project Application to SPYDDRC and such application is still under process as at the date of this announcement. Once the Group, as the applicant, obtains the Approvals from the relevant local government, Yulin BYD is expected to be eligible to make application for grid-connection.

16. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**2,044,386**	621,813
Other payables and accruals	**390,640**	117,669
	2,435,026	739,482

Ageing analysis of trade payables, based on the invoice dates, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Current or less than 3 months	**1,854,022**	621,813
More than 3 months but less than 6 months	**8,966**	–
More than 6 months but less than 1 year	**104,549**	–
More than 1 year	**76,849**	–
	2,044,386	621,813

Retention payable amounting to approximately RMB123,600,000 (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 31 December 2015 and 2014 are expected to be settled or recognised as income within one year or are repayable on demand.

17. LOANS AND BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Current		
Secured		
– bank loans	**81,977**	152,118
– other borrowings	**946,540**	46,683
	1,028,517	198,801
Non-current		
Secured		
– bank loans	**1,550**	3,602
– other borrowings	**1,938,547**	420,100
	1,940,097	423,702

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**1,028,517**	198,801
After 1 year but within 2 years	**305,916**	85,765
After 2 years but within 5 years	**784,875**	153,384
Over 5 years	**849,306**	184,553
	2,968,614	622,503

Loans and other borrowings bear interest ranging from 5% to 12.25% (2014: 5.32% to 14.25%) per annum. The bank loans bear floating interest rate (2014: floating).

The loans and borrowings were secured by the following assets:

	2015	2014
	RMB'000	*RMB'000*
Solar power plants *(note 10)*	**2,567,145**	533,903
Trade and bills receivables *(note 12)*	**106,086**	37,224
Property, plant and equipment	**1,041**	3,630
Pledged bank deposits	**–**	152,050
Lease prepayments	**913**	–
	2,675,185	726,807

Other borrowings amounting to RMB22,000,000 (2014: RMB22,000,000) was pledged by equity interests of 揚州啟星新能源發展有限公司 (Yangzhou Qixing New Energy Developments Limited*) and RMB800,000,000 (2014: Nil) was pledged by equity interests of 敦煌萬發新能源有限公司 (Dunhuang Wanfa New Energy Limited Company*) and an independent third party.

In addition, an independent third party had provided unlimited corporate guarantees to certain of the Group's other loans amounting to approximately RMB399,134,000 (2014: RMB450,503,000).

18. LOAN FROM ULTIMATE HOLDING COMPANY

On 19 November 2015, the Company and Pohua JT Private Equity Fund L.P. ("Pohua JT"), the ultimate holding company of the Company, entered into a loan agreement pursuant to which Pohua JT agreed to grant a loan in the aggregate principal amount of HK$1,500,000,000 (equivalent to approximately RMB1,256,670,000) to the Company. The loan was unsecured, interest bearing at 5.8% per annum which would be accrued at and payable semi-annually and would mature on the 3rd anniversary of the drawndown date. The loan was subsequently capitalised in a subscription of the Company's shares by Pohua JT in January 2016, details of which was set out in note 23(b).

19. CORPORATE BONDS

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**–**	–
Initial recognition	**317,546**	–
Imputed interest expense *(note 5)*	**12,391**	–
Interest payable	**(8,459)**	–
Exchange realignment	**530**	–
At 31 December	**322,008**	–

During the year ended 31 December 2015, the Company issued corporate bonds denominated in HK$ amounting to HK$423,500,000 (equivalent to approximately RMB354,800,000) in aggregate due in 2018 to certain independent third parties. As at 31 December 2015, the net proceeds of the issued corporate bonds received by the Company were approximately HK$379,032,500 (equivalent to approximately RMB317,546,000), with total issue cost amounting to approximately HK$44,467,500 (equivalent to approximately RMB37,254,000). The corporate bonds are interest bearing at 6% per annum and mature on the date immediately following the 36 months after the issue of the corporate bonds.

The corporate bonds are subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 10.24% per annum. Imputed interest of approximately HK$15,422,000 (equivalent to approximately RMB12,391,000) was recognised in profit or loss during the year.

20. SHARE CAPITAL

	2015		2014	
	Number of share	**RMB'000**	Number of share	RMB'000
	'000		*'000*	
Issued and fully paid				
At beginning of the year	**8,290,742**	**2,267,976**	1,762,662	69,008
The concept of authorised share capital was abolished on 3 March 2014 *(notes (a))*	**–**	**–**	–	334,707
Placing of new shares *(notes (b), (c) and (d))*	**1,496,700**	**1,340,628**	6,528,080	1,864,261
At end of the year	**9,787,442**	**3,608,604**	8,290,742	2,267,976

Notes:

(a) *The Hong Kong Companies Ordinance came into effect on 3 March 2014. Under Section 135 of the Companies Ordinance, shares in a company do not have a nominal value. Accordingly, the concept of authorised share capital is abolished. The no nominal value regime applies to the Company. Following the transitional provisions in the Ordinance, any amount standing to the credit of the share premium account and capital redemption reserve at the beginning of 3 March 2014 became part of the Company's share capital.*

(b) *On 10 April 2015, the Company completed the placing of 352,000,000 placing shares at the placing price of HK$1.07 per placing share (the "2015 April Placing"). The net proceeds from the 2015 April Placing, after deducting the related placing commission, professional fees and all related expenses, is approximately HK$365,094,000 (equivalent to approximately RMB289,107,000). Details of the 2015 April Placing have been set out in the Company's announcements dated 23 March 2015 and 10 April 2015.*

