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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 2016**

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 2016 together with comparative figures for the corresponding period in 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
		2016	2015
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	208,153	413,954
Cost of sales		<u>(86,148)</u>	<u>(340,643)</u>
Gross profit		122,005	73,311
Gain on fair value changes on investment properties		589	5,138
Other revenue	4	20,646	3,783
Other net (loss)/income	4	(1,398)	1,911
Administrative expenses		(87,528)	(67,369)
(Loss)/Gain on disposal of a subsidiary	21	(867)	17,737
Finance costs	5	(159,935)	(19,813)
Share of loss of associates	11	(20,672)	–
Share of profit of a joint venture	12	<u>4,251</u>	<u>–</u>
(Loss)/Profit before income tax	6	(122,909)	14,698
Income tax expense	7	<u>(1,484)</u>	<u>(11,476)</u>
(Loss)/Profit for the period		<u>(124,393)</u>	<u>3,222</u>
(Loss)/Earnings per share	8		
Basic and diluted (RMB cents)		<u>(0.94)</u>	<u>0.04</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	(124,393)	3,222
Other comprehensive income, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(12,955)	12,874
Total comprehensive income for the period	(137,348)	16,096

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

(Expressed in Renminbi unless otherwise stated)

		At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		42,300	38,554
Solar power plants	10	7,041,586	4,418,018
Investments in associates	11	379,128	—
Investment in a joint venture	12	291,142	286,891
Investment properties		50,596	49,010
Goodwill		86,666	86,261
Lease prepayments		65,209	51,115
		<u>7,956,627</u>	<u>4,929,849</u>
Current assets			
Inventories		2,763	1,181
Trade and other receivables	13	3,196,235	3,950,076
Structured deposits	14	1,000,000	700,000
Cash and cash equivalents	15	1,155,895	637,732
		<u>5,354,893</u>	<u>5,288,989</u>
Assets of a disposal group classified as held for sale	21	—	188,557
Total current assets		<u>5,354,893</u>	<u>5,477,546</u>
Current liabilities			
Trade and other payables	16	3,242,449	2,435,026
Loans and borrowings	17	596,085	1,028,517
Obligations under finance leases		108	276
Current taxation		1,460	15,753
		<u>3,840,102</u>	<u>3,479,572</u>
Liabilities of a disposal group classified as held for sale	21	—	3,090
Total current liabilities		<u>3,840,102</u>	<u>3,482,662</u>
Net current assets		<u>1,514,791</u>	<u>1,994,884</u>
Total assets less current liabilities		<u>9,471,418</u>	<u>6,924,733</u>

		At 30 June 2016 <i>RMB'000</i> (Unaudited)	At 31 December 2015 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current liabilities			
Loans and borrowings	17	2,930,667	1,940,097
Obligations under finance leases		282	531
Loan from ultimate holding company	18	–	1,256,670
Corporate bonds	19	375,959	322,008
Deferred tax liabilities		3,169	3,230
		<hr/>	<hr/>
		3,310,077	3,522,536
		<hr/>	<hr/>
NET ASSETS		6,161,341	3,402,197
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	20	6,486,588	3,608,604
Reserves		(325,247)	(206,407)
		<hr/>	<hr/>
TOTAL EQUITY		6,161,341	3,402,197
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

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

The financial information relating to the financial year ended 31 December 2015 that is included in the condensed consolidated 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 Companies Ordinance (Cap. 622) of the Laws of Hong Kong (the “Companies Ordinance”) is as follows:

The Company’s auditor has reported on the financial statements for the year ended 31 December 2015. The auditor’s report was qualified and contained a statement under sections 407(2) and 407(3) of the Companies Ordinance; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2) of the Companies Ordinance.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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.

The interim financial information contains 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 Group since the 2015 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 HKFRS.

These condensed consolidated interim financial information are unaudited and have not been reviewed by the auditors, but have been reviewed by the audit committee of the Company (“Audit Committee”) and approved and authorised for issue by the Board on 13 December 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost convention except for certain investment properties which are stated at fair values.

The accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the financial statements contained in the 2015 annual report except for the adoption of the new standards, amendments or interpretations issued by the HKICPA which are mandatory for the annual periods beginning on or after 1 January 2016. The adoption of these standards, amendments or interpretations has no material effect on the Group's financial position or results of operations.

