江山控股
KongSun Holdings

Kong Sun Holdings Limited
Stock Code : 295

2018
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zeng Jianhua *(Chairman)*
Mr. Hou Yue
Mr. Deng Chengli
Mr. Jin Yanbing

NON-EXECUTIVE DIRECTORS

Mr. Wu Tak Kong
Mr. Wang Ke

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Miu Hon Kit
Ms. Wang Fang
Mr. Chen Kin Shing

AUDIT COMMITTEE

Mr. Miu Hon Kit *(Chairman)*
Ms. Wang Fang
Mr. Chen Kin Shing

NOMINATION COMMITTEE

Mr. Chen Kin Shing *(Chairman)*
Mr. Miu Hon Kit
Ms. Wang Fang
Mr. Zeng Jianhua
(appointed on 18 April 2018)

REMUNERATION COMMITTEE

Ms. Wang Fang *(Chairman)*
Mr. Miu Hon Kit
Mr. Chen Kin Shing
Mr. Zeng Jianhua
(appointed on 18 April 2018)

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 SECRETARY	Mr. Wong Ying Kit
AUTHORISED REPRESENTATIVES	Mr. Jin Yanbing Mr. Wong Ying Kit
AUDITOR	BDO Limited
LEGAL ADVISOR AS TO HONG KONG LAWS	Sidley Austin
STOCK CODE	295
CONTACT INFORMATION	Tel : +852 3188 8851 Fax : +852 3186 2916 Website : www.kongsun.com
INVESTOR RELATIONS	Email : kongsun@wsfg.hk

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 2018.

During the first half of 2018, the Chinese government upheld the concept of green development and attached great importance to the development of energy transformation, and firmly supported the sustainable and healthy development of the solar power generation industry. The central and local governments continued to implement a series of supportive policies to pave the way for the sustainable development of the solar power generation industry from different aspects such as benchmark on-grid tariffs, power market transaction, expansion of grid consumption capacity, renewable energy quota system, green power certification mechanism and reduction of enterprise burden.

In order to promote the healthy and orderly development of the solar power generation industry and reduce the reliance on government subsidies, the National Development and Reform Commission, the Ministry of Finance and the National Energy Administration jointly issued the "Notice on matters relevant to photovoltaic power generation in 2018* (關於2018年光伏發電有關事項的通知)" on 31 May 2018, which changes the focus of industry development from scale expansion to enhancement of quality and efficiency, so as to accelerate the development of grid parity. The Group's own well-established quality solar power plant assets that are already grid-connected further make its market value stand out. In addition, in June 2018, the Ministry of Finance issued the "Seventh Batch of the Renewable Energy Tariff Subsidies Catalogue* (第七批可再生能源電價附加資金補助目錄)", in which 19 solar power plants owned by the Group with an aggregate installed capacity of approximately 658 megawatts ("MW") have been registered, contributing to the improvement of the Group's liquidity.

In the first half of 2018, with the aid of its solid financial conditions and pragmatic business strategies, the Group capitalised on market opportunities and actively expanded the businesses, reaping fruitful results. As at 30 June 2018, the total installed capacity of the Group was 1,819.3 MW and its total power generation capacity recorded approximately 1,091,244 megawatt-hour ("MWh"), representing a significantly surge of over 66% as compared to the corresponding period last year, which further promoted the leading position of the Group in the solar power generation industry in China. In the first half of 2018, the Group recorded revenue of approximately RMB852,890,000, representing an increase of approximately 59.5% as compared to the corresponding period last year, and gross profit of approximately RMB566,000,000, representing an increase of approximately 61.1% as compared to the corresponding period last year.

Currently, the Group has 48 grid-connected solar power plants in Shaanxi, Xinjiang, Gansu, Anhui, Zhejiang, Hebei, Jiangxi, Shandong, Inner Mongolia, Hubei, Henan, Shanxi and Jiangsu. Meanwhile, the Group has also commenced the technology-based financial business involving internet microfinance, finance leases, commercial factoring and private fund management, etc.

In the future, by focusing on clean energy and technology-based financing and with regard to solar power generation business, the Group will speed up its transformation to asset-light business and step up its efforts in developing technology-based financial business. Riding on integration of industry and finance as well as enhancement of business operational efficiency, the Group strives to promote the development of green and low-carbon energy in China and contribute to environmental protection.

Finally, I would like to take this opportunity to express my gratitude to our shareholders, customers and suppliers for their support and trust; and to all of our Directors, the management team and staff 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

24 August 2018, Hong Kong

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Revenue	**852,890**	534,696
Gross profit	**566,000**	351,248
Profit for the period	**14,970**	63,672
Earnings per share attributable to owners of the Company for the period		
— Basic (RMB cents)	**0.10**	0.43
— Diluted (RMB cents)	**0.10**	0.43

	At 30 June 2018	At 31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Total non-current assets	**15,515,969**	15,565,330
Total current assets	**4,517,398**	4,444,762
Total assets	**20,033,367**	20,010,092
Total non-current liabilities	**9,088,536**	8,788,538
Total current liabilities	**4,409,141**	4,675,063
Total liabilities	**13,497,677**	13,463,601
NET ASSETS	**6,535,690**	6,546,491

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, provision of financial services and asset management.

SOLAR POWER PLANTS BUSINESS

During the six months ended 30 June 2018, 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 2018, the Group had a total of 1,819.3 MW completed solar power plants as follows:

Completed solar power plants

PRC Province	Number of solar power plants as at 30 June 2018	Capacity of solar power plants
Xinjiang	11	240.0 MW
Gansu	7	238.5 MW
Shaanxi	8	610.0 MW
Inner Mongolia	2	40.0 MW
Shanxi	1	20.0 MW
Hebei	4	101.0 MW
Henan	2	120.0 MW
Shandong	2	40.0 MW
Anhui	5	160.0 MW
Jiangsu	1	20.0 MW
Zhejiang	2	119.8 MW
Jiangxi	2	80.0 MW
Hubei	1	30.0 MW
Total	**48**	**1,819.3 MW**

Note: As at 30 June 2018, except for a 20 MW solar power plants located in Xinjiang, which is 95% owned by the Group, all other solar power plants above are wholly-owned by the Group.

SOLAR POWER PLANTS BUSINESS *(continued)*

As at 30 June 2018, the Group had the following wholly-owned ground-mounted solar power plants under construction:

Solar power plants under construction

PRC Province	Number of solar power plants as at 30 June 2018	Capacity of solar power plants
Shandong	1	50.0 MW
Anhui	1	20.0 MW
Qinghai	1	20.0 MW
Total	**3**	**90.0 MW**

PROVISION OF FINANCIAL SERVICES

The total revenue arising from the provision of financial services decreased by approximately 7.9% from approximately RMB5,694,000 for the six months ended 30 June 2017 to approximately RMB5,246,000 for the six months ended 30 June 2018.

SECURITIES INVESTMENT

As at 30 June 2018, the Group managed a portfolio of investments in capital market with fair value of approximately RMB61,291,000 (31 December 2017: RMB200,281,000). The portfolio of investments managed by the Group consists of investment in one listed equity in Hong Kong (31 December 2017: two listed equities in Hong Kong and in the PRC). The Group will remain watchful on market developments and will continue to be prudent in managing its investment with a continuing focus on improving overall assets quality. For the six months ended 30 June 2018, the Group had recorded a net unrealised loss on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB10,539,000 (six months ended 30 June 2017: RMB34,739,000). During the six months ended 30 June 2018, the Group disposed of all of its listed equity investment in the PRC at a cash consideration of approximately RMB75,062,000 and resulting in a net realised loss on disposal on financial assets measured at fair value through profit or loss amounted to approximately RMB53,613,000. For further details, please refer to the paragraph headed "Results of Operations — Financial Assets Measured at Fair Value through Profit or Loss" in this interim report.

RESULTS OF OPERATIONS

Revenue

The revenue of the Group increased by approximately 59.5% from approximately RMB534,696,000 for the six months ended 30 June 2017 to approximately RMB852,890,000 for the six months ended 30 June 2018. The increase was primarily due to the increase in revenue from sales of electricity.

Revenue from Sales of Electricity and Provision of Solar Power Plant Operation and Maintenance Services

The Group's revenue from sales of electricity increased significantly by approximately 60.8% from approximately RMB526,258,000 for the six months ended 30 June 2017 to approximately RMB846,251,000 for the six months ended 30 June 2018. As at 30 June 2018 and 31 December 2017, the Group had a total of 1,819.3 MW installed capacity of solar power plants.

The Group's revenue from provision of solar power plant operation and maintenance services increased by approximately 14.3% from approximately RMB947,000 for the six months ended 30 June 2017 to approximately RMB1,082,000 for the six months ended 30 June 2018.

RESULTS OF OPERATIONS *(continued)*

Revenue from Provision of Financial Services

The Group's revenue arising from the provision of financial services decreased by approximately 7.9% from approximately RMB5,694,000 for the six months ended 30 June 2017 to approximately RMB5,246,000 for the six months ended 30 June 2018.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased significantly by approximately 61.1% from approximately RMB351,248,000 for the six months ended 30 June 2017 to approximately RMB566,000,000 for the six months ended 30 June 2018. The gross profit margin of the Group increased slightly from approximately 65.7% for the six months ended 30 June 2017 to approximately 66.4% for the six months ended 30 June 2018.

Other Gains and Losses

Other losses of the Group increased by approximately 64.6% from approximately RMB6,097,000 for the six months ended 30 June 2017 to approximately RMB10,034,000 for the six months ended 30 June 2018. The increase was mainly due to (i) the net realised loss on disposal on financial assets measured at fair value through profit or loss amounted to approximately RMB53,613,000 as a result of the disposal of the listed equity investment in the PRC during the six months ended 30 June 2018; and (ii) the decrease in interest income amounted to approximately RMB23,355,000 as a result of decrease in bank deposits. The increase in other losses of the Group is partially netted off by (i) the increase in dividend income amounted to approximately RMB21,961,000; and (ii) the decrease in net unrealised loss on fair value changes on financial assets measured at fair value through profit or loss amounted to approximately RMB24,200,000.