(c) *On 11 June 2015, the Company completed the placing of 1,144,700,000 placing shares at the placing price of HK$1.20 per placing share (the "2015 June Placing"). The net proceeds from the 2015 June Placing, after deducting the related placing commission, professional fees and all related expenses, is approximately HK$1,333,131,000 (equivalent to approximately RMB1,051,521,000). Details of the 2015 June Placing have been set out in the Company's announcements dated 28 April 2015 and 11 June 2015.*

(d) *Pursuant to a subscription agreement dated 28 May 2014, the Company placed a total of 6,528,080,000 new shares of the Company at the price of HK$0.36 per share to its investors (the "Subscription"). The Subscription was completed on 8 August 2014.*

21. ACQUISITION OF SUBSIDIARIES

(a) Solar power plants with operations

During the year ended 31 December 2015, the Group entered into various equity transfer agreements with independent third parties to acquire 100% equity interests in certain PRC-incorporated entities, namely 和靜旭雙太陽能科技有限公司 ("Hejing Xushuang"), 阿圖什市華光能源有限公司 ("Artux Huaguang"), 阿圖什市興光能源有限公司 ("Artux Xingguang"), 威縣天海光伏發電有限公司 ("Weixian Tianhei") and 蘭州太科光伏電力有限公司 ("Lanzhou Taike") at a total cash consideration of RMB172,000,000. The aforementioned acquisitions were completed at the acquisition date of 21 May 2015, 14 October 2015, 14 October 2015, 23 November 2015 and 27 November 2015 respectively (collectively, the "2015 Acquisition Dates"). These entities are principally engaged in the operation of solar power plants and electricity generation. As at the respective 2015 Acquisition Dates, Hejing Xushuang, Lanzhou Taike, Weixian Tianhei, Artux Huaguang and Artux Xingguang are generating electricity to provincial power grid.

The combined identifiable assets acquired and liabilities assumed at the 2015 Acquisition Dates are as follows:

	Carrying amount	**Fair value adjustments**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Solar power plants *(note 10)*	1,244,583	–	1,244,583
Trade and other receivables, prepayment and deposits	131,977	–	131,977
Cash and cash equivalents	5,282	–	5,282
Trade and other payables	(1,261,053)	–	(1,261,053)
Total identifiable net assets at fair value	120,789	–	120,789
Goodwill *(note (i))*			51,211
Fair value of cash consideration			172,000
Purchase consideration settled in cash			172,000
Less: cash and cash equivalents in subsidiaries acquired			(5,282)
Net cash outflows			166,718

Notes:

(i) Goodwill arising from the acquisition of these entities represents the synergies expected to be achieved from integrating the acquirees into the Group's existing business.

(ii) Hejing Xushuang, Lanzhou Taike, Weixian Tianhei, Artux Huaguang and Artux Xingguang have contributed revenue (including the tariff adjustment) of approximately RMB27,767,000 and net profit of approximately RMB11,657,000 to the Group since the 2015 Acquisition Dates to 31 December 2015. Had these acquisitions occurred on 1 January 2015, the management estimates that the Group's consolidated revenue and consolidated loss for the year would have been RMB1,773,483,000 and RMB90,998,000 respectively.

(b) Solar power plants under developments

During the year ended 31 December 2015, the Group acquired the equity interests in the entities set out in the table below from independent third parties at a total cash consideration of approximately RMB65,831,000. These entities are principally engaged in the operation of solar power plants and electricity generation. As at the dates of acquisitions, these entities were still at development stage. Given the underlying set of assets acquired were not integrated in forming businesses to generate revenues, the directors are of the opinion that the acquisition of these entities were purchase of net assets which did not constitute business combinations for accounting purposes.

Name of entities	Equity interests acquired
Qiangmao Energy Eerduosi Company Limited* (強茂能源鄂爾多斯市有限責任公司)	100%
Shandong Xintailou Dejiayang Solar Power Generation Company Limited* (山東新泰樓德佳陽光伏發電有限公司)	100%
Guixi City Zhongyuan Solar Power Company Limited* (貴溪市中元太陽能電力有限公司)	100%
Huzhou Xianghui Photovoltaic Power Generation Company Limited* (湖州祥暉光伏發電有限公司)	100%
Keping Tianhua New Energy Electricity Company Limited* (柯坪天華新能源電力有限公司)	100%
Hefei Lujuyuan Photovoltaic Power Generation Company Limited (合肥綠聚源光伏發電有限公司)	100%

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

	RMB'000
Solar power plants under development *(note 10)*	1,192,909
Lease prepayment	2,560
Other receivables	12,194
Cash and cash equivalents	16,262
Trade and other payables	(256,729)
Loans and borrowings	(901,365)
Net assets acquired	65,831
Satisfied by:	
Cash consideration	65,831
Net cash outflow arising on acquisition:	
Purchase consideration settled in cash	65,831
Less: cash and cash equivalents acquired	(16,262)
	49,569

22. DISPOSAL OF A SUBSIDIARY

On 15 June 2015, the Group entered into a sale and purchase agreement to dispose of its entire interests in Coast Holdings Limited ("Coast Holdings") at a cash consideration of HK$70,000,000 (equivalent to approximately RMB56,240,000). Coast Holdings is an investment holding company and it held an investment property situated in Hong Kong. The disposal of Coast Holdings was completed on 30 June 2015. Net assets of Coast Holdings at the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	400
Investment properties	36,143
Cash and cash equivalents	622
Other receivables	14
Other payables and accruals	(142)
Deferred tax liabilities	(2,426)
	34,611
Release of exchange reserve upon disposal	623
Gain on disposal of Coast Holdings	21,006
Total consideration	56,240
Satisfied by:	
Cash	56,240

23. EVENTS AFTER THE REPORTING DATE

(a) Subsequent to the reporting date, the Group entered into various equity transfer agreements with independent third parties to acquire 100% equity interests in certain PRC-incorporated entities at a total cash consideration of RMB31,265,000. These entities are set out in the table below.