The Group has not early adopted the new standards, amendments or interpretations that have been issued but are not yet effective. The Directors anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. REVENUE

Revenue 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 during the period is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of electricity	205,576	45,468
Sales of solar energy related products	–	365,670
Sales of life-like plants	1,845	1,846
Properties rental income	732	970
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	208,153	413,954
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Sales of electricity includes tariff adjustment amounted to approximately RMB140,150,000 (2015: RMB32,518,000).

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

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other revenue		
Interest income	19,768	3,310
Others	878	473
	<u>20,646</u>	<u>3,783</u>
Other net (loss)/income		
Net foreign exchange gain	36	1,911
Net loss on disposal of property, plant and equipment	(1,434)	–
	<u>(1,398)</u>	<u>1,911</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on loans and borrowings	138,124	21,007
Interest on loan from ultimate holding company	12,025	–
Imputed interest on corporate bonds (<i>note 19</i>)	18,619	1,365
Finance charges on obligations under finance leases	39	42
	<u>168,807</u>	<u>22,414</u>
Total interest expense on financial liabilities not at fair value through profit or loss	168,807	22,414
Less: interest expense capitalised into solar power plants under development (<i>note</i>)	(8,872)	(2,601)
	<u>159,935</u>	<u>19,813</u>

Note: For the six months ended 30 June 2016, the borrowing cost has been capitalised at a rate of 8% (2015: 9%) 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)

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	19,743	13,326
Contributions to defined contribution retirement plan	2,833	2,132
Equity settled share-based payment expenses	18,508	30,585
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Total employee benefit expenses	41,084	46,043
	<hr/>	<hr/>

(b) Other items

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Amortisation of lease prepayments	1,152	187
Cost of inventories	1,165	322,560
Depreciation		
– Property, plant and equipment	5,616	2,026
– Solar power plants	74,902	18,347
Operating lease charges in respect of properties	7,149	5,757
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7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
– PRC Corporate Income Tax	1,484	11,476

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the six months ended 30 June 2016 and 2015.

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 the basic (loss)/earnings per share is based on the loss for the period of RMB124,393,000 (2015: profit for the period of RMB3,222,000) and weighted average number of ordinary shares in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2016	2015
	'000	'000
	(Unaudited)	(Unaudited)
Ordinary shares at 1 January	9,787,442	8,290,742
Effect of subscription of new shares	3,441,852	285,956
Weighted average number of ordinary shares at 30 June	13,229,294	8,576,698

(b) Diluted (loss)/earnings per share

For the six months ended 30 June 2016, the effect of conversion of share option scheme was anti-dilutive and diluted loss per share during the period is therefore equal to basic loss per share. For the six months ended 30 June 2015, the diluted earnings per share was calculated after taking into account the dilutive effect of deemed exercise of share options of 46,416,000.

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2016 (2015: Nil) nor has any dividend been proposed since the end of reporting period.

10. SOLAR POWER PLANTS

During the six months ended 30 June 2016, the Group increased its investments in solar power plants with a net carrying value of approximately RMB2,689,598,000 (six months ended 30 June 2015: RMB861,510,000).

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

As at 30 June 2016, certain solar power plants with carrying value of approximately RMB722,508,000 (31 December 2015: RMB739,925,000) 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. The Directors do not expect any legal obstacles for the Group in obtaining the relevant title certificates.

As at 30 June 2016, certain solar power plants with carrying value of approximately RMB4,226,223,000 (31 December 2015: RMB2,567,145,000) were pledged as security for the Group's loans and borrowings.

11. INVESTMENTS IN ASSOCIATES

During the six months ended 30 June 2016, the Group acquired 44.587% equity interest in 中科恒源科技股份有限公司 (Zhongke Hengyuan Technology Co., Ltd.*) ("Zhongke Hengyuan") and 54% equity interest in 掌錢電子商務有限公司 (Zhangqian E-commerce Co., Ltd.*) ("Zhangqian"), companies incorporated and operating in the PRC. Zhongke Hengyuan is principally engaged in the manufacturing and sales of street lights and monitoring equipment, construction of and investments in solar power plants and sales of electricity. Zhangqian is principally engaged in the e-commerce business.