RESULTS OF OPERATIONS *(continued)*

Administrative Expenses

Administrative expenses of the Group increased by approximately 35.7% from approximately RMB148,422,000 for the six months ended 30 June 2017 to approximately RMB201,401,000 for the six months ended 30 June 2018. The increase was mainly attributable to (i) an increase in employee benefit expenses (including directors' emoluments) amounted to approximately RMB34,043,000 as a result of salary increment of top management with effect from 1 January 2018 and the increase in number of head count of top management of the Group during the six months ended 30 June 2018; and (ii) an increase in office rental expenses amounted to approximately RMB19,344,000.

Loss/Gain on Disposal/Deregistration of Subsidiaries, Net

During the six months ended 30 June 2018, the Group disposed/deregistered of certain subsidiaries and recorded net losses on disposal/deregistration of subsidiaries of approximately RMB9,589,000 (six months ended 30 June 2017: net gains on disposal/deregistration of subsidiaries of approximately RMB11,002,000). For details, please refer to note 21 to the "Notes to the Condensed Consolidated Interim Financial Statements" in this interim report.

Finance Costs

Finance costs of the Group increased significantly by approximately 93.2% from approximately RMB173,823,000 for the six months ended 30 June 2017 to approximately RMB335,809,000 for the six months ended 30 June 2018. Due to the increase in total installed capacity of solar power plants held by the Group as compared to the corresponding period last year, the finance costs related to the borrowings of the respective solar power plants also increased.

RESULTS OF OPERATIONS *(continued)*

Solar Power Plants

As at 30 June 2018, the Group had a net carrying value of approximately RMB11,971,092,000 (31 December 2017: RMB11,634,405,000) and approximately RMB1,010,248,000 (31 December 2017: RMB1,572,080,000) in completed solar power plants and solar power plants under construction, respectively. During the six months ended 30 June 2018, 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 2018 and 31 December 2017, the Group had a total of 1,819.3 MW installed capacity of completed solar power plants.

Interest in a Joint Venture

As at 30 June 2018, the net carrying value of the joint venture was approximately RMB331,329,000 (31 December 2017: RMB321,421,000).

Goodwill

As at 30 June 2018 and 31 December 2017, the Group had a total amount of approximately RMB148,451,000 in respect of goodwill on the previous acquisitions of subsidiaries.

RESULTS OF OPERATIONS *(continued)*

Financial Assets Measured at Fair Value through Other Comprehensive Income/Available-For-Sale Investments

Financial assets measured at fair value through other comprehensive income/available-for-sale investments increased by approximately 10.9% from approximately RMB1,576,206,000 as at 31 December 2017 to approximately RMB1,748,440,000 as at 30 June 2018. The increase is mainly due to (i) the additional capital contribution paid in 台州久安股權投資合夥企業（有限合夥）(Taizhou Jiuan Equity Investment Partnership (Limited Partnership)*) amounted to RMB100,000,000; and (ii) the additional capital contribution paid in 霍爾果斯鑫和優美股權投資合夥企業（有限合夥）(Huoerguosi Xinheyoumei Equity Investment Limited Partnership*) amounted to RMB106,000,000. The investments are held for long-term investment purpose and hence are classified as financial assets measured at fair value through other comprehensive income in the condensed consolidated statement of financial position. For details, please refer to note 13 to the "Notes to the Condensed Consolidated Interim Financial Statements" in this interim report.

Financial Assets Measured at Fair Value through Profit or Loss/ Financial Assets Held for Trading

As at 30 June 2018, the Group had financial assets measured at fair value through profit or loss/financial assets held for trading with market value of approximately RMB61,291,000 (31 December 2017: RMB200,281,000), representing approximately 0.3% (31 December 2017: 1.0%) of the total assets of the Group as at 30 June 2018. The portfolio of investments managed by the Group consists of investment in one listed equity in Hong Kong (31 December 2017: two listed equities in Hong Kong and in the PRC). The Group held approximately 1.3% shareholding in the equity listed in Hong Kong as at 30 June 2018. During the six months ended 30 June 2018, the Group had recorded a net unrealised loss on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB10,539,000 (six months ended 30 June 2017: RMB34,739,000). During the six months ended 30 June 2018, the Group disposed of all of its listed equity investment in the PRC at a cash consideration of approximately RMB75,062,000 and resulting in a net realised loss on disposal on financial assets measured at fair value through profit or loss amounted to approximately RMB53,613,000.

RESULTS OF OPERATIONS *(continued)*

Trade, Bills and Other Receivables

Trade, bills and other receivables increased by approximately 10.8% from approximately RMB3,797,732,000 as at 31 December 2017 to approximately RMB4,208,887,000 as at 30 June 2018. The increase was mainly due to an increase in trade and bills receivables by approximately 28.8% from approximately RMB1,949,115,000 as at 31 December 2017 to approximately RMB2,509,880,000 as at 30 June 2018 which arose from the increase in sales of electricity.

Trade and Other Payables

Trade and other payables decreased by approximately 11.3% from approximately RMB3,733,808,000 as at 31 December 2017 to approximately RMB3,312,189,000 as at 30 June 2018. The balance mainly comprised payables to suppliers of solar modules and equipment and Engineering Procurement Construction ("EPC") contractors for purchase of solar modules and equipment and construction costs of solar power plants. Due to settlement of construction costs after the completion of substantial solar power plants construction work during the six months ended 30 June 2018, trade payables, which was mainly related to construction costs of solar power plants, have decreased by approximately 10.1% from approximately RMB3,345,134,000 as at 31 December 2017 to approximately RMB3,007,897,000 as at 30 June 2018.

RESULTS OF OPERATIONS *(continued)*

Liquidity and Capital Resources

As at 30 June 2018, cash and cash equivalents of the Group was approximately RMB245,866,000 (31 December 2017: RMB445,638,000), which included an amount of bank balances of approximately RMB212,043,000 (31 December 2017: RMB426,486,000) denominated in RMB 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 2018, the Group's net debt ratio, which was calculated by the total loans and other borrowings and corporate bonds minus total cash and cash equivalents, over total equity, was approximately 1.52 (31 December 2017: 1.42).

Capital Expenditure

During the six months ended 30 June 2018, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB2,619,000 (six months ended 30 June 2017: RMB6,149,000) and approximately RMB18,468,000 (six months ended 30 June 2017: RMB2,713,853,000), respectively.

RESULTS OF OPERATIONS *(continued)*

Loans and Borrowings

As at 30 June 2018, the Group's total loans and borrowings was approximately RMB9,833,345,000, representing an increase of approximately 5.3% as compared to approximately RMB9,339,938,000 as at 31 December 2017. All loans and borrowings of the Group, except for an equivalent amount of approximately RMB8,431,000 (31 December 2017: RMB8,359,000) which were denominated in Hong Kong dollar, were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 30 June 2018, loans and borrowings of approximately RMB4,155,000,000 (31 December 2017: RMB3,652,000,000) and approximately RMB5,678,345,000 (31 December 2017: RMB5,687,938,000) bear fixed interest rate and floating interest rate, respectively.

As at 30 June 2018, out of the total borrowings, approximately RMB832,876,000 (31 December 2017: RMB595,471,000) was repayable within one year and approximately RMB9,000,469,000 (31 December 2017: RMB8,744,467,000) was repayable after one year. For details, please refer to note 18 to the "Notes to the Condensed Consolidated Interim Financial Statements" of this interim report.

Corporate Bonds

As at 31 December 2017, 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 (the "Corporate Bonds due 2018") and HK$53,500,000 (equivalent to approximately RMB47,856,000) in aggregate principal amount due in 2019 (the "Corporate Bonds due 2019") remained outstanding with certain independent third parties.

During the six months ended 30 June 2018, the Group issued Hong Kong dollar-denominated corporate bonds with an aggregate principal amount of HK$115,500,000 (equivalent to approximately RMB97,378,000) due in 2021 (the "Corporate Bonds due 2021") to certain independent third parties. Further details of the principal terms of the Corporate Bonds due 2021 are set out in the announcement of the Company dated 4 May 2018.

RESULTS OF OPERATIONS *(continued)*

Corporate Bonds *(continued)*

During the six months ended 30 June 2018, the Company has repaid HK$161,000,000 (equivalent to approximately RMB135,739,000) in aggregate principal amount of the Corporate Bonds due 2018.

The Corporate Bonds due 2018, the Corporate Bonds due 2019 and the Corporate Bonds due 2021 (collectively, the "Corporate Bonds") bear interest rates of 6% per annum, and will mature on the date immediately following 36 months after the issuance of the Corporate Bonds.

The Corporate Bonds due 2018, the Corporate Bonds due 2019 and the Corporate Bonds due 2021 are measured at amortised cost using effective interest method by applying effective interest rates of 10.24%, 10.24% and 10.46% per annum, respectively. Imputed interest of approximately HK$23,383,000 (equivalent to approximately RMB19,007,000) (six months ended 30 June 2017: HK$21,707,000 (equivalent to approximately RMB19,183,000)) in respect of the Corporate Bonds was recognised in profit or loss during the six months ended 30 June 2018.

Foreign Exchange Rate Risk

The Group primarily operates its business in the PRC and during the six months ended 30 June 2018, 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.

