KONG SUN HOLDINGS LIMITED
江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2017 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017
(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**529,002**	208,153
Cost of sales		**(180,497)**	(86,148)
Gross profit		**348,505**	122,005
Other gains and losses	*4*	**(403)**	19,837
Distribution costs		**(2,951)**	(517)
Administrative expenses		**(148,422)**	(87,011)
Gain/(loss) on disposal/deregistration of subsidiaries	*21*	**11,002**	(867)
Gain on bargain purchase on acquisitions of subsidiaries	*22(a)*	**21,880**	–
Finance costs	*5*	**(173,823)**	(159,935)
Share of loss of associates		**–**	(20,672)
Share of profit of a joint venture	*11*	**9,553**	4,251

	Notes	Six months ended 30 June **2017** ***RMB'000*** **(Unaudited)**	 2016 *RMB'000* (Unaudited)
Profit/(loss) before income tax	*6*	**65,341**	(122,909)
Income tax expense	*7*	**(1,669)**	(1,484)
Profit/(loss) for the period		**63,672**	(124,393)
Profit/(loss) for the period attributable to:			
Owners of the Company		**63,987**	(124,393)
Non-controlling interests		**(315)**	–
		63,672	(124,393)
Earnings/(loss) per share attributable to owners of the Company for the period	*8*		
Basic *(RMB cents)*		**0.43**	(0.94)
Diluted *(RMB cents)*		**0.43**	(0.94)
Profit/(loss) for the period		**63,672**	(124,393)
Other comprehensive income, net of tax			
Item that will not be reclassified to profit or loss:			
Fair value changes in available-for-sale investments		**7,019**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(388)**	(12,955)
Other comprehensive income for the period, net of tax		**6,631**	(12,955)
Total comprehensive income for the period		**70,303**	(137,348)
Total comprehensive income attributable to:			
Owner of the Company		**70,618**	(137,348)
Non-controlling interests		**(315)**	–
		70,303	(137,348)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(Expressed in Renminbi unless otherwise stated)

	Notes	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**26,053**	25,302
Solar power plants	*10*	**11,872,445**	9,278,974
Interest in a joint venture	*11*	**304,955**	295,402
Investment properties		**955**	984
Goodwill		**146,657**	146,657
Lease prepayments		**166,829**	128,795
Available-for-sale investments	*12*	**1,381,089**	352,730
		13,898,983	10,228,844
Current assets			
Financial assets held for trading	*13*	**200,087**	236,629
Inventories		**5,334**	1,623
Trade, bills and other receivables	*14*	**3,628,312**	3,205,581
Structured bank deposits	*15*	**–**	1,125,000
Cash and cash equivalents	*16*	**466,440**	628,127
		4,300,173	5,196,960
Assets of a disposal group classified as held for sale		**–**	47,825
Total current assets		**4,300,173**	5,244,785
Current liabilities			
Trade and other payables	*17*	**3,862,157**	2,800,776
Loans and borrowings	*18*	**818,355**	1,030,617
Obligations under finance leases		**117**	117
Corporate bonds	*19*	**134,238**	–
Tax payable		**22**	13,152
		4,814,889	3,844,662
Liabilities of a disposal group classified as held for sale		**–**	416
Total current liabilities		**4,814,889**	3,845,078
Net current (liabilities)/assets		**(514,716)**	1,399,707
Total assets less current liabilities		**13,384,267**	11,628,551

	Notes	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Non-current liabilities			
Loans and borrowings	*18*	**6,635,034**	4,830,339
Obligations under finance leases		**169**	236
Corporate bonds	*19*	**260,433**	400,067
Deferred tax liabilities		**1,232**	1,270
		6,896,868	5,231,912
NET ASSETS		**6,487,399**	6,396,639
CAPITAL AND RESERVES			
Share capital	*20*	**6,486,588**	6,486,588
Reserves		**(36,561)**	(127,552)
Equity attributable to owners of the Company		**6,450,027**	6,359,036
Non-controlling interests		**37,372**	37,603
TOTAL EQUITY		**6,487,399**	6,396,639

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). It was authorised for issued on 25 August 2017.

The financial information relating to the financial year ended 31 December 2016 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 has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6, to 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 2016 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 unaudited interim financial information contains the 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 2016 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.

The financial statements have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of RMB514,716,000 as at 30 June 2017. Having reviewed the cash flow projection of the Group for the next 12 months from the reporting date, the Board is of the opinion that the Group will have sufficient resources to satisfy its working capital and other financing requirement in the foreseeable future based on the followings: (i) the Board foresees that the Group is able to generate positive cash flows from its operation in the next 12 months; and (ii) the Group has obtained a credit facility which will be secured by the newly completed solar power plants. As such, the Board is of the opinion that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost convention except for certain investment properties, available-for-sale investments and financial assets held for trading 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 2016 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 2017. 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.

Change in accounting estimates

During the six months ended 30 June 2017, the Group has reassessed the useful lives of certain assets within power generating modules and equipment from 20 years to 25 years to better reflect the expected pattern of consumption of the future economic benefits embodied in these solar power generating modules and equipment. Such change in accounting estimate has been applied prospectively from 1 January 2017 onwards. As a result, depreciation charge for the six months ended 30 June 2017 and the net book value of solar power plants as at 30 June 2017 has decreased and increased by approximately RMB35,816,000 respectively.

