



Kong Sun Holdings Limited
Stock Code : 295

INTERIM REPORT 2017



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

- Mr. Zeng Jianhua (*Chairman*)
(*appointed on 6 March 2017*)
- Mr. Jin Yanbing
(*appointed on 13 April 2017*)
- Mr. Deng Chengli
(*appointed on 13 April 2017*)
- Mr. Hou Yue
(*appointed on 13 April 2017*)
- Mr. Liu Wen Ping
(*resigned on 13 April 2017*)
- Mr. Chang Hoi Nam
(*resigned on 13 April 2017*)

NON-EXECUTIVE DIRECTORS

- Mr. Yuen Kin
(*appointed on 24 January 2017*)
- Mr. Mao Yumin
(*appointed on 13 April 2017 and
resigned on 26 May 2017*)
- Dr. Ma Ji
(*resigned on 6 March 2017*)
- Mr. Chang Tat Joel
(*resigned on 24 January 2017*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

- Mr. Miu Hon Kit
- Ms. Wang Fang
(*appointed on 24 January 2017*)
- Mr. Chen Kin Shing
(*appointed on 13 April 2017*)
- Mr. Wang Haisheng
(*resigned on 13 April 2017*)
- Mr. Lu Hongda
(*resigned on 24 January 2017*)

CORPORATE INFORMATION *(continued)*

AUDIT COMMITTEE

Mr. Miu Hon Kit (*Chairman*)
Ms. Wang Fang
(appointed on 24 January 2017)
Mr. Chen Kin Shing
(appointed on 13 April 2017)
Mr. Wang Haisheng
(resigned on 13 April 2017)
Mr. Lu Hongda
(resigned on 24 January 2017)

NOMINATION COMMITTEE

Mr. Chen Kin Shing (*Chairman*)
(appointed on 13 April 2017)
Mr. Miu Hon Kit
Ms. Wang Fang
(appointed on 24 January 2017)
Mr. Wang Haisheng
(resigned on 13 April 2017)
Mr. Lu Hongda
(resigned on 24 January 2017)

REMUNERATION COMMITTEE

Ms. Wang Fang (*Chairman*)
(appointed on 24 January 2017)
Mr. Miu Hon Kit
Mr. Chen Kin Shing
(appointed on 13 April 2017)
Mr. Wang Haisheng
(resigned on 13 April 2017)
Mr. Lu Hongda
(resigned on 24 January 2017)

REGISTERED OFFICE

Unit 1209-10, 12/F
Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

CORPORATE INFORMATION *(continued)*

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor, Hopewell Center
183 Queen's Road East
Hong Kong

COMPANY SECRETARIES

Mr. Wong Ying Kit
(appointed on 28 April 2017)
Mr. Fung Che Wai, Anthony
(resigned on 28 April 2017)

AUTHORISED REPRESENTATIVES

Mr. Jin Yanbing
(appointed on 13 April 2017)
Mr. Wong Ying Kit
(appointed on 28 April 2017)
Mr. Fung Che Wai, Anthony
(resigned on 28 April 2017)
Mr. Liu Wen Ping
(resigned on 13 April 2017)

AUDITOR

BDO Limited

LEGAL ADVISOR

Sidley Austin

STOCK CODE

295

CONTACT INFORMATION

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INVESTOR RELATIONS

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I would like to present the interim results of Kong Sun Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2017.

During the first half of 2017, the Chinese government has continued to implement various incentive policies which are supportive to the development of the solar power industry, with an aim to achieve a proportion of non-fossil energy to primary energy consumption of 15% by 2020, and of 20% by 2030. While the pace of growth of the installed solar power capacity of China remained relatively fast, the solar power generation and consumption, as driven by the policies and the effort made by the power grid company, has made a significant improvement, resulting in considerable drop in the curtailment rate. Based on the statistics announced by the State Energy Administration (國家能源局), during the first half of the year, the national solar power curtailment rate decreased 4.5% year-on-year, of which the curtailment rate in Gansu and Xinjiang declined 10% and 6% year-on-year, respectively.

Meanwhile, unremitting effort has been devoted by the Chinese government in promoting the development of green financial regime, and five provincial areas, including the Guangdong Province, have been selected as new trial points for the evolution of green financial system. Under such new situation, green financing has become an essential component in the development of green economy, a supportive strength in the refinement of industrial structure and a stimulus of economic growth in China. It is also beneficial to the adjustment in energy structure of China towards renewable energy, which in turn brings about enormous rooms of development and innumerable opportunities for the solar power industry.