RESULTS OF OPERATIONS *(continued)*

Charge on Assets

As at 30 June 2018, the Group had charged solar power plants, trade receivables, property, plant and equipment, lease prepayments and unlisted equity investments with net book value of approximately RMB7,905,381,000 (31 December 2017: RMB7,455,097,000), approximately RMB1,134,176,000 (31 December 2017: RMB921,851,000), approximately RMB466,000 (31 December 2017: approximately RMB688,000), approximately RMB797,000 (31 December 2017: RMB821,000) and approximately RMB861,574,000 (31 December 2017: RMB830,269,000), respectively, to secure bank loans and other loans facilities granted to the Group.

Save as disclosed above and in note 18 to the "Notes to the Condensed Consolidated Interim Financial Statements" of this interim report, during the six months ended 30 June 2018, the Group has no other charges on assets.

Contingent Liabilities

The Group acquired equity interests of certain subsidiaries principally engaged in the development of solar power plant projects and the applications for the development of these solar power plant 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 the solar power plant projects from transferring the equity interests of solar power plant projects before such solar power plants were connected to the power grid. 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 possibility for these subsidiaries to be fined or to face other adverse consequences imposed by the relevant government authorities is remote. Accordingly, the Directors consider there is no significant impact on the Group's control over these subsidiaries and the development of these solar power plants.

RESULTS OF OPERATIONS *(continued)*

Contingent Liabilities *(continued)*

The Group executes a guarantee with respect to a loan of approximately RMB115,889,000 (31 December 2017: RMB138,211,000) granted by independent third parties to 江山寶源國際融資租賃有限公司 (Kong Sun Baoyuan International Financial Leasing Limited*) ("Kong Sun Baoyuan") as at 30 June 2018, under which the Group is liable to pay the proportionate share if the independent third parties are unable to recover the loan from Kong Sun Baoyuan. As at the reporting date, no provision for the Group's proportionate obligation under the guarantee contracts has been made as the Directors consider that it is not probable that the repayment of the loan will be in default.

Save as disclosed above, during the six months ended 30 June 2018, the Group has no other significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2018, the Group had approximately 864 employees (31 December 2017: 829) in Hong Kong and in the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2018, the total employee benefit expenses (including directors' emoluments) were approximately RMB136,226,000 (six months ended 30 June 2017: RMB95,732,000). For details, please refer to note 6(a) to the "Notes to the Condensed Consolidated Interim Financial Statements" of this interim report. 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.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this interim report, the Group did not have any other significant investments, other material acquisition or disposal during the six months ended 30 June 2018, 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, many countries in the world have stepped up its efforts in the development and utilisation of renewable energy, resulting in a significant growth in global solar power generation market. In 2017, the newly installed capacity in China exceeded half of that in global solar power generation market, which dominated the demand in global solar power generation market. In the first half of 2018, the newly installed capacity of solar power generation in China reached 24.306 gigawatt, maintaining at a level approximate to the corresponding period last year, while solar curtailment rates decreased by 3.2 percentage points to 3.6% as compared to the corresponding period last year.

On 31 May 2018, the National Development and Reform Commission, the Ministry of Finance and the National Energy Administration jointly issued the "Notice on matters relevant to photovoltaic power generation in 2018* (關於2018年光伏發電有關事項的通知)" to promote healthy and substantial industry development. It is expected that the policy will have an impact on the market size in China in short term, and the well-established quality solar power plant assets that are already grid-connected will become more valuable. In the long run, the policy is aimed at enhancing quality and efficiency in the solar power generation industry in China and accelerating the development of grid parity, so as to create stronger international competitiveness of the solar power generation industry in China. It is expected that China will continue to take the lead in the development of the global solar power generation industry.

Looking forward, grasping the golden opportunities of the solar power generation industry, the Group will continue to facilitate its strategies on the investment and operation of solar power plants, optimise power asset allocation, actively participate in market for power trading and strive to increase revenue from power generation. It will also actively promote the technology-based financial business through integration of industry and finance, so as to increase return on assets and further strengthen overall competitiveness and influence of the Group in the industry for promoting and consolidating its position as a leading enterprise in the solar power generation industry in the PRC.

* *For identification purpose only*

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 of the Company 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.

(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.

SHARE OPTION SCHEME *(continued)*

(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.

(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 a 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.

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 authorised 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.

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.

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 2018:

		Number of share options							
Grantee(s)	**Date of grant**	**As at 1 January 2018**	**Granted during the period**	**Cancelled during the period**	**Lapsed during the period**	**Exercised during the period**	**As at 30 June 2018**	**Exercise Price** HK$	**Approximate % of shareholding upon fully exercise of share options** *(Note (ii))*
Executive Directors									
Zeng Jianhua	3 April 2017	100,000,000	–	–	–	–	100,000,000	0.30	0.62%
(Chairman)	28 April 2017	5,670,000	–	–	–	–	5,670,000	0.41	0.04%
Hou Yue	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%
Deng Chengli	8 October 2014	21,000,000	–	–	–	–	21,000,000	1.10	0.13%
	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%
Jin Yanbing	3 April 2017	16,000,000	–	–	–	–	16,000,000	0.30	0.10%
	28 April 2017	5,670,000	–	–	–	–	5,670,000	0.41	0.04%
Independent non-executive Directors									
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	28 April 2017	1,000,000	–	–	–	–	1,000,000	0.41	0.01%
Chen Kin Shing	28 April 2017	1,000,000	–	–	–	–	1,000,000	0.41	0.01%
		207,680,000	–	–	–	–	207,680,000		1.31%
Other employees and consultants of the Group	8 October 2014	230,800,000	–	–	(2,200,000)	–	228,600,000	1.10	1.44%
	3 April 2017	199,000,000	–	–	(7,000,000)	–	192,000,000	0.30	1.21%
	28 April 2017	305,170,000	–	–	(18,500,000)	–	286,670,000	0.41	1.80%
Total		942,650,000	–	–	(27,700,000)	–	914,950,000		5.76%

SHARE OPTION SCHEME *(continued)*

Notes:

(i) The closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet immediately before the date on which the outstanding options were granted were as follows:

Date of grant	Trading day immediately before the date of grant	Closing price per share immediately before the date of grant HK$
8 October 2014	7 October 2014	1.130
3 April 2017	31 March 2017	0.285
28 April 2017	27 April 2017	0.345

(ii) The percentage represents the number of underlying shares interested divided by the enlarged issue share capital of the Company as at 30 June 2018, assuming all the outstanding share options are exercised.

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

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.

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

As at 30 June 2018, 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) (the "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(s)	Nature of interest	Date of share options granted	Number of share options outstanding as at 30 June 2018	Approximate percentage of shareholding upon fully exercise of share options*
Executive Directors				
Zeng Jianhua *(Chairman)*	Beneficial owner	3 April 2017	100,000,000	0.62%
	Beneficial owner	28 April 2017	5,670,000	0.04%
Hou Yue	Beneficial owner	3 April 2017	19,000,000	0.11%
	Beneficial owner	28 April 2017	5,670,000	0.04%
Deng Chengli	Beneficial owner	8 October 2014	21,000,000	0.13%
	Beneficial owner	3 April 2017	25,000,000	0.15%
	Beneficial owner	28 April 2017	5,670,000	0.04%
Jin Yanbing	Beneficial owner	3 April 2017	16,000,000	0.10%
	Beneficial owner	28 April 2017	5,670,000	0.04%

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(s)	Nature of interest	Date of share options granted	Number of share options outstanding as at 30 June 2018	Approximate percentage of shareholding upon fully exercise of share options*
Independent non-executive Directors				
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	Beneficial owner	28 April 2017	1,000,000	0.01%
Chen Kin Shing	Beneficial owner	28 April 2017	1,000,000	0.01%
			207,680,000	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 2018, assuming all the outstanding share options are exercised.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company or the Stock Exchange under the Model Code.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director, as at 30 June 2018, 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 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:

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%

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 2018 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 2018, 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.

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 2018.

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 are 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.

Code provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The Company does not have a separate chairman and CEO. Mr. Zeng Jianhua currently performs these two roles. The Board believes that vesting the roles of both chairman and CEO has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will review the management structure regularly and consider separating the roles of the chairman and CEO if and when appropriate.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

EVENTS AFTER REPORTING DATE

On 21 August 2018, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners, being independent third parties to the Group, entered into a limited partnership, namely 蘇州君盛晶石股權投資合夥企業(有限合夥) (Suzhou Junsheng Jingshi Equity Investment Partnership (Limited Partnership)*) ("Junsheng Jingshi Limited Partnership") pursuant to the partnership agreement ("Junsheng Jingshi Partnership Agreement") for carrying out investments in high-tech, energy sector and other high growth unlisted enterprises. Pursuant to the Junsheng Jingshi Partnership Agreement, the total capital contribution of Junsheng Jingshi Limited Partnership shall amount to RMB1,000,100,000, in which the Group's capital contribution is approximately 49.995% (equivalent to RMB500,000,000).

Details of the Junsheng Jingshi Limited Partnership is set out in the Company's announcement dated 21 August 2018.

Save as disclosed above, there are no important events affecting the Group which have occurred after 30 June 2018 and up to the date of this interim report.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in 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 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2018, 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 2018 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.

CHANGES OF INFORMATION OF DIRECTORS

Save as disclosed in this interim report, there is no change in Directors' information that is required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2017 of the Company and up to the date of this interim report.

REVIEW OF INTERIM RESULTS BY EXTERNAL AUDITORS

The Group's condensed consolidated statement of financial position, condensed consolidated statement of profit or loss, condensed consolidated statement of 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 2018 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

24 August 2018, Hong Kong

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

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 37 to 86, which comprises the condensed consolidated statement of financial position of Kong Sun Holdings Limited (the "Company") as of 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of 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.

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.

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

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".