Name of entities	Equity interests acquired	2016 Acquisition Dates
定邊縣昂立光伏科技有限公司 (Dingbian Ang'Li Photovoltaic Technology Company Limited*) ("Dingbian Ang'Li")	100%	28 January 2016
樟樹市中利騰暉光伏有限公司 (Zhangshu Zhongli Tenghui Photovoltaic Power Ltd.*) ("Zhangshu Zhongli")	100%	3 February 2016
巨鹿縣明暉太陽能發電有限公司 (Julu Minghui Photovoltaic Power Ltd.*) ("Julu Minghui")	100%	3 February 2016
常熟宏略光伏電站開發有限公司 (Changshu Honglu Photovoltaic Power Plants Development Co., Ltd.*) ("Changshu Honglu")	100%	3 February 2016
肥西中暉光伏發電有限公司 (Feixi Zhonghui Photovoltaic Power Ltd.*) ("Feixi Zhonghui")	100%	1 March 2016
霍林郭勒競日能源有限公司 (Huolin Guole Jingri Energy Company Limited*) ("Huolin Jingri")	100%	22 March 2016
千陽縣寶源光伏電力開發有限公司 (Qianyang Baoyuan Photovoltaic Power Development Co., Ltd.*) ("Qianyang Baoyuan")	100%	28 June 2016
定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Co., Ltd.*) ("Jingyang Electric")	100%	30 June 2016
定邊縣萬和順新能源發電有限公司 (Dingbian Wanhe Shun New Energy Power Generation Co., Ltd.*) ("Wanhe Shun")	100%	30 June 2016
黃石黃源光伏電力開發有限公司 (Wangshi Wangyuan Photovoltaic Power Development Co., Ltd.*) ("Wangshi Wangyuan")	100%	10 August 2016
濟源大峪江山光伏發電有限公司 (Jiyuan Dayu Jiangshan Guangfu Power Generation Co., Ltd.*) ("Jiyuan Dayu")	100%	13 October 2016

As at the respective relevant 2016 Acquisition Dates, Huolin Jingri, Dingbian Ang'Li, Qianyang Baoyuan, Julu Minghui, Feixi Zhonghui, Zhangshu Zhongli, Changshu Honglu, Jingyang Electric, Wanhe Shun, Wangshi Wangyuan and Jiyuan Dayu were generating electricity to provincial power grid. Details of the acquisitions have been set out in the Company's announcements on 5 January 2016, 28 January 2016, 3 February 2016, 30 June 2016, 25 July 2016, 26 July 2016 and 11 October 2016 respectively.

(b) On 5 January 2016, the Company and Pohua JT entered into a subscription agreement pursuant to which the Company conditionally agreed to allot and issue 5,177,000,000 new shares to Pohua JT at a price of HK$0.66 per share. The completion of the subscription took place on 2 March 2016. The net proceeds derived from the subscription amounted to approximately HK$1,901,567,000 (equivalent to approximately RMB1,593,095,000), after capitalisation of the loan from ultimate holding company and the accrued interests amounting to approximately HK$1,515,253,000 in total (equivalent to approximately RMB1,269,449,000). Details of the subscription are set out in the Company's announcements dated 5 January 2016, 18 January 2016, 2 February 2016 and 2 March 2016 respectively.

(c) As disclosed in the announcement dated 31 March 2016, as a result of the delay in the finalization of the 2015 annual results of the Group for the year ended 31 December 2015, the trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1 April 2016.

(d) As disclosed in the announcement dated 28 April 2016, KPMG has resigned as auditor of the Company. As disclosed in the announcement dated 25 May 2016, BDO Limited ("BDO") was appointed as the new auditor of the Company to fill the vacancy left by the resignation of KPMG and to hold office until the conclusion of the next annual general meeting of the Company.

(e) On 6 June 2016, the Group entered into a framework co-operation agreement (the "Cooperation Agreement") with 塔里木河流域管理局 (Tarim River Basin Management Bureau*) (the "Bureau") in relation to the initial phases of a hydro-electric power project in Dashixia, Xinjiang Province, the PRC (the "Project"). A joint venture company (the "JV Company") will be established for the Project and it will be owned by the Group and the Bureau as to 80% and 20% respectively. The maximum total registered capital of the JV Company in relation to the first phase of the Project will not be more than RMB300,000,000. The second phase of the Project involves first setting up of a project company for the Project (the "Project Company") and secondly the Bureau inviting public tenders for participation in the construction and operation of the Project via public-private partnership ("PPP") mode. Under the PPP co-operation, the Bureau would partner with one or more private entities to construct and operate the Project. Upon obtaining the necessary approvals from the Development and Reform Commission of the PRC, the second phase of the Project will begin. Pursuant to the terms of the Cooperation Agreement, should the Group elect to participate in the public tender for the second phase, the Group will be given priority over other bidders given the same terms. Detailed terms of the cooperation and the arrangement for returns of investment have been set out in the Company's announcement dated 6 June 2016.