CHAIRMAN'S STATEMENT *(continued)*

As at 30 June 2017, the total installed capacity of the Group reached 1,360.3 MW and its total electricity generation volume recorded significantly surge of over 83.2% as compared to the corresponding period last year, which further uplifted the leading position of the Group in the solar power industry of China. As at 30 June 2017, the Group has 44 grid-connected solar power plants in Shaanxi, Xinjiang, Gansu, Anhui, Zhejiang, Hebei, Jiangxi, Shandong, Inner Mongolia, Hubei, Henan, Shanxi and Jiangsu. In the future, by focusing on the clean energy and green financing, the Group will continue to develop solar power plants projects. Through integration of industry and finance, diversified investments and enhancement of industrial operation efficiency, the Group will strive to maintain sustainable increase in grid-connected installed capacity and electricity generation volume, so as to drive the development of green and low-carbon energy in China and make positive contribution to environmental protection.

Finally, I would like to take this opportunity to express my gratitude to our shareholders, customers and suppliers for their continuous support and trust; and to all of our Directors, management team and staffs of the Group for their contribution to the Group. The Group will continue its business development with a view to maximise returns to its shareholders as a whole.

Zeng Jianhua

Chairman

25 August 2017, Hong Kong

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2017	2016
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	529,002	208,153
Gross profit	348,505	122,005
Profit/(loss) for the period	63,672	(124,393)
Material non-cash items:		
Equity-settled share-based payment expenses	(20,373)	(18,508)
Fair value loss arising from financial assets held for trading	(34,739)	–
Write-off of property, plant and equipment	(2,852)	–

	At	At
	30 June	31 December
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Solar power plants	11,872,445	9,278,974
Cash and cash equivalents	466,440	628,127
Total assets	18,199,156	15,473,629
Net assets	6,487,399	6,396,639

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 People's Republic of China (the "PRC"). As at 30 June 2017, the Group had a total of 1,360.3 megawatts ("MW") grid-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

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

SOLAR POWER PLANTS BUSINESS *(continued)*

Province	Number of solar power plants as at 30 June 2017	Capacity of solar power plants
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 interim report, a 300 MW solar power plant project located in Shaanxi Province has been completed and successfully connected to provincial power grid.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 arising from 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 interim report.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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/(LOSS) ON DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

During the six months ended 30 June 2017, the Group disposed/deregistered of certain subsidiaries and recorded gains on disposal/deregistration 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 Condensed Consolidated Interim Financial Statements" in this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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 Condensed Consolidated Interim Financial Statements” in this interim report. 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).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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 a total amount of 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 Bank of Jinzhou Co., Ltd. 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 condensed consolidated statement of financial position. For details, please refer to note 12 to the “Notes to the Condensed Consolidated Interim Financial Statements” in this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

RESULTS OF OPERATIONS (continued)

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%
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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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 interim report.

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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 approximately RMB2,713,853,000 (six months ended 30 June 2016: RMB2,689,598,000), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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: 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 interim report) was recognised in profit or loss during the six months ended 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

RESULTS OF OPERATIONS *(continued)*

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. Details of the share option scheme have been disclosed in the paragraph headed "Share Option Scheme" in this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this interim report, 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 interim report.

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.

DISCLOSURE OF OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to a resolution of the Company passed on 22 July 2009, the Company has adopted a share option scheme (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Share Option Scheme include employees or directors of the Company or the Group’s holding companies or subsidiaries, advisers, consultants, agents, contractors, customers, suppliers or any entities in which the Group or its holding companies or subsidiaries holds any equity interest who has contribution to the Group.

Details and the major terms of the Share Option Scheme are as follows:

(i) Purpose

The purpose of the Share Option Scheme is to enable the Company to grant options to the participants in recognition of their contribution to the Group.

(ii) Participants

The Directors may offer to grant an option to any employee or director or the Group’s holding companies or subsidiaries, adviser, consultant, agent, contractor, customer, supplier or any entity in which the Group or its holding companies or subsidiaries holds any equity interest who has contribution to the Group.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

(iii) Terms of options

The share options granted under the Share Option Scheme are subject to such terms and conditions as may be determined by the Directors at their absolute discretion and specified in the offer of a share option, which terms and conditions may include (a) vesting conditions which must be satisfied before a share option holder's share option shall become vested and capable of being exercised; and (b) the Directors may, in its absolute discretion, specify performance conditions that must be achieved before a share option can be exercised and/or the minimum period for which a share option must be held before it can be exercised.