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 24 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018
(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
	Notes	**2018** **RMB'000** **(Unaudited)**	2017 RMB'000 (Unaudited) (Re-presented)
Revenue	*3*	**852,890**	534,696
Cost of sales		**(286,890)**	(183,448)
Gross profit		**566,000**	351,248
Other gains and losses	*4*	**(10,034)**	(6,097)
Administrative expenses		**(201,401)**	(148,422)
(Loss)/gain on disposal/deregistration of subsidiaries, net	*21*	**(9,589)**	11,002
Gain on bargain purchase on acquisitions of subsidiaries		**–**	21,880
Finance costs	*5*	**(335,809)**	(173,823)
Share of losses of associates	*12*	**(598)**	–
Share of profit of a joint venture	*11*	**9,908**	9,553
Profit before income tax	*6*	**18,477**	65,341
Income tax expense	*7*	**(3,507)**	(1,669)
Profit for the period		**14,970**	63,672
Profit for the period attributable to:			
Owners of the Company		**14,889**	63,987
Non-controlling interests		**81**	(315)
		14,970	63,672
Earnings per share attributable to owners of the Company for the period	*8*		
Basic (RMB cents)		**0.10**	0.43
Diluted (RMB cents)		**0.10**	0.43

The notes on pages 44 to 86 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
	Note	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Unaudited)
Profit for the period		**14,970**	63,672
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Fair value changes in financial assets measured at fair value through other comprehensive income, net	*13*	**(44,482)**	–
Fair value changes in available-for-sale investment	*13*	**–**	7,019
Exchange differences on translation of financial statements of foreign operations		**(369)**	(388)
Other comprehensive income for the period, net of tax		**(44,851)**	6,631
Total comprehensive income for the period		**(29,881)**	70,303
Total comprehensive income attributable to:			
Owners of the Company		**(29,962)**	70,618
Non-controlling interests		**81**	(315)
		(29,881)	70,303

The notes on pages 44 to 86 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

(Expressed in Renminbi unless otherwise stated)

	Notes	**At 30 June 2018 RMB'000 (Unaudited)**	At 31 December 2017 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**36,001**	37,574
Solar power plants	*10*	**12,981,340**	13,206,485
Interest in a joint venture	*11*	**331,329**	321,421
Interests in associates	*12*	**21,437**	17,035
Investment properties		**–**	920
Goodwill		**148,451**	148,451
Lease prepayments		**248,971**	257,238
Financial assets measured at fair value through other comprehensive income	*13*	**1,748,440**	–
Available-for-sale investments	*13*	**–**	1,576,206
		15,515,969	15,565,330
Current assets			
Financial assets measured at fair value through profit or loss	*14*	**61,291**	–
Financial assets held for trading	*14*	**–**	200,281
Inventories		**1,354**	1,111
Trade, bills and other receivables	*15*	**4,208,887**	3,797,732
Cash and cash equivalents	*16*	**245,866**	445,638
		4,517,398	4,444,762
Current liabilities			
Trade and other payables	*17*	**3,312,189**	3,733,808
Loans and borrowings	*18*	**832,876**	595,471
Obligations under finance leases		**–**	117
Corporate bonds	*19*	**261,418**	343,697
Tax payable		**2,658**	1,970
		4,409,141	4,675,063
Net current assets/(liabilities)		**108,257**	(230,301)
Total assets less current liabilities		**15,624,226**	15,335,029

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2018

(Expressed in Renminbi unless otherwise stated)

	Notes	**At 30 June 2018 RMB'000 (Unaudited)**	At 31 December 2017 RMB'000 (Audited)
Non-current liabilities			
Loans and borrowings	*18*	**9,000,469**	8,744,467
Obligations under finance leases		**–**	103
Corporate bonds	*19*	**86,870**	42,781
Deferred tax liabilities		**1,197**	1,187
		9,088,536	8,788,538
NET ASSETS		**6,535,690**	6,546,491
CAPITAL AND RESERVES			
Share capital	*20*	**6,486,588**	6,486,588
Reserves		**46,035**	21,183
Equity attributable to owners of the Company		**6,532,623**	6,507,771
Non-controlling interests		**3,067**	38,720
TOTAL EQUITY		**6,535,690**	6,546,491

The notes on pages 44 to 86 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

(Expressed in Renminbi unless otherwise stated)

		Equity attributable to the owners of the Company									
	Notes	Share capital RMB'000 (Unaudited)	PRC statutory reserve RMB'000 (Unaudited)	Exchange reserve RMB'000 (Unaudited)	Available-for-sale financial assets reserve RMB'000 (Unaudited)	Fair value through other comprehensive income reserve RMB'000 (Unaudited)	Equity-settled share-based payment reserve RMB'000 (Unaudited)	Accumulated losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
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	*6(a)*	–	–	–	–	–	20,373	–	20,373	–	20,373
Appropriation to PRC statutory reserves		–	11,720	–	–	–	–	(11,720)	–	–	–
Acquisition of interest in a subsidiary		–	–	–	–	–	–	–	–	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
Balance at 31 December 2017 (originally stated)		**6,486,588**	**75,067**	**(46,952)**	**(20,712)**	**-**	**103,831**	**(90,051)**	**6,507,771**	**38,720**	**6,546,491**
Initial application of HKFRS 9	*2*	**-**	**-**	**-**	**20,712**	**35,004**	**-**	**(19,115)**	**36,601**	**-**	**36,601**
Balance at 1 January 2018 (Restated)		**6,486,588**	**75,067**	**(46,952)**	**-**	**35,004**	**103,831**	**(109,166)**	**6,544,372**	**38,720**	**6,583,092**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**14,889**	**14,889**	**81**	**14,970**
Other comprehensive income, net of tax		**-**	**-**	**(369)**	**-**	**(44,482)**	**-**	**-**	**(44,851)**	**-**	**(44,851)**
Total comprehensive income, net of tax		**-**	**-**	**(369)**	**-**	**(44,482)**	**-**	**14,889**	**(29,962)**	**81**	**(29,881)**
Equity-settled share-based transactions	*6(a)*	**-**	**-**	**-**	**-**	**-**	**17,565**	**-**	**17,565**	**-**	**17,565**
Lapse of share options		**-**	**-**	**-**	**-**	**-**	**(2,882)**	**2,882**	**-**	**-**	**-**
Appropriation to PRC statutory reserves		**-**	**7,582**	**-**	**-**	**-**	**-**	**(7,582)**	**-**	**-**	**-**
Acquisition of additional interest in subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**648**	**648**	**(35,734)**	**(35,086)**
Balance at 30 June 2018		**6,486,588**	**82,649**	**(47,321)**	**-**	**(9,478)**	**118,514**	**(98,329)**	**6,532,623**	**3,067**	**6,535,690**

The notes on pages 44 to 86 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018
(Expressed in Renminbi unless otherwise stated)

	Notes	Six months ended 30 June **2018** RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cash flows from operating activities			
Net cash generated from operations		**105,480**	369,399
Tax paid		**(2,951)**	(14,799)
Net cash generated from operating activities		**102,529**	354,600
Cash flows from investing activities			
Payment for construction costs in respect of solar power plants		**(368,723)**	(1,737,433)
Proceeds from disposal of subsidiaries, net of cash disposed	*21*	**364**	75,454
Payment for purchase of financial assets measured at fair value through other comprehensive income		**(206,000)**	(1,021,340)
Receipt from disposal of financial assets measured at fair value through profit or loss	*14*	**75,062**	–
Receipt from disposal of financial assets measured at fair value through other comprehensive income		**45,000**	–
Payment for acquisition of additional interest in subsidiaries		**(35,086)**	–
Decrease in structured bank deposits, net		**–**	1,125,000
Payments for acquisition of subsidiaries, net of cash acquired		**–**	(22,492)
Other cash flows used in investing activities		**(5,979)**	(50,096)
Net cash used in investing activities		**(495,362)**	(1,630,907)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2018

(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flow from financing activities		
Proceeds from new loans and borrowings	**862,000**	1,656,400
Repayment of loans and borrowings	**(368,665)**	(356,650)
Proceeds from issuance of corporate bonds	**96,993**	–
Repayment of corporate bonds	**(135,739)**	–
Interest paid	**(260,632)**	(190,908)
Other cash flows used in financing activities	**(213)**	(69)
Net cash generated from financing activities	**193,744**	1,108,773
Net decrease in cash and cash equivalents	**(199,089)**	(167,534)
Cash and cash equivalents at 1 January	**445,638**	631,507
Effect of foreign exchange rate changes	**(683)**	2,467
Cash and cash equivalents at 30 June	**245,866**	466,440
Cash and cash equivalents as at 1 January, represented by:		
Bank balances and cash	**445,638**	628,127
Bank balances and cash included in assets classified as held for sale	**–**	3,380
	445,638	631,507

The notes on pages 44 to 86 form part of this interim report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 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 24 August 2018.

The financial information relating to the financial year ended 31 December 2017 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 2017 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 2017 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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 2017 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 HKFRSs.

1. BASIS OF PREPARATION *(continued)*

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 in view that the Group had net current assets of approximately RMB108,257,000. 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 as the Board foresees that the Group is able to generate positive cash flows from its operation in the next 12 months. 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 financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss 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 2017 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 2018.

For the six months ended 30 June 2018, the Group have applied for the first time the following new/revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2018:

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

A. HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVTOCI"); or (iii) FVTPL.

The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A. HKFRS 9 Financial Instruments ("HKFRS 9") *(continued)*

(i) Classification and measurement of financial instruments *(continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVTOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A. HKFRS 9 Financial Instruments ("HKFRS 9") *(continued)*

(i) ***Classification and measurement of financial instruments*** *(continued)*

Upon initial application of HKFRS 9, the following accounting policies would be applied to the Group's financial assets as follows:

- FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.

- Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains or losses on derecognition is recognised in profit or loss.

- Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A. HKFRS 9 Financial Instruments ("HKFRS 9") *(continued)*

(i) Classification and measurement of financial instruments *(continued)*

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of the Group's accumulated losses and other reserves as of 1 January 2018 as follows:

	Increase/ (decrease) RMB'000
Accumulated losses	
As at 31 December 2017 (originally stated)	(90,051)
Increase in expected credit losses ("ECLs") in trade, bills and other receivables *(note 2A(ii))*	(19,115)
As at 1 January 2018 (restated)	(109,166)
Available-for-sale financial assets reserve	
As at 31 December 2017 (originally stated)	(20,712)
Reclassification of investments from available-for-sale financial assets at fair value to FVTOCI *(note 2A(i)(a))*	20,712
As at 1 January 2018 (restated)	–
FVTOCI reserve	
As at 31 December 2017 (originally stated)	–
Reclassification of investments from available-for-sale financial assets at fair value to FVTOCI *(note 2A(i)(a))*	(20,712)
Reclassification of investments from available-for-sale financial assets at cost to FVTOCI *(note 2A(i)(b))*	55,716
As at 1 January 2018 (restated)	35,004

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A. HKFRS 9 Financial Instruments ("HKFRS 9") *(continued)*

(i) Classification and measurement of financial instruments (continued)

(a) As at 1 January 2018, an unlisted equity investment measured at fair value were reclassified from available-for-sale financial asset at fair value to FVTOCI. The Group intends to hold this unlisted equity investment for long term strategic purposes. In addition, the Group has designated such unlisted equity investment at the date of initial application as measured at FVTOCI. As a result, a financial asset with a fair value of approximately RMB830,269,000 was reclassified from available-for-sale financial assets at fair value to FVTOCI and its accumulated fair value losses of approximately RMB20,712,000 was reclassified from available-for-sale financial assets reserve to FVTOCI reserve as at 1 January 2018.

(b) As at 1 January 2018, certain unlisted equity investments and unlisted partnership investments measured at cost (collectively "unquoted equity instruments") were reclassified from available-for-sale financial assets at cost to FVTOCI. These unquoted equity instruments have no quoted price in an active market. The Group intends to hold these unquoted equity investments for long-term strategic purposes. In addition, the Group has designated such unquoted equity instruments at the date of initial application as measured at FVTOCI. As at 1 January 2018, the difference between the previous carrying amounts and the fair values of these unquoted equity instruments amounting to approximately RMB55,716,000 has been reclassified to the opening FVTOCI reserve.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A. HKFRS 9 Financial Instruments ("HKFRS 9") *(continued)*

(i) *Classification and measurement of financial instruments (continued)*

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	*Notes*	Original classification under HKAS 39	New classification under HKFRS 9	Balance as at 1 January 2018 under HKAS 39 RMB'000	Balance as at 1 January 2018 under HKFRS 9 RMB'000
Unlisted partnership investments, at cost	*13*	Available-for-sale financial assets (at cost)	FVTOCI	527,500	527,500
Unlisted equity investments, at cost	*13*	Available-for-sale financial assets (at cost)	FVTOCI	218,437	274,153
Unlisted equity investments, at fair value	*13*	Available-for-sale financial assets (at fair value)	FVTOCI	830,269	830,269
				1,576,206	1,631,922
Equity securities listed in Hong Kong	*14*	Held-for-trading financial assets	FVTPL	71,606	71,606
Equity securities listed in the People's Republic of China (the "PRC")	*14*	Held-for-trading financial assets	FVTPL	128,675	128,675
				200,281	200,281
Trade, bills and other receivables	*15*	Loans and receivables *(note 2A(ii))*	Amortised costs	3,797,732	3,778,617
Cash and cash equivalents	*16*	Loans and receivables	Amortised costs	445,638	445,638

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A. HKFRS 9 Financial Instruments ("HKFRS 9") *(continued)*

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the "incurred loss model" under HKAS 39 with the ECLs model under HKFRS 9". HKFRS 9 requires the Group to recognised ECLs for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVTOCI are considered to have low credit risk since the issuers' credit rating are high.

(ii) ***Impairment of financial assets*** *(continued)*

Measurement of ECLs (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables arising from sales of electricity

The Group's PRC subsidiaries are experiencing delays in receipt of the renewable energy subsidies

As at 1 January 2018, the Group's trade receivables arising from sales of electricity amounted to approximately RMB1,825,724,000. The settlement of the receivables from sales of electricity is regulated by the Central Government of the PRC, and periodic payments have been received with no history of default. Furthermore, no adverse change is anticipated in the business environment. As such, the Group considered that the expected credit loss in renewable energy subsidies receivables is immaterial.

(b) Impairment of loan receivables arising from provision of financial services

As at 1 January 2018, loan receivables relating to the provision of financial services amounted to approximately RMB82,121,000. To measure the ECLs, these loan receivable have been grouped based on shared credit risk characteristics of the loans. Applying this ECLs model results in the recognition of ECLs of approximately RMB1,629,000 as at 1 January 2018. During the six months ended 30 June 2018, the Group's has recovered impairment loss previously recognised amounted to approximately RMB439,000, saved as which, there was no other material movements in the loss allowances for these loan receivables during the six months ended 30 June 2018.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

A. HKFRS 9 Financial Instruments ("HKFRS 9") *(continued)*

(ii) Impairment of financial assets *(continued)*

Impact of the ECL model (continued)

(c) Impairment of trade receivables arising from the sales of solar energy related products

As at 1 January 2018, trade receivables relating to the sales of solar energy related products amounted to approximately RMB40,326,000. To measure the ECLs, the Group estimated the expected credit loss rate of 15% on the receivables past due more than 12 months but less than 24 months and 50% on the receivables past due over 24 months. Applying this ECLs model results in the recognition of ECLs of approximately RMB10,319,000 as at 1 January 2018. There was no other material movements in the loss allowances for these trade receivables during the six months ended 30 June 2018.

(d) Impairment of other receivables

As at 1 January 2018, other receivables of the Group amounted to approximately RMB1,848,617,000 and these other receivables are considered to be low credit risk. Applying the 12-month ECLs model results in the recognition of ECLs of approximately RMB7,167,000 on 1 January 2018. There was no other material movements in the loss allowances for these other receivables during the six months ended 30 June 2018.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the condensed consolidated statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in accumulated losses and other reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method with practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses at the date of initial application. As a result, the financial information presented for 2017 has not been restated.

From 1 January 2018 onwards, the Group has adopted the following accounting policies on key sources of revenue and the initial application of HKFRS 15 did not result in significant impact on the Group's accounting policies on these revenue:

- The Group sells electricity to the power grid companies. Revenue from sales of electricity is recognised over time when the electricity generated and transmitted is simultaneously received and consumed by the power grid companies. The Group has elected the practical expedient to recognise revenue in the amount to which the Group has a right to invoice as the amount represents and corresponds directly with the value of performance completed and transferred to the power grid companies. The Group has no unsatisfied performance obligations at each reporting date.

- The Group provides operation and maintenance services to certain solar power plants. Revenue from provision of solar power plant operation and maintenance services is recognised when the services are rendered according to the terms of the services agreements.

- The Group interest income from provision of financial services is recognised on time-proportion basis using effective interest method.

3. REVENUE AND SEGMENT INFORMATION

A. Revenue

Revenue mainly represents income from sales of electricity (including renewable energy subsidies), income from provision of solar power plant operation and maintenance services and interest income from provision of financial services. The amount of each significant category of revenue during the period is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Sales of electricity	**846,251**	526,258
Provision of solar power plant operation and maintenance services	**1,082**	947
Interest income from provision of financial services	**5,246**	5,694
Others	**311**	1,797
	852,890	534,696

During the six months ended 30 June 2018, sales of electricity includes renewable energy subsidies amounted to approximately RMB527,885,000 (2017: RMB352,730,000).

3. REVENUE AND SEGMENT INFORMATION *(continued)*

B. Segment information

(i) Business segments

The Board has identified the solar power plants, financial services and other segments as the principal business components of the Group. 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 2018 and 2017 is set out below.

	Six months ended 30 June 2018			
	Solar power plants RMB'000 (Unaudited)	Financial Services RMB'000 (Unaudited)	Other Segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	847,333	5,246	311	852,890
Inter-segment revenue	–	–	–	–
Reportable segment revenue	847,333	5,246	311	852,890
Reportable segment profit/(loss) (adjusted EBITDA)	780,915	(87)	(570)	780,258
At as 30 June 2018				
Reportable segment assets	17,161,358	103,305	5,371	17,270,034
Reportable segment liabilities	12,435,026	2,795	8,010	12,445,831
Primary geographical markets				
PRC	847,333	5,246	–	852,579
Hong Kong	–	–	311	311
	847,333	5,246	311	852,890
Timing of revenue recognition				
At a point in time	–	–	304	304
Transferred over time	847,333	5,246	7	852,586
	847,333	5,246	311	852,890

3. REVENUE AND SEGMENT INFORMATION *(continued)*

B. Segment information *(continued)*

(i) *Business segments (continued)*

	Six months ended 30 June 2017			
	Solar power plants RMB'000 (Unaudited)	Financial Services RMB'000 (Unaudited) (Re-presented)	Other Segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited) (Re-presented)
Revenue from external customers	527,205	5,694	1,797	534,696
Inter-segment revenue	–	–	–	–
Reportable segment revenue	527,205	5,694	1,797	534,696
Reportable segment profit/(loss) (adjusted EBITDA)	502,119	(356)	(2,567)	499,196
At as 31 December 2017 (Audited)				
Reportable segment assets	17,096,154	107,512	6,933	17,210,599
Reportable segment liabilities	12,092,023	5,926	8,718	12,106,667
Primary geographical markets				
PRC	527,205	5,694	–	532,899
Hong Kong	–	–	1,797	1,797
	527,205	5,694	1,797	534,696
Timing of revenue recognition				
At a point in time	–	–	1,781	1,781
Transferred over time	527,205	5,694	16	532,915
	527,205	5,694	1,797	534,696