(f) On 27 June 2016, Zhongke Hengyuan entered into a capital increase agreement with one of its shareholders that held approximately 19.23% equity interest in Zhongke Hengyuan, pursuant to which such shareholder agreed to make an additional capital contribution to Zhongke Hengyuan (the "Capital Increase"). Upon completion of the Capital Increase which took place on 14 July 2016, the registered capital of Zhongke Hengyuan was enlarged from RMB120 million to RMB350 million, and the Group's equity interest in Zhongke Hengyuan was diluted from approximately 44.587% to approximately 15.29%. Further details in relation to the Capital Increase have been set out in the Company's announcement dated 21 July 2016.

(g) On 11 October 2016, the Group entered into a partnership agreement with 盛世神州投資基金管理(北京)股份有限公司 (Shengshi Shenzhou Investment Fund Management (Beijing) Company Limited*) ("Shengshi Shenzhou") and 天安財產保險股份有限公司 (Tian An Property Insurance Company Limited*) ("Tian An") in relation to the formation of a limited partnership for carrying out investments. The total capital commitment of the limited partnership is RMB3,001,000,000. The capital contribution by the Group, Shengshi Shenzhou and Tian An will be RMB450,000,000, RMB1,000,000 and RMB2,550,000,000, respectively. It is intended that the limited partnership will primarily invest in the high-tech and emerging industries, the energy industry and other high-growth unlisted enterprises. Further detailed terms in relation to the partnership agreement and the arrangement of profit distribution and loss sharing have been set out in the Company's announcements dated 11 October 2016 and 18 October 2016 respectively.

(h) On 22 October 2016, an equity transfer agreement was entered into between the Group and the Purchaser pursuant to which the Group agreed to acquire the entire equity interest of Yulin BYD from the Purchaser at a consideration of RMB18,670,000, details of which have been set out in note 15 to this announcement.

(i) On 30 November 2016, the Group entered into an equity transfer agreement with an independent third party to acquire 100% equity interests in 宿州市雲陽新能源發電有限公司 (Suzhou Yunyang New Power Generation Co., Ltd.*) ("Suzhou Yunyang") at a cash consideration of RMB85,000,000. As at 30 November 2016, Suzhou Yunyang has been generating electricity to provincial power grid. The transfer of the equity interest in Suzhou Yunyang is still under process as at the date of this announcement. Further details in relation to the acquisition of Suzhou Yunyang were set out in the Company's announcement on 30 November 2016.

(j) On 2 December 2016, the Group entered into an equity transfer agreement with an independent third party to acquire 100% equity interests in 靖邊縣智光新能源開發有限公司 (Jingbian Zhiguang New Energy Development Co., Ltd.*) ("Jingbian Zhiguang") at a cash consideration of RMB100,000,000. As at 2 December 2016, Jingbian Zhiguang has been generating electricity to provincial power grid. The transfer of the equity interest in Jingbian Zhiguang is still under process as at the date of this announcement. Further details in relation to the acquisition of Jingbian Zhiguang were set out in the Company's announcements on 2 December 2016 and 6 December 2016 respectively.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's external auditor has issued a qualified opinion on the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2015. An extract from the independent auditor's report is as follows:

Basis for qualified opinion

During the year ended 31 December 2015, the Group entered into eleven sales and eleven corresponding purchases related to the solar modules and equipment of approximately RMB621,053,000 and RMB566,552,000 (both value-added tax exclusive) respectively (collectively the "Transactions"). Trade receivables and trade payables relating to the Transactions were RMB726,632,000 and RMB662,865,000 (both value-added tax inclusive) respectively as at 31 December 2015. The customers and suppliers of the Transactions are fellow subsidiaries of the same groups (the "Customers and Suppliers within the Same Groups"). As a result of the Transactions, the Group recorded a gross profit of approximately RMB54,501,000 for the year ended 31 December 2015. The Customers and Suppliers within the Same Groups are companies engaged in investment in and operation of solar power plants in the People's Republic of China (the "PRC") and are the manufacturers of solar modules and equipment respectively. The directors of the Company represented that the Transactions had business substance because, in addition to the sales and purchases of solar modules and equipment (the "Trading of Goods"), the Group had provided additional value-added services (the "Value-added Services") to the Customers and Suppliers within the Same Groups which included but not limited to the following: (i) technical advice to the supply arms on their production; (ii) architectural design of their solar power plants; (iii) adjustment and fine-tune on the modules and equipment installed in their solar power plants; (iv) construction and engineering management on their solar power plants; (v) grid connection preparation services; and (vi) other follow-up services (collectively, referred to the "Rendering of Value-added Services"). In summary, the directors of the Company represented to us that the Transactions were structured as a bundle of Rendering of Value-added Services and Trading of Goods. In these consolidated financial statements, the Transactions were accounted for as sales and purchases with no service income being recognised and grouped within the Group's photovoltaic business segment.