(iv) Option price

The option price will be determined by the Directors at their absolute discretion and notified to an option-holder. The minimum option price shall not be less than the highest of (a) the closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of offer of an option; (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of an option; and (c) the nominal value of the shares of the Company, if applicable.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

(v) Maximum number of shares

(1) 10% Limit

- (a) The total numbers of shares which may be issued upon exercise of all options to be granted must not in aggregate exceed 10% of the aggregate of the shares of the Company in issue as at the date of adoption of the Share Option Scheme (i.e. 176,266,251 shares). Options lapsed in accordance with the terms of the Share Option Scheme and any other scheme will not be counted for the purpose of calculating the 10% limit in this paragraph.

- (b) With the approval of the shareholders of the Company in general meeting, the Directors may “refresh” the 10% limit under paragraph (a) (and may further refresh such limit in accordance with this paragraph) provided that the total number of shares of the Company which may be issued upon the exercise of all options to be granted under the limit as “refreshed” shall not exceed 10% of the shares in issue as at the date on which the shareholders approve the “refreshed” limit.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

(v) **Maximum number of shares** *(continued)*

(1) 10% Limit *(continued)*

(b) *(continued)*

At the annual general meeting of the Company held on 11 April 2017, the scheme limit was refreshed pursuant to which Directors are authorized to grant options to eligible participants under the Share Option Scheme to subscribe for a maximum of 1,496,444,251 shares, being 10% of the shares in issue as at the date of the annual general meeting of the Company (i.e. 11 April 2017).

Options previously granted (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

- (c) Subject to the limits as stated elsewhere, the Directors may, with the approval of the shareholders, grant options in excess of the 10% limit to participants specifically identified before shareholders’ approval is sought. In such situation, the Company will send a circular to the shareholders of the Company containing a generic description of the specified participants who may be granted such options, the number and terms of such options to be granted and the purpose of granting such options to the specified participants with an explanation of how the terms of the options will serve the purpose.

(2) 30% Limit

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the Share Option Scheme if this will result in the limit being exceeded.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

(vi) Maximum entitlement of each participant

Subject to other limits as otherwise stated, the Directors shall not grant any options to any participant which, if exercised, would result in such participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including those options exercised or outstanding) in any 12-month period exceed 1% of the shares of the Company in issue at such date. The Directors may grant options to any participant in excess of the individual limit of 1% in any 12-month period with the approval of the shareholders of the Company in general meeting with such participant and his/her associates abstaining from voting. A participant shall pay the Company HK\$1.00 for the grant of an option on acceptance of an offer within 21 days after the date of offer.

(vii) Time of exercise of options

An option under the Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Directors as not exceeding 10 years from the date on which a participant is offered such option. The exercise of options may also be subject to any conditions imposed by the Directors at the time of offer.

(viii) Term of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme (i.e. 21 July 2019), after which period no further options may be granted under the Share Option Scheme. The Directors may terminate the Share Option Scheme at any time and in such event no further options shall be granted under the Share Option Scheme but any options which have been granted but not yet exercised shall continue to be valid and exercisable.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

The followings are details of the options granted (the “Granted Options”) pursuant to the Share Option Scheme but not yet exercised as at 30 June 2017:

Grantee	Date of grant	Number of share options				As at 30 June 2017	Exercise Price HK\$	Approximate % of shareholding upon fully exercise of share options (Note)
		As at 1 January 2017	Granted during the period	Cancelled/lapsed during the period	Exercised during the period			
<i>Executive Directors</i>								
Zeng Jianhua (Chairman)	3 April 2017	-	100,000	-	-	100,000	0.30	0.62%
(appointed on 6 March 2017)	28 April 2017	-	5,670,000	-	-	5,670,000	0.41	0.04%
Jin Yanbing (appointed on 13 April 2017)	3 April 2017	-	16,000	-	-	16,000	0.30	0.10%
	28 April 2017	-	5,670,000	-	-	5,670,000	0.41	0.04%
Deng Chengli (appointed on 13 April 2017)	8 October 2014	21,000,000	-	-	-	21,000,000	1.10	0.12%
	3 April 2017	-	25,000,000	-	-	25,000,000	0.30	0.15%
	28 April 2017	-	5,670,000	-	-	5,670,000	0.41	0.04%
Hou Yue (appointed on 13 April 2017)	3 April 2017	-	19,000,000	-	-	19,000,000	0.30	0.11%
	28 April 2017	-	5,670,000	-	-	5,670,000	0.41	0.04%
Liu Wen Ping (resigned on 13 April 2017)	8 October 2014	60,000,000	-	(60,000,000)	-	-	1.10	N/A
Chang Hoi Nam (resigned on 13 April 2017)	8 October 2014	2,000,000	-	(2,000,000)	-	-	1.10	N/A