The contractual arrangements of the above investments in associates provide the Group with the power to participate in the financial and operating policy decisions of Zhongke Hengyuan and Zhangqian but is not in control or jointly controlling over those policies. Under HKAS 28, Zhongke Hengyuan and Zhangqian are classified as associates and have been accounted for in the condensed consolidated financial statements using equity method.

12. INVESTMENT IN A JOINT VENTURE

As at 30 June 2016, the Group held 55% equity interest in 江山寶源國際有限公司 (Kong Sun Baoyuan International Company Limited*), a company incorporated and operating in the PRC and principally engaged in the finance lease business.

The contractual arrangement of the above investment in a joint venture provide 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 the joint venture. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been accounted for in the condensed consolidated financial statements using equity method.

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 <i>RMB'000</i> (Unaudited)	At 31 December 2015 <i>RMB'000</i> (Audited)
Trade debtors (<i>note (i)</i>)	551,696	821,697
Bills receivable (<i>note (ii)</i>)	438,969	655,824
Trade debtors and bills receivable	990,665	1,477,521
Loan and advances to Zhongke Hengyuan (<i>note (iii)</i>)	551,679	1,144,109
Other deposits and prepayments and receivables	1,653,891	1,328,446
Total trade and other receivables	<u>3,196,235</u>	<u>3,950,076</u>

Notes:

- (i) The Group's trade receivables are mainly electricity sales receivables and receivables from trading of solar energy related products. Generally, the receivables were due within 30 to 180 days as at 30 June 2016 (31 December 2015: 30 to 180 days) from the date of billing, except for the tariff adjustment. At 30 June 2016, based on invoice dates, the ageing analysis of the trade and bills receivables was as follows:

	At 30 June 2016 <i>RMB'000</i> (Unaudited)	At 31 December 2015 <i>RMB'000</i> (Audited)
Less than 3 months	146,132	1,246,313
Over 3 months less than 6 months	50,249	99,864
Over 6 months less than 12 months	647,316	67,486
Over 12 months less than 24 months	146,968	63,858
	<u>990,665</u>	<u>1,477,521</u>

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 30 June 2016 and 31 December 2015, bills receivable represented outstanding commercial acceptance bills.
- (iii) The balance relates to certain loans and advances made to Zhongke Hengyuan.

During the six months ended 30 June 2016, the Group's acquisition of 44.587% equity interests in Zhongke Hengyuan was completed and Zhongke Hengyuan became an associate of the Group. For details, please refer to note 11 to the financial statements.

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

As at 30 June 2016, certain trade receivables arising from the electricity sales amounting to approximately RMB236,009,000 (31 December 2015: RMB106,086,000) were pledged as securities for the Group's loans and borrowings (note 17).

14. STRUCTURED DEPOSITS

As at 30 June 2016, the Group had a structured deposit with a financial institution in the PRC amounted to RMB1,000,000,000. The deposit carries an effective interest of 5.8% per annum and is repayable on 29 December 2016. As at 31 December 2015, the Group had a structured bank deposit amounted to RMB700,000,000. The structured bank deposit carried an effective interest rate of 3% per annum and was withdrawn in January 2016. The principal amount together with the interest was returned to the Group.

15. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents of the Group is RMB961,618,000 as at 30 June 2016 (31 December 2015: RMB502,453,000) 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.

16. TRADE AND OTHER PAYABLES

	At 30 June 2016 <i>RMB'000</i> (Unaudited)	At 31 December 2015 <i>RMB'000</i> (Audited)
Trade payables	2,689,618	2,044,386
Other payables and accruals	<u>552,831</u>	<u>390,640</u>
	<u>3,242,449</u>	<u>2,435,026</u>

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

	At 30 June 2016 <i>RMB'000</i> (Unaudited)	At 31 December 2015 <i>RMB'000</i> (Audited)
Current or less than 3 months	388,877	1,854,022
More than 3 months but less than 6 months	1,602,908	8,966
More than 6 months but less than 1 year	500,317	104,549
More than 1 year	<u>197,516</u>	<u>76,849</u>
	<u>2,689,618</u>	<u>2,044,386</u>

Retention payable amounting to approximately RMB183,518,000 (31 December 2015: RMB123,600,000) will be settled or recognised as income after more than one year. All of the other trade and other payables as at 30 June 2016 and 31 December 2015 are expected to be settled or recognised as income within one year or are repayable on demand.