In respect of the element of Trading of Goods, we have obtained the explanations from the Company's management about the basis for the business substance. However, we have not been able to obtain sufficient appropriate audit evidence to support the commercial rationale of the Trading of Goods included in the Transactions as represented by the Company's management. Accordingly, we are unable to determine whether the Transactions should be recognised as sales and purchases in the Company's consolidated financial statements for the year ended 31 December 2015 and whether the related trade receivables and trade payables have been appropriately presented as at that date.

In respect of the Rendering of Value-added Services, the contracts of the Transactions did not contain any details about these services and there was no other documentary evidence to support the existence and extent of these services rendered by the Group. We have obtained the explanations from the Company's management the reasons leading to the absence of the evidence. However, we have not been able to obtain sufficient appropriate audit evidence to determine whether the Transactions contained any service element and whether the Group have completed these services during the year ended 31 December 2015. Should there been no Value-added Services included in the Transactions, together with the limitation in our scope of work relating to the element of Trading of Goods (see the paragraph immediate above), the business substance of the Transactions as represented by the Company's directors would not sustain.

Had we been able to obtain sufficient appropriate audit evidence concerning the existence and the Group's performance of the Value-added Services, we would have considered that the Group should have recognised service fee income in these financial statements no matter whether the business substance of the element of Trading of Goods is sustained.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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 ("PV") power plants, properties investment and sales of life-like plants.

PV POWER PLANTS BUSINESS

During the year ended 31 December 2015, the Group continued its investment in and development of PV power plants in the PRC. As at 31 December 2015, the Group had a total of 469.5 megawatts ("MW"), 100% owned, grid-connected PV projects on hand as follows:

Completed solar power plants

Location of project	**Capacity of power plants**
Xinjiang Province	
Hami	20 MW
Yingjisha	20 MW
Kuche	20 MW
Wushi	20 MW
Hejing	20 MW
Makit	20 MW
Artux	60 MW
Subtotal	**180 MW**
Gansu Province	
Yumen	20 MW
Jiuquan	30 MW
Lanzhou	49.5 MW
Subtotal	**99.5 MW**
Zhejiang Province	
Huzhou	**100 MW**
Jiangxi Province	
Guixi	**50 MW**
Hebei Province	
Weixian	**30 MW**
Inner Mongolia	
Ordos	**10 MW**
Total	**469.5 MW**

In addition, as at 31 December 2015, the Group had the following, 100% owned, ground mounted PV power plants under development:

Solar power plants under development

Location of project	Capacity of power plants
Dunhuang, Gansu Province	60 MW
Haidong, Qinghai Province	20 MW
Hefei, Anhui Province	40 MW
Huanghua, Hebei Province	30 MW
Keping, Xinjiang Province	20 MW
Shuozhou, Shanxi Province	70 MW
Taian, Shandong Province	20 MW
Yanchuan, Shaanxi Province	30 MW
Yulin, Shaanxi Province	30 MW
Total	**320MW**

PROPERTIES INVESTMENT

The total rental income of the Group from its properties investment decreased by approximately 4.7% from approximately RMB1,685,000 for the year ended 31 December 2014 to approximately RMB1,606,000 for the year ended 31 December 2015. The decrease in total rental income was mainly attributable to the disposal of one of the Group's investment properties located in Hong Kong during the year ended 31 December 2015.

LIFE-LIKE PLANTS BUSINESS

The turnover from life-like plants business increased by approximately 3.6% from approximately RMB4,760,000 for the year ended 31 December 2014 to approximately RMB4,929,000 for the year ended 31 December 2015.

RESULTS OF OPERATIONS

Revenue

The revenue of the Group increased by approximately 231.2% from approximately RMB524,283,000 for the year ended 31 December 2014 to approximately RMB1,736,278,000 for the year ended 31 December 2015. The increase was primarily due to an increase in turnover from the sales of electricity (including tariff adjustment) and sales of solar energy related products.

Revenue from sales of electricity

The Group's revenue from sales of electricity increased by approximately 1,136.3% from approximately RMB9,547,000 for the year ended 31 December 2014 to approximately RMB118,032,000 for the year ended 31 December 2015 due to the increased installed capacity of grid-connected PV power plants on hand. As at 31 December 2015, the Group had a total of 469.5MW installed capacity of PV power plants on hand, comparing to the 70MW installed capacity of PV power plants on hand as at 31 December 2014.

Revenue from sales of solar energy related products

The Group's revenue from sales of solar energy related products increased by approximately 217.1% from approximately RMB508,291,000 for the year ended 31 December 2014 to approximately RMB1,611,711,000 for the year ended 31 December 2015 due to an increase in the sales of solar energy related products. With the favourable policies to photovoltaic industry in China, the demand of solar energy related products increased significantly during the year ended 31 December 2015.

Revenue from sales of life-like plants

The Group's revenue from sales of life-like plants increased by approximately 3.6% from approximately RMB4,760,000 for the year ended 31 December 2014 to approximately RMB4,929,000 for the year ended 31 December 2015. The demand of life-like plants remained stable during the year ended 31 December 2015.

Rental income

The Group's rental income decreased by approximately 4.7% from approximately RMB1,685,000 for the year ended 31 December 2014 to approximately RMB1,606,000 for the year ended 31 December 2015, mainly attributable to the disposal of one of the Group's investment properties during the year ended 31 December 2015.

Gross profit

The gross profit of the Group increased by approximately 288.9% from approximately RMB49,153,000 for the year ended 31 December 2014 to approximately RMB191,150,000 for the year ended 31 December 2015, mainly due to an increase in revenue from sales of electricity and sales of solar energy related products during the year under review.