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

Grantee	Date of grant	Number of share options				As at 30 June 2017	Exercise Price HK\$	Approximate % of shareholding upon fully exercise of share options (Note)
		As at 1 January 2017	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period			
<i>Non-executive Directors</i>								
Yuen Kin (<i>appointed on 24 January 2017</i>)	28 April 2017	-	1,000,000	-	-	1,000,000	0.41	0.01%
Mao Yumin (<i>appointed on 13 April 2017 and resigned on 26 May 2017</i>)	28 April 2017	-	1,000,000	(1,000,000)	-	-	0.41	N/A
Ma Ji (<i>resigned on 6 March 2017</i>)	18 June 2015	4,000,000	-	(4,000,000)	-	-	1.20	N/A
Chang Tat Joel (<i>resigned on 24 January 2017</i>)	11 November 2014	2,000,000	-	(2,000,000)	-	-	1.16	N/A

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

Grantee	Date of grant	Number of share options				As at 30 June 2017	Exercise Price HK\$	Approximate % of shareholding upon fully exercise of share options (Note)
		As at 1 January 2017	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period			
<i>Independent</i>								
<i>non-executive Directors</i>								
Miu Hon Kit	8 October 2014	1,000,000	-	-	-	1,000,000	1.10	0.01%
	28 April 2017	-	1,000,000	-	-	1,000,000	0.41	0.01%
Wang Fang <i>(appointed on 24 January 2017)</i>	28 April 2017	-	1,000,000	-	-	1,000,000	0.41	0.01%
Chen Kin Shing <i>(appointed on 13 April 2017)</i>	28 April 2017	-	1,000,000	-	-	1,000,000	0.41	0.01%
Wang Haisheng <i>(resigned on 13 April 2017)</i>	8 October 2014	1,000,000	-	(1,000,000)	-	-	1.10	NA
Lu Hongda <i>(resigned on 24 January 2017)</i>	11 November 2014	1,000,000	-	(1,000,000)	-	-	1.16	NA
		92,000,000	187,680,000	(71,000,000)	-	208,680,000	-	1.31%
Other employees and consultants of the Group	8 October 2014	380,700,000	-	(141,700,000)	-	239,000,000	1.10	1.50%
	3 April 2017	-	199,000,000	-	-	199,000,000	0.30	1.25%
	28 April 2017	-	343,670,000	-	-	343,670,000	0.41	2.15%
Total		472,700,000	730,350,000	(212,700,000)	-	990,350,000	-	6.21%

Note:

The percentage represents the number of underlying shares interested divided by the enlarged issue share capital of the Company as at 30 June 2017, assuming all the outstanding share options are exercised.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

The period within which the Granted Options could be exercised under the Share Option Scheme:

Exercise period	Number of options exercisable
From 1 st anniversary of the date of grant to 2 nd anniversary of the date of grant	Up to 25% of the total number of Granted Options
From 2 nd anniversary of the date of grant to 3 rd anniversary of the date of grant	Up to 25% of the total number of Granted Options
From 3 rd anniversary of the date of grant to 4 th anniversary of the date of grant	Up to 25% of the total number of Granted Options
From 4 th anniversary of the date of grant to 5 th anniversary of the date of grant	Up to 25% of the total number of Granted Options

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. Details of the grant of share options on 3 April 2017 and 28 April 2017 are set out in the announcements of the Company dated 3 April 2017 and 28 April 2017, respectively.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DISCLOSURE OF OTHER INFORMATION *(continued)*

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests or short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

Interests in underlying shares of the Company

Name of Directors	Nature of interests	Date of share options granted	Number of share options outstanding as at 30 June 2017	Approximate percentage of shareholding upon fully exercise of share options*
<i>Executive Directors</i>				
Zeng Jianhua (Chairman) (appointed on 6 March 2017)	Beneficial owner	3 April 2017	100,000,000	0.62%
	Beneficial owner	28 April 2017	5,670,000	0.04%
Jin Yanbing (appointed on 13 April 2017)	Beneficial owner	3 April 2017	16,000,000	0.10%
	Beneficial owner	28 April 2017	5,670,000	0.04%
Deng Chengli (appointed on 13 April 2017)	Beneficial owner	8 October 2014	21,000,000	0.12%
	Beneficial owner	3 April 2017	25,000,000	0.15%
	Beneficial owner	28 April 2017	5,670,000	0.04%
Hou Yue (appointed on 13 April 2017)	Beneficial owner	3 April 2017	19,000,000	0.11%
	Beneficial owner	28 April 2017	5,670,000	0.04%
<i>Non-executive Directors</i>				
Yuen Kin (appointed on 24 January 2017)	Beneficial owner	28 April 2017	1,000,000	0.01%