17. LOANS AND BORROWINGS

	At 30 June 2016 <i>RMB'000</i> (Unaudited)	At 31 December 2015 <i>RMB'000</i> (Audited)
Current		
Secured		
– bank loans	86,476	81,977
– other borrowings	<u>509,609</u>	<u>946,540</u>
	<u>596,085</u>	<u>1,028,517</u>
Non-current		
Secured		
– bank loans	–	1,550
– other borrowings	<u>2,930,667</u>	<u>1,938,547</u>
	<u>2,930,667</u>	<u>1,940,097</u>

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

	At 30 June 2016 <i>RMB'000</i> (Unaudited)	At 31 December 2015 <i>RMB'000</i> (Audited)
Within 1 year	596,085	1,028,517
After 1 year but within 2 years	418,713	305,916
After 2 years but within 5 years	1,005,132	784,875
Over 5 years	<u>1,506,822</u>	<u>849,306</u>
	<u>3,526,752</u>	<u>2,968,614</u>

Other borrowings bear interest ranging from 5.6% to 10.5% (31 December 2015: 5% to 12.25%) per annum as at 30 June 2016. The bank loans bear floating interest rate as at 30 June 2016 (31 December 2015: floating).

The loans and borrowings were secured by the following assets:

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Solar power plants (<i>note 10</i>)	4,226,223	2,567,145
Trade receivables (<i>note 13</i>)	236,009	106,086
Property, plant and equipment	1,062	1,041
Lease prepayments	891	913
	<u>4,464,185</u>	<u>2,675,185</u>

As at 30 June 2016, other borrowings amounting to RMB22,000,000 (31 December 2015: RMB22,000,000) were pledged by equity interests of 揚州啟星新能源發展有限公司 (Yangzhou Qixing New Energy Developments Limited*).

As at 31 December 2015, other borrowings amounting to RMB800,000,000 were 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.

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 and to be matured on the 3rd anniversary of the drawdown date. On 2 March 2016, the loan was capitalised in a subscription of the Company’s shares by Pohua JT (note 20(a)).

19. CORPORATE BONDS

During the six months ended 30 June 2016, the Company issued corporate bonds denominated in HK\$ amounting to HK\$53,500,000 (equivalent to approximately RMB45,725,000) in aggregate due in 2019 to certain independent third parties. During the six months ended 30 June 2016, the net proceeds of the issued corporate bonds received by the Company were approximately HK\$47,883,000 (equivalent to approximately RMB40,924,000), with total issue cost amounting to approximately HK\$5,617,000 (equivalent to approximately RMB4,801,000). The corporate bonds are interest bearing at 6% per annum 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\$22,144,000 (equivalent to approximately RMB18,619,000) (note 5) was recognised in the profit or loss during the period.

20. SHARE CAPITAL

	2016		2015	
	<i>Number of shares '000</i>	<i>RMB'000</i>	<i>Number of shares '000</i>	<i>RMB'000</i>
		(Unaudited)		(Audited)
Issued and fully paid:				
At 1 January	9,787,442	3,608,604	8,290,742	2,267,976
Subscription/Placing of new shares (note (a), (b) and (c))	5,177,000	2,877,984	1,496,700	1,340,628
At 30 June/31 December	<u>14,964,442</u>	<u>6,486,588</u>	<u>9,787,442</u>	<u>3,608,604</u>

Notes:

- (a) On 2 March 2016, the Company completed the issuance of 5,177,000,000 new shares at the price of HK\$0.66 per share to Pohua JT (the “Subscription”). The net proceeds derived from the Subscription amounted to approximately HK\$1,901,567,000 (equivalent to approximately RMB1,601,688,000), 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 RMB1,276,296,000). 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.
- (b) On 10 April 2015, the Company completed the placing of 352,000,000 new 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, was approximately HK\$365,094,000 (equivalent to approximately RMB289,107,000). Details of the 2015 April Placing were 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 new 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, was approximately HK\$1,333,131,000 (equivalent to approximately RMB1,051,521,000). Details of the 2015 June Placing were set out in the Company’s announcements dated 28 April 2015 and 11 June 2015.

21. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2016, the Group disposed of its 99.884% equity interests in 榆林市比亞迪新能源有限公司 (Yulin BYD New Energy Limited Company*) (“Yulin BYD”) at a cash consideration of approximately RMB184,600,000 to a buyer (the “Purchaser”). Yulin BYD is principally engaged in the development of a solar power plant and electricity generation. Net assets of Yulin BYD at the date of disposal were as follows:

	<i>RMB'000</i> (Unaudited)
Net assets disposed of:	
Solar power plant under development	187,872
Cash and cash equivalents	262
Other receivables	423
Other payables and accruals	<u>(3,090)</u>
	185,467
Loss on disposal	<u>(867)</u>
Total cash consideration	<u>184,600</u>

During the six months ended 30 June 2015, the Group disposed the entire issued share capital of a wholly-owned subsidiary, Coast Holdings Limited (“Coast Holdings”), at a consideration of HK\$70,000,000 (equivalent to approximately RMB55,330,000) with a net gain on disposal amounted to approximately RMB17,737,000. The principal activity of Coast Holdings is the investment in and holding of an investment property located in Hong Kong.

22. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 June 2016, 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 RMB13,365,000. 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*)	100%	28 January 2016
樟樹市中利騰暉光伏有限公司 (Zhangshu Zhongli Tenghui Photovoltaic Power Ltd.*)	100%	3 February 2016
巨鹿縣明暉太陽能發電有限公司 (Julu Minghui Photovoltaic Power Ltd.*)	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.*)	100%	3 February 2016
肥西中暉光伏發電有限公司 (Feixi Zhonghui Photovoltaic Power Ltd.*)	100%	1 March 2016
霍林郭勒競日能源有限公司 (Huolin Guole Jingri Energy Company Limited*)	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.*)	100%	28 June 2016
定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Co., Ltd.*)	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.*)	100%	30 June 2016

These entities are principally engaged in the operation of solar power plants and electricity generation. As at the respective 2016 Acquisition Dates, all the above entities are generating electricity to provincial power grid.

The combined identifiable assets acquired and liabilities assumed at the 2016 Acquisition Dates are as follows:

	Carrying amount <i>RMB'000</i> (Unaudited)	Fair value adjustments <i>RMB'000</i> (Unaudited)	Fair value <i>RMB'000</i> (Unaudited)
Solar power plants	2,252,503	–	2,252,503
Lease prepayments	8,163	–	8,163
Trade and other receivables, prepayment and deposits	258,973	–	258,973
Cash and cash equivalents	259	–	259
Trade and other payables	(2,205,016)	–	(2,205,016)
Loans and borrowings	(301,922)	–	(301,922)
Total identifiable net assets at fair value	12,960	–	12,960
Goodwill			405
Fair value of cash consideration			13,365
Net cash outflow arising on acquisitions:			
Purchase consideration settled in cash			13,365
Less: cash and cash equivalents acquired			(259)
			13,106

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

23. EVENTS AFTER THE REPORTING DATE

- (a) 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 were set out in the Company's announcement dated 21 July 2016.

- (b) On 25 July 2016, the Group entered into an equity transfer agreement with an independent third party to acquire 100% equity interests in 黃石黃源光伏電力開發有限公司 (Wangshi Wangyuan Photovoltaic Power Development Co., Ltd.*) (“Wangshi Wangyuan”) at a cash consideration of RMB2,000,000. As at 25 July 2016, Wangshi Wangyuan is generating electricity to provincial power grid. Further details in relation to the acquisition of Wangshi Wangyuan have been set out in the Company’s announcement dated 25 July 2016.
- (c) On 11 October 2016, the Group entered into an equity transfer agreement with an independent third party to acquire 100% equity interests in 濟源大峪江山光伏發電有限公司 (Jiyuan Dayu Jiangshan Guangfu Power Generation Co., Ltd.*) (“Jiyuan Dayu”) at a cash consideration of RMB15,900,000. As at 11 October 2016, Jiyuan Dayu has been generating electricity to provincial power grid. Further details in relation to the acquisition of Jiyuan Dayu have been set out in the Company’s announcement dated 11 October 2016.
- (d) 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 the 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 details 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.
- (e) On 22 October 2016, an equity transfer agreement was entered into by 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.
- (f) 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 interests 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.
- (g) 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 interests 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.