3. REVENUE

Revenue mainly represents income from sales of electricity (including renewable energy subsidy), sales value of goods supplied to customers, income from provision of services and rental income. The amount of each significant category of revenue during the period is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of electricity	**526,258**	205,576
Solar power plant operation and maintenance services	**947**	–
Sales of life-like plants	**1,781**	1,845
Properties rental income	**16**	732
	529,002	208,153

During the six months ended 30 June 2017, renewable energy subsidy to sales of electricity amounted to approximately RMB352,730,000 (2016: RMB140,150,000).

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other gains and losses		
Interest income	**30,006**	19,768
Dividend income	**2,305**	–
Government subsidy income	**851**	–
Net foreign exchange (loss)/gain	**(1,169)**	36
Fair value loss arising from financial assets held for trading	**(34,739)**	–
Net loss on disposal of property, plant and equipment	**–**	(1,434)
Fair value gain on investment properties	**–**	589
Others	**2,343**	878
	(403)	19,837

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on loans and borrowings	**224,465**	138,124
Interest on loan from ultimate holding company	**–**	12,025
Imputed interest on corporate bonds *(note 19)*	**19,183**	18,619
Finance charges on obligations under finance leases	**11**	39
Total interest expense on financial liabilities not at fair value through profit or loss	**243,659**	168,807
Less: interest expense capitalised into solar power plants under development *(note)*	**(69,836)**	(8,872)
	173,823	159,935

Note: For the six months ended 30 June 2017, the borrowing cost has been capitalised at a rate of 8% (2016: 8%) per annum.

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	**68,211**	19,743
Contributions to defined contribution retirement plan	**7,148**	2,833
Equity settled share-based payment expenses	**20,373**	18,508
Total employee benefit expenses (including directors' emoluments)	**95,732**	41,084

(b) Other items

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Auditors' remuneration	**650**	–
Amortisation of lease prepayments	**8,127**	1,152
Cost of inventories	**1,353**	1,165
Depreciation		
– Property, plant and equipment	**2,168**	5,616
– Solar power plants	**154,374**	74,902
Write-off of property, plant and equipment	**2,852**	–
Operating lease charges in respect of properties	**8,468**	7,149

7. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
– PRC Corporate Income Tax	**1,669**	1,484

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 2017 and 2016.

The Group's PRC entities are subject to corporate income tax at the statutory rate of 25%, unless otherwise specified. Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment* (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), certain solar power plants projects of the Group, which are approved after 1 January 2008, are entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share for the six months ended 30 June 2017 is based on the profit attributable to owners of the Company for the period of approximately RMB63,987,000 (2016: loss of approximately RMB124,393,000) and on the weighted average number of approximately 14,964,442,000 (2016: approximately 13,229,294,000) ordinary shares in issue during the period.

	Six months ended 30 June	
	2017	2016
	Number of shares	
	'000	*'000*
	(Unaudited)	(Unaudited)
Ordinary shares at 1 January	**14,964,442**	9,787,442
Effect of subscription of new shares	**–**	3,441,852
Weighted average number of ordinary shares at 30 June for the purpose of the calculation of basic earnings/(loss) per share	**14,964,442**	13,229,294

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share for the six months ended 30 June 2017 is based on profit attributable to owners of the Company for the period of approximately RMB63,987,000 (2016: loss of approximately RMB124,393,000) and on the weighted average number of approximately 14,980,446,000 (2016: approximately 13,229,294,000) ordinary shares in issue during the period, after the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2017	2016
	Number of shares	
	'000	*'000*
	(Unaudited)	(Unaudited)
For the purpose of the calculation of basic earnings/(loss) per share	**14,964,442**	13,229,294
Effect of dilutive potential ordinary shares in respect of employee share options	**16,004**	–
For the purpose of the calculation of diluted earnings/(loss) per share	**14,980,446**	13,229,294

Diluted loss per share for the six months ended 30 June 2016 was the same as basic loss per share because the impact of the exercise of share options was anti-dilutive.

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2017 (2016: Nil) nor has any dividend been proposed since the end of reporting period.

10. SOLAR POWER PLANTS

During the six months ended 30 June 2017, the Group increased its investments in solar power plants with a net carrying value of approximately RMB2,713,853,000 (2016: RMB2,689,598,000).

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 2017, certain solar power plants with carrying value of approximately RMB1,336,696,000 (31 December 2016: RMB1,357,001,000) were constructed and built on the lands in the People's Republic of China (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 2017, certain solar power plants with carrying value of approximately RMB7,003,778,000 (31 December 2016: RMB5,280,270,000) were pledged as security for the Group's loans and borrowings (note 18).

11. INTEREST IN A JOINT VENTURE

As at 30 June 2017 and 31 December 2016, the Group held 55% equity interest in 江山寶源國際有限公司 (Kong Sun Baoyuan International Company Ltd.*) ("**Kong Sun Baoyuan**"), a company incorporated and operating in the PRC and principally engaged in the finance lease business.

The joint venture arrangement provides the Group with only the rights to the net assets of Kong Sun Baoyuan, 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 condensed consolidated financial statements using equity method.

12. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unlisted partnership investments *(note (a))*	**300,000**	300,000
Unlisted equity investments, at cost *(note (b))*	**223,089**	52,730
Unlisted equity investment, at fair value *(note (c))*	**858,000**	–
	1,381,089	352,730

Notes:

(a) Included in the unlisted partnership investments mainly represent the followings:

(i) 15% (31 December 2016: 15%) interest in a limited partnership. On 11 October 2016, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners entered into a partnership agreement, pursuant to which all parties agreed to establish the limited partnership for carrying out investments primarily in the high-tech and emerging industries, the energy industry and other high-growth unlisted enterprises.

(ii) 30% (31 December 2016: 30%) interest in another limited partnership. On 30 September 2016, a wholly-owned subsidiary of the Company and other partners entered into a partnership agreement, pursuant to which all parties agreed to establish the limited partnership for carrying out investments primarily in the healthcare industries.

(b) The unlisted equity investments, at cost, consist of 30% (31 December 2016: 30%) interest in a pension fund company in the PRC, 25% (31 December 2016: 25%) interest in a small-amounts money-lending company in the PRC, 1% (31 December 2016: 1%) interest in a biotechnology company in the PRC and 4.98% (31 December 2016: 0.516%) interest in a commercial bank in the PRC.

(c) As at 30 June 2017, the unlisted equity investment, at fair value, represents approximately 2.52% and 1.59% of the total number of domestic shares and the total number of shares (including domestic shares and H-shares) of Bank of Jinzhou Co., Ltd.* ("**Jinzhou Bank**"), respectively. On 30 March 2017, a wholly-owned subsidiary of the Company entered into two share transfer agreements to acquire 107,500,000 domestic shares of Jinzhou Bank, a bank based in the PRC, at the price of RMB7.9161 per domestic share. Details of the acquisitions are set out in the Company's announcements dated 30 March 2017 and 2 April 2017, respectively.

(d) Given that the Group has no power to govern or participate in the financial and operating polices of above partnerships and investment entities so as to obtain benefits from their activities and does not intend to trade the investments for short-term profit, the Directors designated the above unlisted investments as available-for-sale investments.

The unlisted equity investment in Jinzhou Bank is measured at fair value. During the six months ended 30 June 2017, a fair value gain of approximately RMB7,019,000 was recognised in other comprehensive income. The fair value of Jinzhou Bank as at 30 June 2017 was determined with reference to the valuation report prepared by Grant Sherman Appraisal Limited, an independent professionally qualified valuer.

Apart from the unlisted equity investment in Jinzhou Bank, the remaining unlisted partnership investments and unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be reliably measured.

13. FINANCIAL ASSETS HELD FOR TRADING

	At 30 June 2017	At December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Listed securities:		
Equity security listed in the PRC	**127,425**	153,511
Equity security listed in Hong Kong	**72,662**	83,118
	200,087	236,629

The fair values of all listed securities are determined directly by reference to the quoted market bid price available on the relevant exchanges.

14. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Trade receivables *(note (i))*	**1,286,559**	849,581
Bills receivables *(note (ii))*	**41,724**	50,552
Trade and bills receivables	**1,328,283**	900,133
Other receivables, prepayments and deposits	**2,300,029**	2,305,448
	3,628,312	3,205,581

Notes:

(i) The Group's trade receivables mainly represent 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 2017 (31 December 2016: 30 to 180 days) from the date of billing, except for renewable energy subsidy. At 30 June 2017, based on invoice dates, the ageing analysis of the trade and bills receivables was as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Less than 3 months	**362,373**	215,921
Over 3 months but less than 6 months	**192,644**	201,102
Over 6 months but less than 12 months	**386,666**	309,473
Over 12 months	**386,600**	173,637
	1,328,283	900,133

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 30 June 2017, the outstanding renewable energy subsidy amounted to approximately RMB1,223,747,000 (31 December 2016: RMB712,663,000).

(ii) As at 30 June 2017 and 31 December 2016, bills receivables represent outstanding commercial acceptance bills.

(iii) As at 30 June 2017, certain trade and bills receivables arising from the electricity sales amounting to approximately RMB866,431,000 (31 December 2016: RMB476,809,000) were pledged as securities for the Group's loans and borrowings (note 18).

15. STRUCTURED BANK DEPOSITS

The structured bank deposits, denominated in Renminbi ("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. These 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 withdrawn in January 2017 with the principal amount together with the investment return returned to the Group. The Group considers that the fair value of embedded derivative is minimal and hence no derivative financial instruments were recognised.

16. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents of the Group is approximately RMB348,397,000 as at 30 June 2017 (31 December 2016: RMB513,007,000) 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.

17. TRADE AND OTHER PAYABLES

	At 30 June 2017 *RMB'000* **(Unaudited)**	At 31 December 2016 *RMB'000* (Audited)
Trade payables	**3,542,056**	1,724,513
Other payables and accruals	**320,101**	1,076,263
	3,862,157	2,800,776

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

	At 30 June 2017 *RMB'000* **(Unaudited)**	At 31 December 2016 *RMB'000* (Audited)
Less than 3 months	**447,691**	505,443
Over 3 months but less than 6 months	**244,850**	138,336
Over 6 months but less than 12 months	**2,251,672**	466,387
Over 12 months	**597,843**	614,347
	3,542,056	1,724,513

Retention payable amounting to approximately RMB387,468,000 (31 December 2016: RMB311,310,000), which are included in trade and other payables, will be settled or recognised as income after more than one year. All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