DISCLOSURE OF OTHER INFORMATION *(continued)*

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Interests in underlying shares of the Company *(continued)*

Name of Directors	Nature of interests	Date of share options granted	Number of share options outstanding as at 30 June 2017	Approximate percentage of shareholding upon fully exercise of share options*
<i>Independent non-executive Directors</i>				
Miu Hon Kit	Beneficial owner	8 October 2014	1,000,000	0.01%
	Beneficial owner	28 April 2017	1,000,000	0.01%
Wang Fang <i>(appointed on 24 January 2017)</i>	Beneficial owner	28 April 2017	1,000,000	0.01%
Chen Kin Shing <i>(appointed on 13 April 2017)</i>	Beneficial owner	28 April 2017	1,000,000	0.01%
			208,680,000	1.31%

Note: Details of the above share options as required by the Listing Rules have been disclosed in the paragraph headed "Share Option Scheme" in this interim report.

* The percentage represents the number of underlying shares interested divided by the enlarged issue share capital of the Company as at 30 June 2017, assuming all the outstanding share options are exercised.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director, as at 30 June 2017, the following persons, other than a Director or chief executive of the Company, had or deemed or taken to have an interest or short position in the shares or underlying shares of the Company would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of shares or underlying shares held	Percentage of shareholding ⁽³⁾
Poly Longma Asset Management Co., Ltd.* 保利龍馬資產管理有限公司	Deemed interest in controlled corporation ⁽¹⁾	9,286,301,000 (L) 7,631,865,685 (S)	62.06% 51.00%
Shanghai Lianmi Investment Management Co., Ltd.* 上海聯米投資管理有限公司	Deemed interest in controlled corporation ⁽¹⁾	9,286,301,000 (L) 7,631,865,685 (S)	62.06% 51.00%
Forever Bright Consultants Limited	Deemed interest in controlled corporation ⁽¹⁾	9,286,301,000 (L) 7,631,865,685 (S)	62.06% 51.00%
Golden Port Holdings Limited	Deemed interest in controlled corporation ⁽¹⁾	9,286,301,000 (L) 7,631,865,685 (S)	62.06% 51.00%
Pohua JT Capital Partners Limited	Deemed interest in controlled corporation ⁽¹⁾	9,286,301,000 (L) 7,631,865,685 (S)	62.06% 51.00%
Pohua JT Private Equity Fund L.P.	Beneficial owner ⁽¹⁾	9,286,301,000 (L) 7,631,865,685 (S)	62.06% 51.00%
China Cinda Asset Management Co., Ltd.	Deemed interest in controlled corporation ⁽²⁾	7,631,865,685 (L)	51.00%
China Cinda (HK) Holdings Company Limited	Deemed interest in controlled corporation ⁽²⁾	7,631,865,685 (L)	51.00%
China Cinda (HK) Asset Management Co., Limited	Beneficial owner ⁽²⁾	7,631,865,685 (L)	51.00%

DISCLOSURE OF OTHER INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes:

- (1) Pohua JT Capital Partners Limited is the general partner of Pohua JT Private Equity Fund L.P. Pohua JT Capital Partners Limited is owned as to 32% by Golden Port Holdings Limited. Forever Bright Consultants Limited owns 100% equity interest of Golden Port Holdings Limited, which in turn is owned as to 100% by Shanghai Lianmi Investment Management Co., Ltd. Shanghai Lianmi Investment Management Co., Ltd. is 100% owned by Poly Longma Asset Management Co., Ltd. Accordingly, each of Poly Longma Asset Management Co., Ltd., Shanghai Lianmi Investment Management Co., Ltd., Forever Bright Consultants Limited, Golden Port Holdings Limited and Pohua JT Capital Partners Limited is deemed to be interested in a long position of an aggregate of 9,286,301,000 shares and a short position of an aggregate of 7,631,865,685 shares held by Pohua JT Private Equity Fund L.P.
- (2) China Cinda (HK) Asset Management Co., Limited is wholly-owned by China Cinda (HK) Holdings Company Limited which in turn is wholly-owned by China Cinda Asset Management Co., Ltd. Accordingly, each of China Cinda Asset Management Co., Ltd. and China Cinda (HK) Holdings Company Limited is deemed to be interested in an aggregate of 7,631,865,685 shares held by China Cinda (HK) Asset Management Co., Limited.
- (3) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2017 being 14,964,442,519 shares.
- (4) The letter "L" denotes the person's long position in such securities; the letter "S" denotes the person's short position in such securities.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DISCLOSURE OF OTHER INFORMATION *(continued)*

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 interim report.