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 PLANT BUSINESS

During the six months ended 30 June 2016, the Group continued its investment in and development of PV power plants in the PRC. As at 30 June 2016, the Group has a total of 950.3 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
Shaanxi Province	
Yulin	160 MW
Qianyang	20 MW
Subtotal	180 MW
Gansu Province	
Yumen	20 MW
Jiuquan	30 MW
Lanzhou	49.5 MW
Dunhuang	60 MW
Subtotal	159.5 MW

Location of project	Capacity of power plants
Anhui Province	
Hefei	40 MW
Luan	40 MW
Suzhou	20 MW
Feixi	20 MW
Subtotal	120 MW
Zhejiang Province	
Huzhou	100 MW
Jiangxi Province	
Guixi	50 MW
Zhangshu	30 MW
Subtotal	80 MW
Hebei Province	
Weixian	30 MW
Julu	21 MW
Subtotal	51 MW
Inner Mongolia	
Ordos	10 MW
Tongliao	30 MW
Subtotal	40 MW
Shangdong Province	
Taian	20 MW
Jiangsu Province	
Changshu	19.8 MW
Total	950.3 MW

In addition, as at 30 June 2016, 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
Haidong, Qinghai Province	20 MW
Huanghua, Hebei Province	30 MW
Keping, Xinjiang Province	20 MW
Shuozhou, Shanxi Province	70 MW
Yanchuan, Shaanxi Province	30 MW
Yulin, Shaanxi Province	30 MW
Total	200 MW

PROPERTIES INVESTMENT

The total rental income of the Group from its properties investment decreased by approximately 24.5% from approximately RMB970,000 for the six months ended 30 June 2015 to approximately RMB732,000 for the six months ended 30 June 2016, due to the disposal of one of the Group's investment properties located in Hong Kong.

LIFE-LIKE PLANTS BUSINESS

The turnover from life-like plants business decreased by approximately 0.1% from approximately RMB1,846,000 for the six months ended 30 June 2015 to approximately RMB1,845,000 for the six months ended 30 June 2016.

RESULTS OF OPERATIONS

Revenue

The revenue of the Group decreased by approximately 49.7% from approximately RMB413,954,000 for the six months ended 30 June 2015 to approximately RMB208,153,000 for the six months ended 30 June 2016. The decrease was primarily due to a decrease in the turnover from sales of solar energy related products as there was no sales of solar energy related products during the period under review.

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

The Group's revenue from sales of electricity increased by approximately 352.1% from approximately RMB45,468,000 for the six months ended 30 June 2015 to approximately RMB205,576,000 for the six months ended 30 June 2016 due to the increased installed capacity of grid-connected PV power plants on hand. As at 30 June 2016, the Group had a total of 950.3 MW installed capacity of PV power plants on hand, comparing to a total of 469.5 MW installed capacity of PV power plants on hand as at 31 December 2015.

For the six months ended 30 June 2015, the Group's revenue from sales of solar energy related products was approximately RMB365,670,000, whereas there was no sales of solar energy related products during the six months ended 30 June 2016.

Revenue from sales of life-like plants

The Group's revenue from sales of life-like plants decreased by approximately 0.1% from approximately RMB1,846,000 for the six months ended 30 June 2015 to approximately RMB1,845,000 for the six months ended 30 June 2016.

Rental income

The Group's rental income decreased by approximately 24.5% from approximately RMB970,000 for the six months ended 30 June 2015 to approximately RMB732,000 for the six months ended 30 June 2016 due to the disposal of one of the Group's investments properties located in Hong Kong.

Gross profit

The gross profit of the Group increased by approximately 66.4% from approximately RMB73,311,000 for the six months ended 30 June 2015 to approximately RMB122,005,000 for the six months ended 30 June 2016, mainly because of an increase in revenue from sales of electricity during the period under review.

Gain 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 period end on an open market value or existing use basis by an independent property valuer. For the six months ended 30 June 2016, the Group recorded an increase in fair value of investment properties of RMB589,000 (six months ended 30 June 2015: RMB5,138,000). The increase in fair value of the Group's investment properties during the six months ended 30 June 2016 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 445.8% from approximately RMB3,783,000 for the six months ended 30 June 2015 to approximately RMB20,646,000 for the six months ended 30 June 2016. The increase was mainly due to an increase in interest income of approximately RMB16,458,000 as a result of an increase in bank and other deposits during the period under review.