18. LOANS AND BORROWINGS

	At 30 June 2017 *RMB'000* **(Unaudited)**	At 31 December 2016 *RMB'000* (Audited)
Current		
Secured		
– bank loans	**58,679**	8,945
– other borrowings	**759,676**	1,021,672
	818,355	1,030,617
Non-current		
Secured		
– bank loans	**450,000**	–
– other borrowings	**6,185,034**	4,830,339
	6,635,034	4,830,339
Total loans and borrowings	**7,453,389**	5,860,956

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

	At 30 June 2017 *RMB'000* **(Unaudited)**	At 31 December 2016 *RMB'000* (Audited)
Within 1 year	**818,355**	1,030,617
After 1 year but within 2 years	**667,466**	756,127
After 2 years but within 5 years	**3,959,779**	2,353,152
After 5 years	**2,007,789**	1,721,060
	7,453,389	5,860,956

Loans and other borrowings bear interest ranging from 3.8 % to 10.3% (31 December 2016: 3.8 % to 10.5%) per annum. The bank loans bear floating interest rate (31 December 2016: floating).

The loans and borrowings were secured by the following assets:

	At 30 June 2017 *RMB'000* **(Unaudited)**	At 31 December 2016 *RMB'000* (Audited)
Solar power plants *(note 10)*	**7,003,778**	5,280,270
Trade receivables *(note 14)*	**866,431**	476,809
Property, plant and equipment	**3,569**	1,219
Lease prepayments	**844**	867
	7,874,622	5,759,165

As at 30 June 2017, other borrowings amounting to RMB22,000,000 (31 December 2016: 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 Ltd.*), RMB500,000,000 (31 December 2016: RMB500,000,000) were pledged by equity interests of 敦煌萬發新能源有限公司 (Dunhuang Wanfa New Energy Co., Ltd*) and RMB1,200,000,000 (31 December 2016: RMB1,200,000,000) were pledged by equity interests of 江山豐融投資有限公司 (Jiangshan Fengrong Investment Co., Ltd.*).

In addition, an independent third party had provided unlimited corporate guarantees to certain of the Group's other borrowings amounting to approximately RMB590,739,000 (31 December 2016: RMB619,984,000).

19. CORPORATE BONDS

As at 30 June 2017 and 31 December 2016, corporate bonds denominated in Hong Kong dollar amounting to HK$423,500,000 (equivalent to approximately RMB354,800,000) in aggregate principal amount due in 2018 and HK$53,500,000 (equivalent to approximately RMB47,856,000) in aggregate principal amount due in 2019 (the "**Corporate Bonds**") remained outstanding with certain independent third parties. The Corporate Bonds bear an interest of 6% per annum, and will mature on the date immediately following the 36 months after the issuance of the Corporate Bonds.

The Corporate Bonds are measured at amortised cost using effective interest method by applying an effective interest rate of 10.24% per annum. Imputed interest of approximately HK$21,707,000 (equivalent to approximately RMB19,183,000) (six months ended 30 June 2016: HK$22,144,000 (equivalent to approximately RMB18,619,000)) (note 5) was recognised in profit or loss for the six months ended 30 June 2017.

As at 30 June 2017, Corporate Bonds amounting to approximately HK$154,667,000 (equivalent to approximately RMB134,238,000) and approximately HK$300,066,000 (equivalent to approximately to RMB260,433,000) were classified as current liabilities and non-current liabilities, respectively.

20. SHARE CAPITAL

	2017		2016	
	Number of shares '000	***RMB'000***	*Number of shares '000*	*RMB'000*
		(Unaudited)		(Audited)
Issued and fully paid:				
At 1 January	**14,964,442**	**6,486,588**	9,787,442	3,608,604
Subscription of new shares *(note)*	**–**	**–**	5,177,000	2,877,984
At 30 June/31 December	**14,964,442**	**6,486,588**	14,964,442	6,486,588

Note:

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 Private Equity Fund L.P. (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.

21. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

During the six months ended 30 June 2017, the Group disposed of the entire equity interests in certain PRC- and Hong Kong-incorporated entities at a total cash consideration of approximately RMB79,409,000. In addition, a wholly-owned subsidiary incorporated in the PRC was deregistered during the period. These entities are set out below:

Name of entities	Disposal/ deregistration dates
Lead Power Investments Limited ("**Lead Power**") (note (i))	19 January 2017
海東市樂都區瑞啟達光伏發電有限公司 (Haidong Ledu Ruiqida Solar Power Generation Limited Company*) (note (ii))	24 January 2017
恩菲新能源(朔州)有限公司 (Enfei New Energy (Shuozhou) Limited Company*) (note (ii))	3 March 2017
北京江山頤年養老服務有限公司 (Beijing Jiangshan Yinian Pension Services Ltd.*) ("**Jianshan Yinian**") (note (iii))	28 June 2017

Notes:

(i) The principal activities of Lead Power are properties investment. As at 31 December 2016, the assets and liabilities related to Lead Power were presented as held for sale following the sale and purchase agreement dated 28 December 2016 entered into between the Group and the purchaser. In accordance with HKFRS 5, assets and liabilities relating to Lead Power were classified as held for sale in the consolidated statement of financial position as at 31 December 2016. The disposal does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

(ii) These entities are principally engaged in the operation of solar power plants and electricity generation.