DISCLOSURE OF OTHER INFORMATION *(continued)*

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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.

DISCLOSURE OF OTHER INFORMATION *(continued)*

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, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related notes thereto for the six months ended 30 June 2017 as set out in this interim report have been reviewed by the Company's independent auditor, BDO Limited, 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 Hong Kong Institute of Certified Public Accountants.

By order of the Board

Kong Sun Holdings Limited

Zeng Jianhua

Chairman

25 August 2017, Hong Kong

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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To the Board of Directors of Kong Sun Holdings Limited

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 76, which comprises the condensed consolidated statement of financial position of Kong Sun Holdings Limited (the “Company”) as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKSRE 2410”). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

OTHER MATTER

The comparative figures for the six months ended 30 June 2016 included in the interim financial information were not reviewed in accordance with HKSRE 2410.

BDO Limited

Certified Public Accountants

Au Yiu Kwan

Practising Certificate Number P05018

Hong Kong, 25 August 2017

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)

	Notes	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (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
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)

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

For the six months ended 30 June 2017

(Expressed in Renminbi unless otherwise stated)

	Note	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
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			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes in available-for-sale investments		7,019	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
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)

The notes on pages 50 to 76 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(Expressed in Renminbi unless otherwise stated)

		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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2017

(Expressed in Renminbi unless otherwise stated)

		At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2017

(Expressed in Renminbi unless otherwise stated)

		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

The notes on pages 50 to 76 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

(Expressed in Renminbi unless otherwise stated)

Equity attributable to the owners of the Company									
		PRC			Equity-settled share-based payment reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Notes	Share capital RMB'000 (Unaudited)	statutory reserve RMB'000 (Unaudited)	Exchange reserve RMB'000 (Unaudited)	Revaluation reserve RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Balance at 1 January 2016	3,608,604	9,563	(37,123)	-	76,965	(255,812)	3,402,197	-	3,402,197
Loss for the period	-	-	-	-	-	(124,393)	(124,393)	-	(124,393)
Other comprehensive income, net of tax	-	-	(12,955)	-	-	-	(12,955)	-	(12,955)
Total comprehensive income, net of tax	-	-	(12,955)	-	-	(124,393)	(137,348)	-	(137,348)
Subscription of new shares	20	2,877,984	-	-	-	-	2,877,984	-	2,877,984
Equity-settled share-based transactions	-	-	-	-	18,508	-	18,508	-	18,508
Appropriation to PRC statutory reserves	-	7,758	-	-	-	(7,758)	-	-	-
Balance at 30 June 2016	6,486,588	17,321	(50,078)	-	95,473	(387,963)	6,161,341	-	6,161,341
Balance at 1 January 2017	6,486,588	29,771	(49,984)	-	113,980	(221,319)	6,359,036	37,603	6,396,639
Profit/(loss) for the period	-	-	-	-	-	63,987	63,987	(315)	63,672
Other comprehensive income, net of tax	-	-	(388)	7,019	-	-	6,631	-	6,631
Total comprehensive income, net of tax	-	-	(388)	7,019	-	63,987	70,618	(315)	70,303
Equity-settled share-based transactions	-	-	-	-	20,373	-	20,373	-	20,373
Appropriation to PRC statutory reserves	-	11,720	-	-	-	(11,720)	-	-	-
Acquisition of interest in a subsidiary	22(a)	-	-	-	-	-	-	84	84
Balance at 30 June 2017	6,486,588	41,491	(50,372)	7,019	134,353	(169,052)	6,450,027	37,372	6,487,399

The notes on pages 50 to 76 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
<i>Notes</i>	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash generated from/(used in) operations	369,399	(231,181)
Tax paid	(14,799)	(15,777)
	<hr/>	<hr/>
Net cash generated from/ (used in) operating activities	354,600	(246,958)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities		
Payment for construction cost in respect of solar power plants	(1,737,433)	(437,095)
Payments for acquisition of associates, net of cash acquired	–	(399,800)
Decrease/(increase) in structured bank deposits, net	1,125,000	(300,000)
Payments for acquisition of subsidiaries, net of cash acquired	22 (22,492)	(13,106)
Proceeds from disposal of subsidiaries, net of cash disposed	21 75,454	184,338
Payment for purchase of available-for-sale investments	(1,021,340)	–
Other cash flows used in investing activities	(50,096)	(6,274)
	<hr/>	<hr/>
Net cash used in investing activities	(1,630,907)	(971,937)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2017