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	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Revenue		
Reportable segment revenue	**852,890**	534,696
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**852,890**	534,696
Profit		
Reportable segment profit	**780,258**	499,196
Other gains and losses	**28,615**	25,448
Net unrealised loss on fair value changes on financial assets measured at fair value through profit or loss	**(10,539)**	(34,739)
Net realised loss on disposal of financial assets measured at fair value through profit or loss	**(53,613)**	–
Depreciation and amortisation	**(248,055)**	(164,669)
(Loss)/gain on disposal/ deregistration of subsidiaries, net	**(9,589)**	11,002
Gain on bargain purchase on acquisitions of subsidiaries	**–**	21,880
Share of profit of a joint venture	**9,908**	9,553
Share of losses of associates	**(598)**	–
Finance costs	**(335,809)**	(173,823)
Equity-settled share-based payment expenses	**(17,565)**	(20,373)
Unallocated corporate expenses *(note (a))*	**(124,536)**	(108,134)
Consolidated profit before income tax	**18,477**	65,341

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 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Assets		
Reportable segment assets	**17,270,034**	17,210,599
Interest in a joint venture	**331,329**	321,421
Interests in associates	**21,437**	17,035
Financial assets measured at fair value through other comprehensive income	**1,748,440**	–
Available-for-sale investments	**–**	1,576,206
Financial assets measured at fair value through profit or loss	**61,291**	–
Financial assets held for trading	**–**	200,281
Unallocated corporate assets *(note (b))*	**600,836**	684,550
Consolidated total assets	**20,033,367**	20,010,092
Liabilities		
Reportable segment liabilities	**12,445,831**	12,106,667
Corporate bonds	**348,288**	386,478
Deferred tax liabilities	**1,197**	1,187
Unallocated corporate liabilities *(note (c))*	**702,361**	969,269
Consolidated total liabilities	**13,497,677**	13,463,601

3. REVENUE AND SEGMENT INFORMATION *(continued)*

B. Segment information *(continued)*

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

Notes:

(a) Unallocated corporate expenses mainly included unallocated staff costs, unallocated legal and professional fees 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.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Interest income	**957**	24,312
Dividend income	**24,266**	2,305
Net foreign exchange gain/(loss)	**3,392**	(1,169)
Net unrealised loss on fair value changes on financial assets measured at fair value through profit or loss	**(10,539)**	(34,739)
Net realised loss on disposal of financial assets measured at fair value through profit or loss *(note 14)*	**(53,613)**	–
Write back of other payables	**7,007**	–
Properties rental income	**16,891**	–
Others	**1,605**	3,194
	(10,034)	(6,097)

5. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on loans and borrowings	**332,611**	224,465
Imputed interest on corporate bonds *(note 19)*	**19,007**	19,183
Finance charges on obligations under finance leases	**5**	11
Total interest expense on financial liabilities not at fair value through profit or loss	**351,623**	243,659
Less: interest expense capitalised into solar power plants under construction#	**(15,814)**	(69,836)
	335,809	173,823

For the six months ended 30 June 2018, borrowing cost has been capitalised at a rate of approximately 7% (2017: 8%) per annum.

6. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

A. Employee benefit expenses (including directors' emoluments)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	**106,115**	68,211
Contributions to defined contribution retirement plan	**12,546**	7,148
Equity-settled share-based payment expenses	**17,565**	20,373
	136,226	95,732

6. PROFIT BEFORE INCOME TAX *(continued)*

B. Other items

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	**500**	650
Amortisation of lease prepayments	**11,158**	8,127
Cost of inventories	**202**	1,353
Depreciation		
— Property, plant and equipment	**4,184**	2,168
— Solar power plants	**232,713**	154,374
Operating lease charges	**32,026**	12,682

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	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
— PRC corporate income tax	**3,507**	1,669

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 2018 and 2017.

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

7. INCOME TAX EXPENSE *(continued)*

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 plant 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.

According to the PRC Corporate Income Tax Law and its related regulations, the Group is subject to a withholding tax at 10%, unless reduced by tax treaties or arrangements, for dividends distributed by a PRC enterprise to its immediate holding company outside the PRC or earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. According to the China — HK Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" of the dividends received and directly holds 25% or more of a PRC enterprise is entitled to a reduced withholding rate of 5%. Deferred withholding tax payable relating to the temporary differences arising from the undistributed profits of the Group's PRC subsidiaries has not been recognised as the Company controls the dividend policy of the Group's PRC subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

A. Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2018 is based on profit attributable to owners of the Company for the period of approximately RMB14,889,000 (2017: RMB63,987,000) and on the weighted average number of approximately 14,964,442,000 (2017: 14,964,442,000) ordinary shares in issue during the period.

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

B. Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2018 is based on profit attributable to owners of the Company for the period of approximately RMB14,889,000 (2017: RMB63,987,000) and on the weighted average number of 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 (after the effects of all dilutive potential ordinary shares)

	Six months ended 30 June	
	2018	2017
	Number of shares	
	'000	'000
	(Unaudited)	(Unaudited)
For the purpose of the calculation of basic earnings per share	**14,964,442**	14,964,442
Effect of dilutive potential ordinary shares in respect of share options	**–**	16,004
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	**14,964,442**	14,980,446

Diluted earnings per share for the six months ended 30 June 2018 was the same as basic earnings 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 2018 nor has any dividend been proposed since the end of the reporting period up to the date of this interim report (2017: Nil).

10. SOLAR POWER PLANTS

During the six months ended 30 June 2018, the Group increased its investments in solar power plants with a net carrying value of approximately RMB18,468,000 (six months ended 30 June 2017: RMB2,713,853,000).

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

As at 30 June 2018, certain solar power plants with carrying value of approximately RMB1,588,354,000 (31 December 2017: RMB1,519,353,000) were constructed and built on 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 2018, certain solar power plants with carrying value of approximately RMB7,905,381,000 (31 December 2017: RMB7,455,097,000) were pledged as securities for the Group's loans and borrowings (note 18).

11. INTEREST IN A JOINT VENTURE

As at 30 June 2018 and 31 December 2017, the Group held 55% equity interest in 江山寶源國際融資租賃有限公司 (Kong Sun Baoyuan International Financial Leasing Limited*) ("Kong Sun Baoyuan"), a company incorporated in the PRC and primarily engaged in the finance leases and factoring businesses in the PRC.

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. INTERESTS IN ASSOCIATES

As at 30 June 2018 and 31 December 2017, the Group held 34% equity interest in 北京江山中醫可視化科技股份有限公司 (Beijing Jiangshan Zhongyi Keshihua Technology Co., Ltd.*) ("Zhongyi Keshihua"), a company incorporated in the PRC and primarily engaged in medical research and development, leasing of medical equipment and healthcare management businesses in the PRC. As at 30 June 2018, the Group held 10% (31 December 2017: Nil) equity interest in 通服商業保理有限責任公司 (Tongfu Commercial Factoring Limited*) ("Tongfu"), a company incorporated in the PRC and primarily engaged in factoring business in the PRC.

The arrangement of the investments in Zhongyi Keshihua and Tongfu provided the Group with the power to participate in the financial and operating decision of Zhongyi Keshihua and Tongfu but was not in control nor jointly control over those policies. Under HKAS 28, Zhongyi Keshihua and Tongfu were classified as associates and had been accounted for in the consolidated financial statements using equity method.

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Financial assets measured at fair value through other comprehensive income		
Unlisted partnership investments *(note (a))*	**688,500**	–
Unlisted equity investments *(note (b))*	**1,059,940**	–
Available-for-sale investments		
Unlisted partnership investments, at cost *(note (a))*	**–**	527,500
Unlisted equity investments, at cost *(note (b))*	**–**	218,437
Unlisted equity investments, at fair value *(note (b))*	**–**	830,269
	1,748,440	1,576,206

Available-for-sale investments of RMB1,576,206,000 as at 1 January 2018 were reclassified to financial assets measured at fair value through other comprehensive income upon the adoption of HKFRS 9.

Notes:

(a) As at 30 June 2018 and 31 December 2017, the Group's unlisted partnership investments, at cost included the followings:

(i) On 13 December 2017, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners, being independent third parties to the Group, entered into a limited partnership, namely 台州久安股權投資合夥企業（有限合夥）(Taizhou Jiuan Equity Investment Partnership (Limited Partnership)*) ("Taizhou Jiuan Limited Partnership") pursuant to the partnership agreement ("Taizhou Jiuan Partnership Agreement") for carrying out investments in high-tech, new industries, energy sector and other high growth unlisted enterprises. Pursuant to the Taizhou Jiuan Partnership Agreement, the total capital contribution of Taizhou Jiuan Limited Partnership shall amount to RMB2,501,000,000, in which the Group's capital contribution is approximately 19.99% (equivalent to approximately RMB500,000,000). As at 30 June 2018, the Group's actual capital contribution paid in Taizhou Jiuan Limited Partnership was approximately RMB300,000,000 (at fair value) (31 December 2017: RMB200,000,000 (at cost)).

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes: (continued)

(a) *(continued)*

(i) *(continued)*

Pursuant to Taizhou Jiuan Partnership Agreement, Taizhou Jiuan Limited Partnership shall make investments that preserve and increase the value of its assets, and may place idle funds into bank deposits, currency markets and other cash-type assets. Furthermore, it may not borrow debt or provide external guarantees, and cannot engage in high-risk investments such as gold, artwork, real estate project, futures and financial derivatives. Taizhou Jiuan Limited Partnership also cannot invest in products or areas that may harm its reputation of its partners or in areas prohibited by law. In order to manage investment risks, the Group will, through the investment decision committee of Taizhou Jiuan Limited Partnership, procure that Taizhou Jiuan Limited Partnership carefully selects investment targets and properly manages invested assets.