(iii) The principal activity of Jiangshan Yinian is provision of pension service.

The combined net assets of these subsidiaries as at the disposal/deregistration dates are as follows:

	RMB'000 (Unaudited)
Net assets disposed of:	
Investment properties	42,405
Solar power plants	35,844
Property, plant and equipment	378
Lease prepayments	195
Trade and other receivables	90
Cash and cash equivalents	3,955
Deferred tax assets	2,259
Other payables and accruals	(16,488)
Exchange differences	(231)
	68,407
Gain on disposal/deregistration of subsidiaries	11,002
Total cash consideration	79,409

Please refer to the 2016 interim report of the Company for comparative information relating to disposal of subsidiaries.

22. ACQUISITION OF SUBSIDIARIES

(a) Business combinations

During the six months ended 30 June 2017, the Group entered into various equity transfer agreements with independent third parties to acquire equity interests in certain PRC-incorporated entities at a total cash consideration of approximately RMB64,733,000. These entities are set out below:

Name of entities	Equity interests acquired	Acquisition dates
大同市皖銅新能源有限公司 (Datong Wantong New Energy Co., Ltd.*) ("**Datong Wantong**")	98.611%	30 March 2017
平山縣天匯能源科技有限公司 (Pingshan Tianhui Energy Technology Co., Ltd.*)	100%	30 March 2017
溧陽新暉光伏發電有限公司 (Liyang Xinhui Photovoltaic Power Generation Co., Ltd.*)	100%	30 March 2017
濟南天冠能源科技有限公司 (Jinan Tianguan Energy Technology Co., Ltd.*)	100%	30 March 2017
榆林正信電力有限公司 (Yulin Zhengxin Electricity Co., Ltd.*) ("**Yulin Zhengxin**")	100%	15 June 2017

These entities are principally engaged in the operation of solar power plants and electricity generation. As at the acquisition dates, all the above entities are generating electricity to provincial power grids.

The combined identifiable assets acquired and liabilities assumed at the acquisition dates are as follows:

	Carrying amount	Fair value adjustments	Fair value
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Solar power plants	784,174	–	784,174
Lease prepayments	32,415	–	32,415
Trade and other receivables	143,798	–	143,798
Cash and cash equivalents	41,668	–	41,668
Trade and other payables	(622,409)	–	(622,409)
Loans and borrowings	(292,949)	–	(292,949)
Total identifiable net assets at fair value	86,697	–	86,697
Gain on bargain purchase on acquisitions of subsidiaries *(note)*			(21,880)
Less: non-controlling interests			(84)
Total cash consideration			64,733

Note:

Gain on bargain purchase on acquisitions of subsidiaries represents the excess of fair value of consideration transferred at acquisitions over the fair value of the identifiable assets acquired and liabilities assumed for the acquisitions. The gain on bargain purchase during the six months ended 30 June 2017 comprised approximately RMB1,520,000 and RMB20,360,000 as a result of acquisitions of two subsidiaries, namely Datong Wantong and Yulin Zhengxin, respectively. As the consideration for the acquisitions of Datong Wantong and Yulin Zhengxin were determined with reference to the capital injected by the vendors, the Directors are of the opinion that the consideration of the acquisitions was determined on an arm's length basis.

(b) Acquisition of assets

During the six months ended 30 June 2017, the Group acquired the equity interests in the entities set out below from independent third parties at a total cash consideration of approximately RMB1,000. 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 acquisitions of these entities were purchase of net assets which did not constitute business combinations for accounting purposes.

Name of entities	**Equity interests acquired**
臨潭天朗新能源科技有限公司 Lintan Tianlang New Energy Technology Co., Ltd.*	100%
嘉峪關協合新能源有限公司 (Jiayuguan Xiehe New Energy Co. Ltd.*)	95%

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

	RMB'000 (Unaudited)
Solar power plants under development	192,246
Trade and other receivables	23,172
Cash and cash equivalents	574
Trade and other payables	(215,991)
Total identifiable net assets at fair value	1
Satisfied by:	
Total cash consideration	1

Please refer to the 2016 interim report of the Company for comparative information relating to acquisition of subsidiaries.

23. EVENTS AFTER REPORTING DATE

There are no important events affecting the Group which have occurred after 30 June 2017 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company with its subsidiaries mainly engaged in the investment in and the operation of solar power plants, provision of solar power plant operation and maintenance services, properties investment and sales of life-like plants.

SOLAR POWER PLANTS BUSINESS

During the six months ended 30 June 2017, the Group continued its investment in and development of solar power plants in the PRC. As at 30 June 2017, the Group had a total of 1,360.3 megawatts ("**MW**") gird-connected solar power plants as follows:

Completed solar power plants

Province	**Number of solar power plants as at 30 June 2017**	**Capacity of solar power plants**
Xinjiang	11	240.0 MW
Gansu	6	229.5 MW
Shaanxi	6	260.0 MW
Inner Mongolia	2	40.0 MW
Shanxi	1	20.0 MW
Hebei	4	101.0 MW
Henan	1	20.0 MW
Shandong	2	40.0 MW
Anhui	5	160.0 MW
Jiangsu	1	20.0 MW
Zhejiang	2	119.8 MW
Jiangxi	2	80.0 MW
Hubei	1	30.0 MW
Total	**44**	**1,360.3 MW**

Note: Except for a 20 MW, 20 MW and 50 MW solar power plants located in each of Xinjiang, Shanxi and Gansu, respectively, which are 95%, 98.611% and 95% owned by the Group, all other solar power plants above are wholly-owned by the Group.