(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
	Notes	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cash flow from financing activities			
Net proceeds from subscription of new shares	20	–	1,601,688
Proceeds from new loans and borrowings		1,656,400	1,240,123
Repayment of loans and borrowings		(356,650)	(983,907)
Net proceeds from issuance of corporate bonds		–	40,924
Interest paid		(190,908)	(162,578)
Other cash flows used in financing activities		(69)	(417)
		1,108,773	1,735,833
Net (decrease)/increase in cash and cash equivalents			
		(167,534)	516,938
Cash and cash equivalents at 1 January			
		631,507	637,994
Effect of foreign exchange rate changes			
		2,467	963
Cash and cash equivalents at 30 June			
		466,440	1,155,895
Cash and cash equivalents as at 1 January, represented by:			
Bank balances and cash		628,127	637,732
Bank balances and cash included in assets classified as held for sale		3,380	262
		631,507	637,994

The notes on pages 50 to 76 form part of this interim report.

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 the 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 AND SEGMENT INFORMATION

(a) 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).

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment information

(i) Business segments

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2017 and 2016 is set out below.

	Six months ended 30 June 2017			
	Solar	Sales of	Properties	Total
	power plants	life-like plants	investment	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue from external customers	527,205	1,781	16	529,002
Inter-segment revenue	-	-	-	-
Reportable segment revenue	527,205	1,781	16	529,002
Reportable segment profit/(loss) (adjusted EBITDA)	502,119	(2,666)	99	499,552
At as 30 June 2017				
Reportable segment assets	15,964,232	9,639	955	15,974,826
Reportable segment liabilities	11,032,636	9,180	49	11,041,865

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment information *(continued)*

(i) Business segments *(continued)*

	Six months ended 30 June 2016			Total RMB'000 (Unaudited)
	Solar power plants RMB'000 (Unaudited)	Sales of life-like plants RMB'000 (Unaudited)	Properties investment RMB'000 (Unaudited)	
Revenue from external customers	205,576	1,845	732	208,153
Inter-segment revenue	-	-	-	-
Reportable segment revenue	205,576	1,845	732	208,153
Reportable segment profit/(loss) (adjusted EBITDA)	194,717	(1,721)	1,421	194,417
At as 31 December 2016 (Audited)				
Reportable segment assets	11,977,371	11,056	48,809	12,037,236
Reportable segment liabilities	8,238,629	9,599	416	8,248,644

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment information *(continued)*

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	529,002	208,153
Elimination of inter-segment revenue	-	-
Consolidated revenue	529,002	208,153
Profit/(Loss)		
Reportable segment profit	499,552	194,417
Other gains and losses	31,142	19,804
Fair value loss arising from financial assets held for trading	(34,739)	-
Depreciation and amortisation	(164,669)	(81,670)
Gain/(loss) on disposal/deregistration of subsidiaries	11,002	(867)
Gain on bargain purchase on acquisitions of subsidiaries	21,880	-
Share of profit of a joint venture	9,553	4,251
Share of loss of associates	-	(20,672)
Finance costs	(173,823)	(159,935)
Equity-settled share-based payment expenses	(20,373)	(18,508)
Unallocated corporate expenses <i>(note (a))</i>	(114,184)	(59,729)
Consolidated profit/(loss) before income tax	65,341	(122,909)

3. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(ii) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities (continued)

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Assets		
Reportable segment assets	15,974,826	12,037,236
Elimination of inter-segment receivables	–	–
Interest in a joint venture	304,955	295,402
Available-for-sale investments	1,381,089	352,730
Financial assets held for trading	200,087	236,629
Structured bank deposits	–	1,125,000
Unallocated corporate assets (note (b))	338,199	1,426,632
	18,199,156	15,473,629
Liabilities		
Reportable segment liabilities	11,041,865	8,248,644
Elimination of inter-segment payables	–	–
Corporate bonds	394,671	400,067
Deferred tax liabilities	1,232	1,270
Unallocated corporate liabilities (note (c))	273,989	427,009
	11,711,757	9,076,990

Notes:

- (a) Unallocated corporate expenses mainly included unallocated staff costs, unallocated legal and professional fees, unallocated office expenses and unallocated rental expenses.
- (b) Unallocated corporate assets mainly included unallocated cash and cash equivalents and unallocated trade and other receivables.
- (c) Unallocated corporate liabilities mainly included unallocated trade and other payables.

(iii) Geographic information

As the group does not have material operation outside the People's Republic of China (the "PRC"), no geographic segment information is presented.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
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 RMB'000 (Unaudited)	2016 RMB'000 (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

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

(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 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 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Unlisted partnership investments (note (a))	300,000	300,000
Unlisted equity investments, at cost (note (b))	223,089	52,730
Unlisted equity investments, 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.

12. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes: (continued)

- (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 policies 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 professional 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 RMB'000 (Unaudited)	At December 2016 RMB'000 (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

14. TRADE, BILLS AND OTHER RECEIVABLES (continued)

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

17. TRADE AND OTHER PAYABLES (continued)

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

18. LOANS AND BORROWINGS (continued)

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 RMB260,433,000) were classified as current liabilities and non-current liabilities, respectively.

20. SHARE CAPITAL

	2017		2016	
	Number of shares '000	RMB'000 (Unaudited)	Number of shares '000	RMB'000 (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

- (a) 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 (iii))	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.*) ("Jiangshan 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.

21. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES (continued)

(a) (continued)

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)
	<hr/>
	68,407
Gain on disposal/deregistration of subsidiaries	11,002
	<hr/>
Total cash consideration	79,409
	<hr/>

An analysis of net inflow of cash and cash equivalents in respect of disposal and deregistration of these subsidiaries are as follows:

	RMB'000 (Unaudited)
Net cash inflow arising from disposal and deregistration of subsidiaries:	
Cash consideration received	79,409
Cash and cash equivalents disposed of	(3,955)
	<hr/>
	75,454
	<hr/>

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.

22. ACQUISITION OF SUBSIDIARIES (continued)

(a) Business combinations (continued)

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

	Carrying amount RMB'000 (Unaudited)	Fair value adjustments RMB'000 (Unaudited)	Fair value RMB'000 (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

An analysis of net outflow of cash and cash equivalents in respect of business combinations are as follows:

	RMB'000 (Unaudited)
Net cash outflow arising from business combinations:	
Net cash outflow arising on:	
Purchase consideration settled in cash	64,733
Cash and cash equivalents acquired	(41,668)
	23,065

22. ACQUISITION OF SUBSIDIARIES *(continued)*

(a) **Business combinations** *(continued)*

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.

22. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of assets (continued)

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
Total cash consideration	1

An analysis of net inflow of cash and cash equivalents in respect of acquisition of assets are as follows:

	RMB'000 (Unaudited)
Net cash inflow arising from acquisition of assets:	
Purchase consideration settled in cash	1
Less: cash and cash equivalents acquired	(574)
	(573)

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

23. CAPITAL COMMITMENTS

At 30 June 2017, the Group had outstanding capital commitments as follows:

	At 30 June 2017 RMB'000 (Unaudited)	At 31 December 2016 RMB'000 (Audited)
Contracted for but not provided for in respect of – the construction costs and service expense for solar power plants under development	951,850	2,798,653

24. MATERIAL RELATED PARTY TRANSACTION

During the six months ended 30 June 2016, the Group had an interest expense amounting to approximately RMB12,025,000 payable to the Company's ultimate holding company.

25. FAIR VALUE MEASUREMENT

The Group followed HKFRS 7 Financial Instruments: Disclosures which introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. FAIR VALUE MEASUREMENT *(continued)*

Fair value measurements recognised in the condensed consolidated statement of financial position

Certain available-for-sale investments and financial assets held for trading are measured subsequently to initial recognition at fair value, grouped into Level 3 and Level 1 respectively based on the degree to which the fair value is observable. The fair value of the available-for-sale investment in Jinzhou Bank (notes 12(c) and 12(d)) in Level 3 is derived from the weighted average of its profits and book value, adjusted by the price-to-earnings ratio and price-to-book ratio of similar commercial bank comparables publicly traded in the PRC.

Significant unobservable inputs

Discount for lack of marketability 20%

If the discount for lack of marketability is 1% higher or lower, while all the other variables were held constant, the fair value of the available-for-sale investment in Jinzhou Bank would decrease/increase by approximately RMB10,700,000

The Group's financial assets classified in Level 3 adopted valuation techniques based on unobservable input that is significant to the fair value measurement. The movement of financial instruments within this level is as follow:

	RMB'000 (Unaudited)
<i>Unlisted financial assets measured at fair value through other comprehensive income</i>	
At 1 January 2017	–
Purchase of available-for-sale investment during the period	850,981
Fair value changes recognised in other comprehensive income during the period	7,019
	<hr/>
At 30 June 2017	858,000
	<hr/>

There were no transfers between Level 1 and Level 2, or transfers into or out of level 3 during the six months ended 30 June 2017.

As at 30 June 2017, the available-for-sale investment and financial assets held for trading measured at fair value amounted to approximately RMB858,000,000 (31 December 2016: Nil) and RMB200,087,000 (31 December 2016: RMB236,629,000), respectively.

26. 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 interim report.

* For identification purposes only