Gains on fair value changes 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 2015, the Group recorded an increase in fair value of investment properties of RMB5,222,000 (2014: RMB2,298,000). The increase in fair value of the Group's investment properties during the years ended 31 December 2015 and 2014 reflected a rise in the property price in Hong Kong over the years under review.

Other revenue

Other revenue of the Group increased by approximately 8.8% from approximately RMB9,434,000 for the year ended 31 December 2014 to approximately RMB10,264,000 for the year ended 31 December 2015. The increase is mainly due to an increase in other miscellaneous revenue of approximately RMB3,410,000 during the year under review.

Other net income

The Group recorded a net income of approximately RMB1,071,000 for the year ended 31 December 2015 (2014: RMB7,958,000). The decrease was mainly due to the lack of an one-off net gain of approximately RMB6,735,000 from the disposal of available-for-sale securities recognised in the year ended 31 December 2014, which was partly offset by the net foreign exchange gain of approximately RMB712,000 (2014: net foreign exchange loss of approximately RMB1,475,000) during the year ended 31 December 2015.

Administrative expenses

Administrative expenses of the Group increased by approximately 374.3% from approximately RMB40,225,000 for the year ended 31 December 2014 to approximately RMB190,797,000 for the year ended 31 December 2015. The increase was attributable to (i) an increase in legal and other professional fees amounted to approximately RMB2,427,000 in relation to, including but not limited to, the issue of new shares by the Company during the year ended 31 December 2015; (ii) an increase in office rental expenses amounted to approximately RMB6,423,000; (iii) an increase in salaries, wages and other benefits amounted to approximately RMB20,127,000 due to an increase in head count; (iv) an increase in equity-settled based payment expenses amounted to approximately RMB51,272,000; (v) an increase in auditors' remuneration amounted to approximately RMB8,122,000; and (vi) an increase in travelling and transportation expenses amounted to approximately RMB5,690,000.

Finance costs

Finance costs of the Group increased by approximately RMB55,068,000 from approximately RMB7,694,000 for the year ended 31 December 2014 to approximately RMB62,762,000 for the year ended 31 December 2015. As the number of and the total installed capacity of the PV power plants held by the Group increased during the year, the finance costs related to the borrowings of the PV power plants also increased significantly during the year under review.

Solar power plants

As at 31 December 2015, the Group had a net carrying value of approximately RMB2,360,063,000 (2014: RMB533,903,000) and approximately RMB2,057,955,000 (2014: RMB1,034,247,000) in completed solar power plants and solar power plants under development, respectively. During the year ended 31 December 2015, the Group capitalized on the implementation of the favourable policies by actively investing in and developing PV power plants in China. As at 31 December 2015, the Group had a total of 469.5MW installed capacity of PV power plants on hand, comparing to the 70MW installed capacity of PV power plants on hand as at 31 December 2014.

Investment in a joint venture

During the year ended 31 December 2015, the Group established a joint venture and held 55% of the equity interests of the joint venture. The joint venture is principally engaged in the provision of finance lease services in the PRC and started its operations in 2015. As at 31 December 2015, the net carrying value of the joint venture was approximately RMB286,891,000 (2014: Nil).

Investment properties

The Group continues to hold certain investment properties in Hong Kong for rental purposes. As at 31 December 2015, the total investment properties held by the Group, at valuation, amounted to approximately RMB49,010,000 (2014: RMB77,943,000).

Goodwill

During the year ended 31 December 2015, the Group had acquired five (2014: three) solar power plants with operations and recorded a total amount of approximately RMB51,211,000 (2014: RMB35,050,000) in respect of goodwill on the acquisitions. For details, please refer to note 21 to the financial statements.

Trade and Other Receivables

Trade and other receivables increased from approximately RMB604,349,000 as of 31 December 2014 to approximately RMB3,950,076,000 as of 31 December 2015. The increase was mainly due to an increase in trade debtors and bills receivable of approximately RMB1,200,516,000 which arose from the sales of electricity and trading of solar energy related products, an increase in loans and advances to Zhongke Hengyuan of approximately RMB1,141,901,000 and an increase in other deposits and prepayments and receivables of approximately RMB1,003,310,000 which mainly arose from the deposits and prepayments for acquisition of PV power plants in the PRC.

Trade and Other Payables

Trade and other payables increased from approximately RMB739,482,000 as of 31 December 2014 to approximately RMB2,435,026,000 as of 31 December 2015. The amount mainly comprised payables to suppliers of solar modules and equipment and EPC contractors for purchase of solar modules and equipment and construction costs of solar power plants. As the sales of solar energy related products increased significantly and additional solar power plant projects were developed during the year, other payables related to purchase of solar modules and equipment and construction costs of solar power plants have increased from approximately RMB621,813,000 as of 31 December 2014 to approximately RMB2,044,386,000 as of 31 December 2015.

Liquidity and Capital Resources

As at 31 December 2015, the total amount of structured bank deposits, pledged bank deposits and cash and cash equivalents was approximately RMB1,337,732,000 (2014: approximately RMB1,160,535,000). As at 31 December 2015, cash and cash equivalents of the Group was approximately RMB637,732,000 (2014: approximately RMB1,008,312,000), which included an amount of bank deposits of approximately RMB502,453,000 (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 dollar denominated accounts with banks in Hong Kong.