Other net (loss)/income

The Group recorded other net loss of approximately RMB1,398,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: other net income of approximately RMB1,911,000), which was mainly due to the net loss on disposal of property, plant and equipment amounting to approximately RMB1,434,000 (six months ended 30 June 2015: Nil) and a decrease in net foreign exchange gain of approximately RMB1,875,000 during the six months ended 30 June 2016.

Administrative expenses

Administrative expenses of the Group increased by approximately 29.9% from approximately RMB67,369,000 for the six months ended 30 June 2015 to approximately RMB87,528,000 for the six months ended 30 June 2016. The increase was attributable to (i) an increase in legal and other professional fees amounted to approximately RMB14,414,000 in relation to, including but not limited to, the issue of new shares by the Company during the six months ended 30 June 2016 and (ii) an increase in travelling and transportation expenses amounted to approximately RMB1,974,000.

Finance costs

Finance costs of the Group increased by approximately 707.2% from approximately RMB19,813,000 for the six months ended 30 June 2015 to approximately RMB159,935,000 for the six months ended 30 June 2016. As the number of and the total installed capacity of the PV power plants held by the Group increased during the six months ended 30 June 2016, the finance costs related to the borrowings of the PV power plants also increased significantly during the period under review.

Solar power plants

As at 30 June 2016, the Group had a net carrying value of approximately RMB4,309,185,000 (31 December 2015: RMB2,360,063,000) and approximately RMB2,732,401,000 (31 December 2015: RMB2,057,955,000) in completed solar power plants and solar power plants under development, respectively.

Investments in associates

During the six months ended 30 June 2016, the Group acquired 44.587% equity interests and 54% equity interests, respectively, in two companies incorporated and operating in the PRC. Upon completion of the acquisitions, both companies are classified as associates of the Group. As at 30 June 2016, the net carrying value of the associates was approximately RMB379,128,000 (31 December 2015: Nil).

Investment in a joint venture

As at 30 June 2016, the net carrying value of the Group's investment in a joint venture was approximately RMB291,142,000 (31 December 2015: RMB286,891,000).

Investment properties

The Group continues to hold certain investment properties in Hong Kong for rental purposes. As at 30 June 2016, the total investment properties held by the Group, at valuation, amounted to approximately RMB50,596,000 (31 December 2015: RMB49,010,000).

Goodwill

During the six months ended 30 June 2016, the Group acquired nine solar power plants with operations and as at 30 June 2016, the Group had a total amount of approximately RMB86,666,000 (31 December 2015: RMB86,261,000) in respect of goodwill on acquisitions.

Liquidity and Capital Resources

As at 30 June 2016, cash and cash equivalents of the Group was approximately RMB1,155,895,000 (31 December 2015: approximately RMB637,732,000), which included an amount of bank deposits of approximately RMB961,618,000 (31 December 2015: approximately RMB502,453,000), 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 30 June 2016, the Group's net debt ratio, which was calculated by the total loans and other borrowings and corporate bonds minus cash and cash equivalents, over the total equity, was 0.45 (31 December 2015: 0.78). The decrease in the net debt ratio was mainly due to the issue of new shares of the Company during the six months ended 30 June 2016 which lead to an increase in cash and cash equivalents.

Capital Expenditure

During the six months ended 30 June 2016, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB10,796,000 (six months ended 30 June 2015: RMB4,170,000) and RMB2,689,598,000 (six months ended 30 June 2015: RMB861,510,000), respectively.

Loans and Borrowings

As at 30 June 2016, the Group's total loans and borrowings was approximately RMB3,526,752,000, representing an increase of approximately RMB558,138,000 over an amount of approximately RMB2,968,614,000 as at 31 December 2015. 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 RMB6,476,000 (31 December 2015: approximately RMB87,305,000) which were denominated in HK dollar, were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC.

Corporate bonds

During the six months ended 30 June 2016, the Group issued corporate bonds denominated in HK dollar in an aggregate amount of HK\$53,500,000 (equivalent to approximately RMB45,725,000), due in 2019. The corporate bonds bear an interest of 6% per annum and repayable in 36 months after the issue of the corporate bonds.