In addition, as at 30 June 2017, the Group had the following, wholly-owned, ground mounted solar power plants under development:

Solar power plants under development

Province	**Number of solar power plants as at 30 June 2017**	**Capacity of solar power plants**
Shaanxi	2	330.0 MW
Shandong	1	50.0 MW
Anhui	1	20.0 MW
Qinghai	1	20.0 MW
Total	**5**	**420.0 MW**

Note: As at the date of this announcement, a 300 MW solar power plant project located in Shaanxi Province has been completed and successfully connected to provincial power grid.

PROPERTIES INVESTMENT

The total rental income of the Group from its properties investment decreased by approximately 97.8% from approximately RMB732,000 for the six months ended 30 June 2016 to approximately RMB16,000 for the six months ended 30 June 2017. The decrease in total rental income was mainly attributable to the disposal of certain Group's investment properties located in Hong Kong.

SECURITIES INVESTMENT

As at 30 June 2017, the Group managed a portfolio of investments in capital market with fair value of approximately RMB200,087,000 (31 December 2016: RMB236,629,000). The portfolio of investments managed by the Group consists of investment in two listed equities in Hong Kong and the PRC. The Group will remain watchful on market developments and will continue to be prudent in managing its investment portfolio with a continuing focus on improving overall assets quality. For the six months ended 30 June 2017, the Group had recorded a fair value loss on financial assets held for trading amounted to approximately RMB34,739,000 (six months ended 30 June 2016: Nil). For further details, please refer to the paragraph headed "Results of operations – Financial assets held for trading" in this announcement.

LIFE-LIKE PLANTS BUSINESS

The revenue from life-like plants business decreased by approximately 3.5% from approximately RMB1,845,000 for the six months ended 30 June 2016 to approximately RMB1,781,000 for the six months ended 30 June 2017.

RESULTS OF OPERATIONS

Revenue

The revenue of the Group increased by approximately 154.1% from approximately RMB208,153,000 for the six months ended 30 June 2016 to approximately RMB529,002,000 for the six months ended 30 June 2017. The increase was primarily due to the increase in revenue from sales of electricity.

Revenue from sales of electricity and solar power plant operation and maintenance services

The Group's revenue from sales of electricity increased significantly by approximately 156.0% from approximately RMB205,576,000 for the six months ended 30 June 2016 to approximately RMB526,258,000 for the six months ended 30 June 2017 due to the increased installed capacity of grid-connected solar power plants. As at 30 June 2017, the Group had a total of 1,360.3 MW installed capacity of solar power plants, comparing to the 1,150.3 MW installed capacity of solar power plants as at 31 December 2016.

The Group had, for the first time, generated revenue from solar power plant operation and maintenance services of approximately RMB947,000 (2016: Nil) for the six months ended 30 June 2017.

Revenue from sales of life-like plants

The Group's revenue from sales of life-like plants decreased by approximately 3.5% from approximately RMB1,845,000 for the six months ended 30 June 2016 to approximately RMB1,781,000 for the six months ended 30 June 2017.

Rental income

The Group's rental income decreased by approximately 97.8% from approximately RMB732,000 for the six months ended 30 June 2016 to approximately RMB16,000 for the six months ended 30 June 2017, mainly attributable to the disposal of certain Group's investment properties in Hong Kong.

Gross profit and gross profit margin

The gross profit of the Group increased significantly by approximately 185.6% from approximately RMB122,005,000 for the six months ended 30 June 2016 to approximately RMB348,505,000 for the six months ended 30 June 2017. The gross profit margin of the Group increased from approximately 58.6% for the six months ended 30 June 2016 to approximately 65.9% for the six months ended 30 June 2017.

Other gains and losses

Other gains of the Group was approximately RMB19,837,000 for the six months ended 30 June 2016. Other losses of the Group for the six months ended 30 June 2017 was approximately RMB403,000. Such change is mainly due to the fair value loss arising from financial assets held for trading of approximately RMB34,739,000, netted off by an increase in interest income of approximately RMB10,238,000 as a result of increase in bank and other deposits during the six months ended 30 June 2017.

Administrative expenses

Administrative expenses of the Group increased by approximately 70.6% from approximately RMB87,011,000 for the six months ended 30 June 2016 to approximately RMB148,422,000 for the six months ended 30 June 2017. The increase was attributable to (i) an increase in employee benefit expenses (including directors' emoluments) amounted to approximately RMB45,849,000 due to an increase in head count; (ii) write-off of property, plant and equipment of approximately RMB2,852,000; (iii) an increase in office expenses amounted to approximately RMB2,741,000; (iv) an increase in legal and other professional fees amounted to approximately RMB1,750,000; and (v) an increase in office rental expenses amounted to approximately RMB1,319,000.

Gain on disposal of subsidiaries

During the six months ended 30 June 2017, the Group disposed of certain subsidiaries and recorded gains on disposal of subsidiaries of approximately RMB11,002,000 (six months ended 30 June 2016: loss on disposal of a subsidiary of approximately RMB867,000). For details, please refer to note 21 to the "Notes to the Financial Statements".