As at 31 December 2015, the Group's net debt ratio, which was calculated by the total loans and other borrowings and corporate bonds minus total bank and cash on hand, over the total equity, was 0.57 (2014: net cash position).

Capital Expenditure

During the year ended 31 December 2015, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB15,385,000 (2014: RMB1,762,000) and RMB725,242,000 (2014: RMB621,113,000), respectively.

Loans and Borrowings

As at 31 December 2015, the Group's total loans and borrowings was approximately RMB2,968,614,000, representing an increase of approximately RMB2,346,111,000 over the amount of approximately RMB622,503,000 as at 31 December 2014. The increase in the Group's total loans and borrowings was mainly due to an increase in the Group's investments in solar power plants which lead to an increase in loans and borrowings to finance such investments. All the loans and borrowings of the Group, except for an equivalent amount of approximately RMB87,305,000 (2014: approximately RMB5,720,000) which were denominated in HK dollar, were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC.

Loan from ultimate holding company

During the year ended 31 December 2015, the Group as borrower and Pohua JT Private Equity Fund L.P. ("Pohua JT") as lender, the Company's ultimate holding company, entered into a 3-year term loan agreement with a principal amount of HK$1.5 billion (equivalent to approximately RMB1,256,670,000). The loan is unsecured and bearing an interest of 5.8% per annum. For details, please refer to note 18 to the financial statements.

Corporate bonds

During the year ended 31 December 2015, the Group issued corporate bonds denominated in HK$ in an aggregate amount of HK$423,500,000 (equivalent to approximately RMB354,800,000), due in 2018. The corporate bonds bear interest at 6% per annum and repayable in 36 months after the issue of the corporate bonds. For details, please refer to note 19 to the financial statements.

Foreign Exchange Risk

The Group primarily operates its business in the PRC and during the year ended 31 December 2015, 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

As at 31 December 2015, the Group had charged solar power plants, trade receivables, land and buildings, lease prepayments and pledged bank deposits with net book value of approximately RMB2,567,145,000 (2014: RMB533,903,000), approximately RMB106,086,000 (2014: RMB37,224,000), approximately RMB1,041,000 (2014: approximately RMB3,630,000), approximately RMB913,000 (2014: nil) and nil (2014: approximately RMB152,050,000) respectively, to secure general banking and other loans facilities granted to the Group.

Contingent Liabilities

The Group acquired equity interests of certain subsidiaries principally engaged in the development of solar power plants projects and the applications for the development of these solar power plant projects were actually carried out by their former shareholders. According to the Notices as mentioned in note 15 to the financial statements, the Notices prohibit the original applicants who have obtained the approval documents from the relevant government for the solar power plant projects from transferring the equity interests of solar power plant projects before the projects were connected to the power grid. With reference to the legal opinion from a PRC lawyer, given that (i) the Group has obtained the preliminary approval from respective relevant government authorities to continue the remaining development of the solar power plants; and/or (ii) the PRC lawyer is of the view that it is remote for these subsidiaries to be fined or to have adverse consequences imposed by the relevant government authorities, the Directors consider there is no significant impact on the Group's control over these entities and the development of these solar power plants.

The Group executes a guarantee with respect to a loan of RMB120,000,000 granted by Kong Sun Baoyuan to an independent third party as at 31 December 2015, under which the Group is liable to pay the proportionate share if Kong Sun Baoyuan is unable to recover the loan from the independent third party. As at the reporting date, no provision for the Group's proportionate obligation under the guarantee contracts has been made as the Directors consider that it is not probable that the repayment of the loan will be in default.

Employees and Remuneration Policy

As at 31 December 2015, the Group had approximately 236 (2014: 174) 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 2015, the total employees benefit expenses were approximately RMB91,972,000 (2014: RMB20,020,000). 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.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed herein this announcement, the Group did not have any significant investments, other material acquisition or disposal during the year ended 31 December 2015, and there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

PROSPECT

China ranked number one for accumulated installed photovoltaic capacity in the world in 2015 and is committed to promoting the development and application of renewable energy worldwide. China's PV industry is expected to flourish sustainably as it will benefit from the government's measures to change and optimize the country's energy structure as well as the implementation of "13th Five-year Plan". In 2015, the Group successfully expanded its core business of PV power generation in China. The Group capitalized on the government's strong support to the PV sector, leveraged its professional management team and adopted prudent investment strategies. As a result, the Group's PV power station business grew considerably.

Looking ahead, the Group will seize the golden opportunity for development in the PV industry during the "13th Five-year Plan" period by continuing with its strategy for investment in and development of the PV power stations. The Group will also seek to expand its business by promoting PV power generation in agriculture and fishery industries and by implementing projects integration which brings complementary synergy to these two industries. The Group will also attempt to develop the energy internet which allows the energy sector to raise management efficiency and expedite the reform of the mode of operation with big data and big platforms.

The Group will continue to diversify its financing channels and will build up financing platforms to support its PV projects' development. The Group will also consider entering other areas of new energy sector and transforming itself from a mere PV project operator into a provider of one-stop and comprehensive new energy solution and becomes a major investor and operator of PV plants in China and the Asia-Pacific region.

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 deviation as disclosed below, the Company has complied with the code provisions as set out in the CG Code throughout the year ended 31 December 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 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.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2015 (2014: Nil).

EVENTS AFTER THE REPORTING DATE

For details of events after the reporting date, please refer to note 23 to the financial statements.