Foreign Exchange Risk

The Group primarily operates its business in the PRC and during the six months ended 30 June 2016, 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 may not have any material effect on the Group's business. The Group did not use any financial instruments for hedging purposes.

Charge on Assets

As at 30 June 2016, the Group had charged solar power plants, trade receivables, land and buildings and lease prepayments with net book value of approximately RMB4,226,223,000 (31 December 2015: RMB2,567,145,000), approximately RMB236,009,000 (31 December 2015: RMB106,086,000), approximately RMB1,062,000 (31 December 2015: approximately RMB1,041,000) and approximately RMB891,000 (31 December 2015: RMB913,000) 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 “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光伏電站投資開發秩序的通知” respectively (the “Notices”) issued by the State Energy Administration (國家能源局) on 9 October 2014 and 28 October 2014, 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. In the opinion of the Directors, 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 Company's 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.

Employees and Remuneration Policy

As at 30 June 2016, the Group had approximately 306 employees (31 December 2015: 236) 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 2016, the total employees compensation expenses were approximately RMB41,084,000 (six months ended 30 June 2015: RMB46,043,000). 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 six months ended 30 June 2016, 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

In recent years, climate change and environmental pollution became material issues for all countries and the development of the new energy industry has become a major trend. In the first half of 2016, the PRC government launched a series of policies to encourage the use of renewable energy, in which the promotion of long term development of solar energy industry was reiterated.

With the strong supportive policies by the PRC government, the photovoltaic power generation market in China grew rapidly. The State Energy Administration ("SEA") indicated that, during the period of "13th Five-year Plan", the target of installed capacity of solar power was set at 150 GW. As the potential largest consumption country of solar power in the world, the potential of solar power generation market in China is huge. In the 4th plenary session of the 12th National People's Congress, Li Keqiang, the Premier of the State Council of the PRC, indicated that the government will strengthen its effort on environmental governance and achieve breakthrough in promoting green development, while strongly promoting the pollution control, environment protection, population health and sustainable development, so as to achieve a win-win situation on economic development and environmental improvement.

Looking forward, the PRC government will continue to promote the sustainable development of the photovoltaic energy industry with various policies. As one of the leading photovoltaic power generation enterprises in China, the Group will actively improve its operation standard, optimize its technologies and facilities on photovoltaic power generation and encourage innovation in management and professional team, thereby enhancing the Group's overall competitiveness and industry cohesion and actively opening a new page for the green development in China in line with the government policies. As of 30 June 2016, the Group's total installed capacity reached 950.3 MW, and further increased to over 1 GW as of the end of August 2016. The Group will increase its total installed capacity and fully utilize various scientific research technologies and resources in order to capture every development opportunity in the future.

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 2016.

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 2016 (six months ended 30 June 2015: Nil).

EVENTS AFTER THE REPORTING DATE

For details of the 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

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 Subscription Shares were allotted and issued, 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 the 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 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 the 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 six months ended 30 June 2016

Equity fund raising exercise	Net Proceeds	Intended use of proceeds	Actual use of proceeds as at 30 June 2016 <i>RMB'000</i>	Unutilized portion of the net proceeds as at 30 June 2016 <i>RMB'000</i>
Subscription - Subscription of 5,177,000,000 shares	HK\$1.90 billion (equivalent to approximately RMB1.61 billion)	RMB204,200,000 for the acquisition of a 30MW photovoltaic project in Weixian County of Hebei Province	180,200	24,000
		RMB337,800,000 for the acquisition of 44.587% equity interest in Zhongke	Nil	337,800
		RMB800,000,000 for repayment of other borrowings	800,000	Nil
		RMB269,959,000 for the partial payment of the acquisition of a total of 150MW photovoltaic projects in Huzhou City of Zhejiang Province and Guixi City of Jiangxi Province	269,959	Nil
			<hr/> 1,250,159 <hr/>	<hr/> 361,800 <hr/>

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 2016. 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 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, 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 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 condensed consolidated financial statements for the six months ended 30 June 2016 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 2016 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.

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 at the date of this announcement, the Board comprise two executive Directors, Mr. Liu Wen Ping and Mr. Chang Hoi Nam, two non-exectuive 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 only*