Details of the Taizhou Jiuan Limited Partnership are set out in the Company's announcements dated 30 September 2017 and 13 December 2017, respectively.

(ii) On 22 September 2017, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners, being independent third parties to the Group, entered into a limited partnership, namely 霍爾果斯鑫和優美股權投資合夥企業（有限合夥) (Huoerguosi Xinheyoumei Equity Investment Limited Partnership*) ("Huoerguosi Limited Partnership"), pursuant to the partnership agreement ("Huoerguosi Partnership Agreement") for carrying out investments primarily in elderly care, tourism and cultural industries. Pursuant to Huoerguosi Partnership Agreement, the total capital contribution of Huoerguosi Limited Partnership shall amount to RMB200,000,000, in which the Group's capital contribution is approximately 89.55% (equivalent to approximately RMB179,100,000). As at 30 June 2018, the Group's actual capital contribution paid in Huoerguosi Limited Partnership was approximately RMB133,500,000 (at fair value) (31 December 2017: RMB27,500,000 (at cost)).

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes: (continued)

(a) *(continued)*

(iii) On 30 September 2016, a wholly-owned subsidiary of the Company, as a limited partner, entered into a participation agreement (the "Gaoxin Participation Agreement") with three other partners, being independent third parties to the Group, pursuant to which, the Group agreed to participate in 湖南健康養老產業投資基金企業（有限合夥) (Hunan Healthcare Investment Fund Corp. (Limited Partnership)*) (the "Hunan Healthcare Fund") for carrying out investments primarily in healthcare industries. Pursuant to the Gaoxin Participation Agreement, the total capital contribution of the Hunan Healthcare Fund shall amount to RMB505,000,000, in which the Group's capital contribution is approximately 29.70% (equivalent to approximately RMB150,000,000). As at 31 December 2017, the Group's actual capital contribution paid in the Hunan Healthcare Fund was approximately RMB45,000,000 (at cost). During the six months ended 30 June 2018, the Group has disposed of all of the approximately 29.70% equity interest in Hunan Healthcare Fund at a cash consideration of approximately RMB45,000,000 to an independent third party to the Group.

(iv) On 11 October 2016, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners (collectively, the "Partners"), being independent third parties to the Group, entered into a partnership agreement (the "Jiaxing Shengshi Agreement"), pursuant to which all parties agreed to establish a limited partnership, namely 嘉興盛世神州永贏投資合夥企業（有限合夥) (Jiaxing Shengshi Shenzhou Yong Ying Investment Partnership (Limited Partnership)*) ("Jiaxing Shengshi Limited Partnership") for carrying out investments primarily in the high-tech and emerging industries, the energy industry and other high-growth unlisted enterprises. Pursuant to the Jiaxing Shengshi Agreement, the total capital contribution of Jiaxing Shengshi Limited Partnership shall be RMB3,001,000,000, in which the Group's capital contribution is approximately 15% (equivalent to approximately RMB450,000,000). On 19 December 2016, the Partners entered into a supplemental agreement to the Jiaxing Shengshi Agreement, pursuant to which the Partners agreed to reduce the size of the total capital contribution from RMB3,001,000,000 to RMB1,701,000,000, in which the Group's capital contribution is approximately 15% (equivalent to approximately RMB255,000,000). As at 30 June 2018, the Group's actual capital contribution paid in Jiaxing Shengshi Limited Partnership was approximately RMB255,000,000 (at fair value) (31 December 2017: RMB255,000,000 (at cost)).

Details of the Jiaxing Shengshi Limited Partnership are set out in the Company's announcements dated 11 October 2016, 18 October 2016 and 19 December 2016, respectively.

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes: (continued)

(b) As at 30 June 2018 and 31 December 2017, included in the Group's unlisted equity investments included the followings:

(i) On 30 December 2016 and 27 February 2017, the Group entered into two subscription agreements with 內蒙古呼和浩特金谷農村商業銀行股份有限公司 (Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company*) ("Hohhot Jingu Bank"), a joint stock company incorporated in the PRC, being independent third party to the Group, to subscribe for 6,600,000 shares and 57,124,844 shares of Hohhot Jingu Bank respectively at RMB3 per subscription share (the "Subscription A" and the "Subscription B", respectively). On 14 December 2017, the Group entered into another subscription agreement with Hohhot Jingu Bank to subscribe for 24,875,156 subscription shares at RMB3 per subscription share at total consideration of approximately RMB74,625,000 (the "Subscription C"). On 12 June 2018, the Group entered into a termination agreement (the "Termination Agreement") with Hohhot Jingu Bank to terminate the Subscription C.

The total consideration of the Subscription A and Subscription B was approximately RMB191,174,000. During the six months ended 30 June 2018, the Group received bonus issue of 8,875,316 shares of Hohhot Jingu Bank. Upon the receipt of bonus issue and as at 30 June 2018, the Group held an aggregate of 72,600,160 shares of Hohhot Jingu Bank, representing approximately 4.89% of the issued share capital of Hohhot Jingu Bank (31 December 2017: 63,724,844 shares of Hohhot Jingu Bank, representing approximately 4.98% of the issued share capital of Hohhot Jingu Bank).

Details of the subscription agreements and the Termination Agreement with Hohhot Jingu Bank are set out in the Company's announcements dated 27 February 2017, 14 December 2017 and 22 June 2018, respectively.

For the six months ended 30 June 2018, a fair value loss of approximately RMB75,787,000 (six months ended 30 June 2017: Nil) was recognised in other comprehensive income. As at 30 June 2018, the approximately 4.89% equity interests in Hohhot Jingu Bank of approximately RMB171,103,000 (at fair value) was determined with reference to the valuation report prepared by China Appraisals Associates, an independent professional qualified valuer. As at 31 December 2017, the approximately 4.98% equity interests in Hohhot Jingu Bank of approximately RMB191,174,000 (at cost) was recognised as available-for-sale investments — unlisted equity investments, at cost.

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes: (continued)

(b) *(continued)*

(i) *(continued)*

Upon the adoption of HKFRS 9, the available-for-sale investments in Hohhot Jingu Bank of approximately RMB191,174,000 as at 31 December 2017 were reclassified to financial assets measured at fair value through other comprehensive income with a fair value gain of approximately RMB55,716,000. The fair value of Hohhot Jingu Bank as at 1 January 2018 was determined with reference to the valuation report prepared by China Appraisals Associates, an independent professional qualified valuer, and has been restated on the opening balance of fair value through other comprehensive income reserve as at 1 January 2018.

(ii) On 15 December 2016, a wholly-owned subsidiary of the Company entered into an equity transfer agreement with an independent third party to the Group, to acquire 1% equity interest in Beijing Jinfengyi Biotechnology Research Institute Limited* (北京金鋒益生物科技研究院有限公司) ("Beijing Jinfengyi") in a consideration of RMB1,000,000. As at 30 June 2018, the 1% equity interest in Beijing Jinfengyi amounted to RMB1,000,000 (at fair value) (31 December 2017: RMB1,000,000 (at cost)). Beijing Jinfengyi is a biotechnology company in the PRC.

(iii) On 23 May 2016, a wholly-owned subsidiary of the Company entered into an equity transfer agreement with an individual, being independent third party to the Group, to acquire 100% equity interests of 北京四海盈辰投資有限公司 (Beijing Sihai Ying Chen Investment Limited*) (the "Beijing Sihai") ("Beijing Sihai Acquisition"). As such, Beijing Sihai is a wholly-owned subsidiary of the Group as at 30 June 2018 and 31 December 2017. As at the date of the Beijing Sihai Acquisition, Beijing Sihai held 25% equity interest in 北京潤豐元大小額貸款有限公司 (Beijing Runfeng Yuanda Microfinance Limited*) ("Runfeng Yuanda"). As at 30 June 2018, the 25% (31 December 2017: 25%) equity interests in Runfeng Yuanda amounted to approximately RMB26,263,000 (at fair value) (31 December 2017: RMB26,263,000 (at cost)). The principal activity of Runfeng Yuanda is microfinance businesses in the PRC.

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

Notes: (continued)

(b) *(continued)*

(iv) On 30 March 2017, a wholly-owned subsidiary of the Company entered into two share transfer agreements with two vendors, being independent third party to the Group, to acquire 107,500,000 domestic shares, represents approximately 2.52% and approximately 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, of Jinzhou Bank, a bank based in the PRC, at the price of RMB7.9161 per domestic share. The total consideration of the acquisition of the shares of Jinzhou Bank was approximately RMB850,981,000. Details of the acquisitions are set out in the Company's announcements dated 30 March 2017 and 31 March 2017, respectively.

For the six months ended 30 June 2018, a fair value gain of approximately RMB31,305,000 (six months ended 30 June 2017: RMB7,019,000) was recognised in other comprehensive income. The fair value of Jinzhou Bank as at 30 June 2018 of approximately RMB861,574,000 (31 December 2017: RMB830,269,000) was determined with reference to the valuation report prepared by China Appraisals Associates, an independent professional qualified valuer.

As at 30 June 2018, the unlisted equity investments measured at fair value with the carrying value of approximately RMB861,574,000 (31 December 2017: RMB830,269,000) were pledged as securities for the Group's loans and borrowings (note 18).

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 for short-term profit, the directors of the Company designated the above unlisted investment as financial assets at fair value through other comprehensive income.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS/FINANCIAL ASSETS HELD FOR TRADING

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Financial assets measured at fair value through profit or loss		
Equity securities listed in Hong Kong	**61,291**	–
Financial assets held for trading		
Equity securities listed in Hong Kong	**–**	71,606
Equity securities listed in the PRC	**–**	128,675
	61,291	200,281

Financial assets held for trading of RMB200,281,000 as at 1 January 2018 were reclassified to financial assets measured at fair value through profit or loss upon the adoption of HKFRS 9.