ISSUE OF NEW SHARES AND USE OF PROCEEDS

Issue of new shares

(i) 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 placees 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 (the "2015 March Placed Shares") of the Company were placed and raised funds of, after deducting the related placing commission, professional fees and all related expenses, approximately HK$365.1 million (equivalent to approximately RMB289.1 million).

The 2015 March Placed Shares 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 issue of the 2015 March Placed Shares pursuant to the 2015 March Placing. The 2015 March Placed Shares 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 date of 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 date of 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 date of 2015 March Placing Agreement.

The 2015 March Placing was being carried out for the Company to raise fund for investment in and acquisition of photovoltaic power plants, and as general working capital.

(ii) 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 placees 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 HK$1,333.1 million (equivalent to approximately RMB1,051.5 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 issue of the 2015 April Placed Shares pursuant to the 2015 April Placing. 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 date of 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 date of 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 date of 2015 April Placing Agreement.

The 2015 April Placing was being carried out for the Company to raise fund for investment in and acquisition of photovoltaic power plants, and as general working capital.

(iii) On 5 January 2016, the Company entered into a subscription agreement (the "Subscription Agreement") with Pohua JT. Pursuant to the Subscription Agreement, the Company agreed to allot and issue, and Pohua agreed to subscribe for 5,177,000,000 new shares of the Company (the "Subscription Shares") at the placing price of HK$0.66 per share (the "Subscription Price") (the "Subscription"). The Subscription was completed on 2 March 2016 and 5,177,000,000 new shares of the Company were allotted and issued to Pohua JT, and raised funds of, after the capitalisation of a loan in the principal amount of HK$1.5 billion provided by Pohua JT to the Company and the related interests and the deduction of the related expenses in connection with the Subscription, approximately HK$1.90 billion (equivalent to approximately RMB1.61 billion).

The Subscription Shares represented approximately 52.89% of the issued share capital of the Company as at the date of the Subscription Agreement and approximately 34.60% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares pursuant to the Subscription. The Subscription Shares had a market value of approximately HK$3,261,510,000 based on the closing price of the shares of the Company of HK$0.63 on 4 January 2016, the last trading day for the shares of the Company before the date of Subscription Agreement.

The Subscription Price of HK$0.66 represented (i) a premium of approximately 4.76% to the closing price of the shares of the Company of HK$0.63 on 4 January 2016, the last trading day for the shares of the Company before the date of Subscription Agreement; and (ii) a premium of approximately 3.13% to the average closing prices of the shares of the Company of HK$0.64 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 4 January 2016, the last trading day for the shares of the Company before the date of Subscription Agreement.

The Subscription was being carried out by the Group to raise funds to finance investment in and development of photovoltaic power station projects and repayment of other borrowings.

Use of proceeds for the year ended 31 December 2015

Equity fund raising exercise	Net Proceeds HK$	Intended use of proceeds	Actual use of proceeds: Projects	Amount RMB'000
2015 March Placing – Placing of 352,000,000 Shares	365.1 million (equivalent to approximately RMB289.1 million)	Investment in the acquisition of photovoltaic power plants and as general working capital	Acquisition of a 20 MW project in Hejing County, Xinjiang Province	193,600
			Partial payment in relation to the acquisition of a 49.5MW project in Yong Deng County, Gansu Province	95,507
			Total	289,107
2015 April Placing – Placing of 1,144,700,000 Shares	1,333.1 million (equivalent to approximately RMB1,051.5 million)	Investment in the acquisition of photovoltaic power plants and as general working capital	Partial payment in relation to the acquisition of a 49.5MW project in Yong Deng County, Gansu Province	395,720
			Partial payment in relation to the acquisition of two 30 MW projects in Artux City, Xinjiang Province	490,821
			Investment in a 60MW self-developed solar power plant project in Dunhuang, Gansu Province	164,980
			Total	1,051,521

As at 31 December 2015, all the proceeds from the 2015 March Placing and the 2015 April Placing had been fully utilised.

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 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 year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, neither the Company nor any of 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 year ended 31 December 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.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

As of the date of this announcement, the Company is in the course of applying to the High Court of Hong Kong for an order and/or relief to extend the time for the Company to (a) lay its reporting documents for the year ended 31 December 2015 and (b) to hold an annual general meeting in respect of the financial year ended 31 December 2015 pursuant to the Companies Ordinance (Cap. 622, laws of Hong Kong). The Company will arrange the time of convening the annual general meeting as soon as practicable in the event that the Courts grants the application, and the notice of the annual general meeting will be published and dispatched to shareholders of the Company in a timely manner in accordance with the requirements of the Listing Rules and the articles of association of the Company in due course. Once the date of the annual general meeting is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the annual general meeting.

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. The annual report for the year ended 31 December 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.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Company's auditor, BDO(1), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this preliminary results announcement.

(1) On 28 April 2016, KPMG resigned as the auditor of the Company and subsequently the Company appointed BDO as its auditor on 25 May 2016.

RESUMPTION OF TRADING

Trading in the shares of the Company has been suspended on the Stock Exchange from 9:00 a.m. on 1 April 2016. The Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 15 December 2016.

By order of the Board
Kong Sun Holdings Limited
Liu Wen Ping
Executive Director

Hong Kong, 13 December 2016

As of the date of this announcement, the Board comprises 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 Haisheng and Mr. Lu Hongda.

* *For identification purposes*