Finance costs

Finance costs of the Group increased by approximately RMB13,888,000 from approximately RMB159,935,000 for the six months ended 30 June 2016 to approximately RMB173,823,000 for the six months ended 30 June 2017. As the number of and the total installed capacity of the solar power plants held by the Group increased during the six months ended 30 June 2017, the finance costs related to the borrowings of the respective solar power plants also increased.

Solar power plants

As at 30 June 2017, the Group had a net carrying value of approximately RMB8,409,781,000 (31 December 2016: RMB6,879,981,000) and approximately RMB3,462,664,000 (31 December 2016: RMB2,398,993,000) in completed solar power plants and solar power plants under development, respectively. During the six months ended 30 June 2017, the Group capitalised on the implementation of the favourable policies by actively investing in and developing solar power plants in the PRC. For details, please refer to note 10 to the "Notes to the Financial Statements". As at 30 June 2017, the Group had a total of 1,360.3 MW installed capacity of completed solar power plants, comparing to the 1,150.3 MW installed capacity of completed solar power plants as at 31 December 2016.

Interest in a joint venture

As at 30 June 2017, the net carrying value of the joint venture was approximately RMB304,955,000 (31 December 2016: RMB295,402,000).

Investment properties

Investment properties decreased from approximately RMB984,000 as at 31 December 2016 to approximately RMB955,000 as at 30 June 2017.

Goodwill

During the six months ended 30 June 2017 and the year ended 31 December 2016, the Group acquired a number of solar power plants with operations and as at 30 June 2017 and 31 December 2016, the Group had approximately RMB146,657,000 in respect of goodwill on the previous acquisitions.

Available-for-sale investments

Available-for-sale investments increased from approximately RMB352,730,000 as at 31 December 2016 to approximately RMB1,381,089,000 as at 30 June 2017. The increase is mainly due to the acquisition of unlisted equity investment in Jinzhou Bank and the increase in unlisted equity investment in another commercial bank in the PRC. The unlisted investments are for long-term investment purposes and hence are classified as available-for-sale investments in the consolidated statement of financial position. For details, please refer to note 12 to the "Notes to the Condensed Consolidated Interim Financial Statements" of this announcement.

Financial assets held for trading

As at 30 June 2017, the Group had financial assets held for trading with a market value of approximately RMB200,087,000 (31 December 2016: RMB236,629,000), representing an investment portfolio of two listed equities in Hong Kong and the PRC, details of which are as follows:

Listed investments	**% of shareholding of the listed investments as at 30 June 2017**	**Fair value changes through profit or loss** *RMB'000*	**Fair value as at 30 June 2017** *RMB'000*	**% of Total Assets of the Group as at 30 June 2017**	**Fair value as at 31 December 2016** *RMB'000*
Listed shares in Hong Kong	1.3%	(8,653)	72,662	0.4%	83,118
Listed shares in the PRC	1.7%	(26,086)	127,425	0.7%	153,511
Total		(34,739)	200,087	1.1%	236,629

Trade, bills and other receivables

Trade, bills and other receivables increased from approximately RMB3,205,581,000 as at 31 December 2016 to approximately RMB3,628,312,000 as at 30 June 2017. The increase was mainly due to an increase in trade receivables of approximately RMB436,978,000 which arose from the increase in sales of electricity.

Structured bank deposits

As at 31 December 2016, the Group placed RMB1,125,000,000 structured bank deposits with a bank in the PRC to earn a guaranteed and capital-protected return by making good use of the idle cash of the Company. The deposits were withdrawn in January 2017. For details, please refer to note 15 to the "Notes to the Condensed Consolidated Interim Financial Statements" of this announcement.

Trade and other payables

Trade and other payables increased from approximately RMB2,800,776,000 as at 31 December 2016 to approximately RMB3,862,157,000 as at 30 June 2017. The balance 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 more solar power plant projects were developing during the period, trade payables, which mainly related to construction costs of solar power plants, have increased from approximately RMB1,724,513,000 as at 31 December 2016 to approximately RMB3,542,056,000 as at 30 June 2017.

Liquidity and capital resources

As at 30 June 2017, cash and cash equivalents of the Group was approximately RMB466,440,000 (31 December 2016: RMB628,127,000), which included an amount of bank balances of approximately RMB348,397,000 (31 December 2016: RMB513,007,000) denominated in RMB and approximately RMB34,923,000 (31 December 2016: RMB35,990,000) of bank balances denominated in Hong Kong dollar placed with banks in the PRC. As at 31 December 2016, structured bank deposits of approximately RMB1,125,000,000 was denominated in RMB and placed with banks in the PRC. The remaining balance of the Group's cash and cash equivalents consisted primarily of cash on hand and bank balances which were primarily denominated in Hong Kong dollar and placed with banks in Hong Kong.

As at 30 June 2017, 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 and structured bank deposits, over the total equity, was approximately 1.14 (31 December 2016: 0.70).

Capital expenditure

During the six months ended 30 June 2017, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB6,149,000 (six months ended 30 June 2016: RMB10,796,000) and RMB2,713,853,000 (six months ended 30 June 2016: RMB2,689,598,000), respectively.

Loans and borrowings

As at 30 June 2017, the Group's total loans and borrowings was approximately RMB7,453,389,000, representing an increase of approximately RMB1,592,433,000, compared to approximately RMB5,860,956,000 as at 31 December 2016. 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 RMB8,679,000 (31 December 2016: approximately RMB8,945,000) which were denominated in Hong Kong dollar, were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC.

Corporate bonds

As at 30 June 2017 and 31 December 2016, corporate bonds denominated in Hong Kong dollar amounting to HK$423,500,000 (equivalent to approximately RMB354,800,000) in aggregate principal amount due in 2018 and HK$53,500,000 (equivalent to approximately RMB47,856,000) in aggregate principal amount due in 2019 remained outstanding with certain independent third parties. The corporate bonds bear an interest of 6% per annum, and will mature on the date immediately following 36 months after the issuance of the corporate bonds.

The corporate bonds are measured at amortised cost using effective interest method by applying an effective interest rate of 10.24% per annum. Imputed interest of approximately HK$21,707,000 (equivalent to approximately RMB19,183,000) (six months ended 30 June 2016: HK$22,144,000 (equivalent to approximately RMB 18,619,000)) (note 5 to the "Notes to the Condensed Consolidated Interim Financial Statements" of this announcement) was recognised in profit or loss during the six months ended 30 June 2017.

Foreign exchange rate risk

The Group primarily operates its business in the PRC and during the six months ended 30 June 2017, the Group's revenue were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Directors expect that 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 purposes, but will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Charge on assets

As at 30 June 2017, the Group had charged solar power plants, trade receivables, property, plant and equipment and lease prepayments with net book value of approximately RMB7,003,778,000 (31 December 2016: RMB5,280,270,000), approximately RMB866,431,000 (31 December 2016: RMB476,809,000), approximately RMB3,569,000 (31 December 2016: approximately RMB1,219,000) and approximately RMB844,000 (31 December 2016: RMB867,000), respectively, to secure bank loans 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 plants projects were actually made by their former shareholders. According to certain notices (the "**Notices**") issued by the State Energy Administration (國家能源局), the Notices prohibit the original applicants who have obtained the approval documents from the government authorities for solar power plants projects from transferring equity interests in solar power plants projects before such solar plants were connected to the power grid. Taking into consideration the legal opinion obtained from the Company's legal adviser as to PRC law, given that the Group has obtained the preliminary approval from respective relevant government authorities to continue with the development of the solar power plants, the Company's legal adviser as to PRC law is of the view that it is remote for these subsidiaries to be fined or to face other adverse consequences imposed by the relevant government authorities. Accordingly, the Directors consider that there is no significant impact on the Group's control over these subsidiaries and the development of these solar power plants.

Employees and remuneration policy

As at 30 June 2017, the Group had approximately 652 employees (31 December 2016: 531) 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 2017, total employee benefit expenses (including directors' emoluments) were approximately RMB95,732,000 (six months ended 30 June 2016: RMB41,084,000). The remuneration policy of the Group is to provide remuneration packages, including basic salary, short-term bonuses and long-term rewards such as share 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 on 22 July 2009, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the share option scheme, 730,350,000 share options were granted to Directors, selected employees and consultants of the Group in April 2017.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any significant investments, other material acquisition or disposal during the six months ended 30 June 2017, and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this announcement.

PROSPECT

In recent years, with the scale of development and utilisation rate swiftly increasing, solar energy has become an inevitable area in terms of global energy transformation. Rapid technology advancement and industrial upgrades have resulted in considerable decrease in the cost of solar energy generation, and further strengthen the market competitiveness of solar energy. As the largest country of solar energy consumption around the world, it is expected that there will be enormous potential in the solar energy industry in the PRC.

Looking forward, grasping the golden opportunities of the solar energy industry, the Group will continue to facilitate its strategies in respect of the investment and operation of solar power plants, generate diversified sources of businesses, actively engage in electricity trading and strive to increase revenue from power generation. It will also carry out persistent exploration of different financial channels, enhance its asset value through integration of industry and finance, so as to further strengthen its overall competitiveness and influence in the industry, thereby uplifting and consolidating its position as a leading enterprise in the solar power industry in the PRC.

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 Listing Rules 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 2017.

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

EVENTS AFTER REPORTING DATE

There are no important events affecting the Group which have occurred after 30 June 2017 and up to the date of this announcement.

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. The Company confirms that, having made specific enquiries with all the Directors, all the Directors have complied with the required standard of the Model Code during the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2017, 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 reviewed, with no disagreement, the Group's condensed consolidated financial statements for the six months ended 30 June 2017 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.

REVIEW OF INTERIM RESULTS BY EXTERNAL AUDITORS

The Group's condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the six months ended 30 June 2017 as set out in this announcement have been reviewed by the Company's independent auditor, BDO Limited ("**BDO**"), in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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 2017 of the Group will also be published on the same websites and despatched to the shareholders of the Company in due course.

By order of the Board
Kong Sun Holdings Limited
Mr. Zeng Jianhua
Executive Director

Hong Kong, 25 August 2017

As at the date of this announcement, the Board comprises four executive Directors, Mr. Zeng Jianhua, Mr. Jin Yanbing, Mr. Deng Chengli and Mr. Hou Yue, one non-executive Director, Mr. Yuen Kin, and three independent non-executive Directors, Mr. Miu Hon Kit, Mr. Chen Kin Shing and Ms. Wang Fang.

* *For identification purposes only*