During the six months ended 30 June 2018, the Group disposed of all of its equity securities investment listed in the PRC at a consideration of approximately RMB75,062,000 and resulting in a net realised loss on disposal of financial assets measured at fair value through profit or loss of approximately RMB53,613,000 (note 4).

As at 30 June 2018 and 31 December 2017, the fair values of all listed securities are determined directly by reference to the quoted market bid price available on the relevant exchanges.

15. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Trade receivables	**2,463,448**	1,906,861
Bills receivables	**57,941**	42,254
Impairment provision for trade receivables	**(11,509)**	–
Trade and bills receivables, net *(note (i))*	**2,509,880**	1,949,115
Other receivables, prepayments and deposits	**1,706,174**	1,848,617
Impairment provision for other receivables	**(7,167)**	–
Other receivables, prepayments and deposits, net	**1,699,007**	1,848,617
	4,208,887	3,797,732

At 30 June 2018 and 31 December 2017, ageing analysis of net trade and bills receivables, based on invoice dates, are as follows:

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Current or less than 3 months	**485,591**	390,239
Over 3 months but less than 6 months	**308,079**	385,697
Over 6 months but less than 12 months	**668,019**	513,272
Over 12 months but less than 24 months	**814,453**	613,652
Over 24 months	**233,738**	46,255
	2,509,880	1,949,115

15. TRADE, BILLS AND OTHER RECEIVABLES *(continued)*

Movements in provision for impairment of trade and other receivables for the six months ended 30 June 2018 are as follows:

	Trade receivables RMB'000 (Unaudited)	Other receivables RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2018 (restated) *(note 2A(i))*	**11,948**	**7,167**	**19,115**
Recovery of impairment loss previously recognised	**(439)**	**–**	**(439)**
At 30 June 2018	**11,509**	**7,167**	**18,676**

Notes:

(i) The Group's trade receivables are mainly receivables from sales of electricity. The bills receivables represented outstanding commercial acceptance bills. Generally, the receivables are due within 30 to 180 days as at 30 June 2018 (31 December 2017: 30 to 180 days) from the date of billing, except for renewable energy subsidies.

Renewable energy subsidies 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 2018, the outstanding renewable energy subsidies amounted to approximately RMB2,216,981,000 (31 December 2017: RMB1,508,620,000).

(ii) As at 30 June 2018, certain trade receivables arising from the sales of electricity amounting to approximately RMB1,134,176,000 (31 December 2017: RMB921,851,000) were pledged as securities for the Group's loans and borrowings (note 18).

16. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents of the Group is approximately RMB212,043,000 as at 30 June 2018 (31 December 2017: RMB426,486,000) 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 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Trade payables	**3,007,897**	3,345,134
Other payables and accruals	**304,292**	388,674
	3,312,189	3,733,808

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

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Current or less than 3 months	**31,196**	2,119,732
Over 3 months but less than 6 months	**598,250**	188,126
Over 6 months but less than 12 months	**1,501,169**	103,914
Over 12 months	**877,282**	933,362
	3,007,897	3,345,134

Retention payable amounting to approximately RMB384,298,000 (31 December 2017: RMB375,813,000), which are included in trade and other payables, will be settled after more than one year. All other trade and other payables are expected to be settled within one year or are repayable on demand.

18. LOANS AND BORROWINGS

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Current		
Secured		
— bank loans	**68,931**	51,359
— other borrowings	**763,945**	544,112
	832,876	595,471
Non-current		
Secured		
— bank loans	**303,500**	360,000
— other borrowings	**8,696,969**	8,384,467
	9,000,469	8,744,467
Total loans and borrowings	**9,833,345**	9,339,938

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

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Within 1 year	**832,876**	595,471
After 1 year but within 2 years	**1,127,914**	859,329
After 2 years but within 5 years	**4,394,051**	4,643,851
After 5 years	**3,478,504**	3,241,287
	9,833,345	9,339,938

Loans and other borrowings bear interest ranging from 3.8 % to 10.25% (31 December 2017: 3.8% to 10.25%) per annum.

18. LOANS AND BORROWINGS *(continued)*

Analysis of the Group's fixed-rate and floating-rate borrowings are as follows:

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Fixed-rate borrowings	**4,155,000**	3,652,000
Floating-rate borrowings	**5,678,345**	5,687,938
	9,833,345	9,339,938

The loans and borrowings were secured by the following assets:

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Solar power plants *(note 10)*	**7,905,381**	7,455,097
Trade receivables *(note 15)*	**1,134,176**	921,851
Property, plant and equipment	**466**	688
Lease prepayments	**797**	821
Financial assets measured at fair value through other comprehensive income/available-for-sale investments *(note 13)*	**861,574**	830,269
	9,902,394	9,208,726

18. LOANS AND BORROWINGS *(continued)*

As at 30 June 2018 and 31 December 2017, loans and borrowings that are secured by the equity interests of certain subsidiaries of the Company are summarised as follows:

(a) other borrowings of approximately RMB20,000,000 (31 December 2017: RMB22,000,000) were pledged by 100% equity interests of 揚州啟星新能源發展有限公司 (Yangzhou Qixing New Energy Developments Limited*);

(b) other borrowings of approximately RMB500,000,000 (31 December 2017: RMB500,000,000) were pledged by 86.21% equity interests of 敦煌萬發新能源有限公司 (Dunhuang Wanfa New Energy Limited*);

(c) other borrowings of approximately RMB1,200,000,000 (31 December 2017: RMB1,200,000,000) were pledged by 99.99% equity interests of 江山豐融投資有限公司 (Jiangshan Fengrong Investment Limited*);

(d) other borrowings of approximately RMB275,649,000 (31 December 2017: RMB275,649,000) were pledged by 99.96% equity interests of 六安旭強新能源工程有限公司 (Liuan Xuqiang New Energy Engineering Limited*);

(e) other borrowings of approximately RMB300,000,000 (31 December 2017: RMB300,000,000) were pledged by 99.96% equity interests of 嘉峪關協合新能源有限公司 (Jiayuguan Xiehe New Energy Limited*);

(f) other borrowings of approximately RMB180,000,000 (31 December 2017: RMB180,000,000) were pledged by 99.96% equity interests of 臨潭天朗新能源科技有限公司 (Lintan Tianlang New Energy Technology Limited*);

(g) other borrowings of approximately RMB244,351,000 (31 December 2017: RMB244,351,000) were pledged by 99.96% equity interests of 定邊縣晶陽電力有限公司 (Dingbian Jingyang Electric Limited*);

(h) other borrowings of approximately RMB369,366,000 (31 December 2017: Nil) were pledged by 99.96% equity interests of 定邊縣智信達新能源有限公司 (Dingbian County Zhixinda New Energy Limited*); and

(i) other borrowings of approximately RMB130,634,000 (31 December 2017: Nil) were pledged by 99.96% equity interests of 化隆縣瑞啟達新能源有限公司 (Hualong County Ruiqida New Energy Limited*).

In addition, as at 30 June 2018, an independent third party had provided unlimited corporate guarantees to certain of the Group's other borrowings amounting to approximately RMB514,743,000 (31 December 2017: RMB669,876,000).

19. CORPORATE BONDS

As at 31 December 2017, 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 (the "Corporate Bonds due 2018") and HK$53,500,000 (equivalent to approximately RMB47,856,000) in aggregate principal amount due in 2019 (the "Corporate Bonds due 2019") remained outstanding with certain independent third parties.

During the six months ended 30 June 2018, the Company issued Hong Kong dollar-denominated corporate bonds due in 2021 (the "Corporate Bonds due 2021") with an aggregate principal amount of HK$115,500,000 (equivalent to approximately RMB97,378,000) to certain independent third parties. During the six months ended 30 June 2018, the net proceeds of the issued Corporate Bonds due 2021 received by the Company were approximately HK$102,795,000 (equivalent to approximately RMB86,666,000), with total issue cost amounting to approximately HK$12,705,000 (equivalent to approximately RMB10,712,000).

During the six months ended 30 June 2018, the Company has repaid HK$161,000,000 (equivalent to approximately RMB135,739,000) in aggregate principal amount of the Corporate Bonds due 2018.

The Corporate Bonds due 2018, the Corporate Bonds due 2019 and the Corporate Bonds due 2021 (collectively, the "Corporate Bonds") bear interest rates of 6% per annum, and will mature on the date immediately following 36 months after the issuance of the Corporate Bonds.

The Corporate Bonds due 2018, the Corporate Bonds due 2019 and the Corporate Bonds due 2021 are measured at amortised cost using effective interest method by applying effective interest rates of 10.24%, 10.24% and 10.46% per annum, respectively. Imputed interest of approximately HK$23,383,000 (equivalent to approximately RMB19,007,000) (six months ended 30 June 2017: HK$21,707,000 (equivalent to approximately RMB19,183,000)) (note 5) in respect of the Corporate Bonds was recognised in profit or loss during the six months ended 30 June 2018.

As at 30 June 2018, Corporate Bonds amounting to approximately HK$310,067,000 (equivalent to approximately RMB261,418,000) (31 December 2017: HK$411,165,000 (equivalent to approximately RMB343,697,000)) and approximately HK$103,036,000 (equivalent to approximately to RMB86,870,000) (31 December 2017: HK$51,179,000 (equivalent to approximately to RMB42,781,000)) were classified as current liabilities and non-current liabilities, respectively.

20. SHARE CAPITAL

	Number of shares '000	RMB'000
Issued and fully paid:		
At 1 January 2017, 30 June 2017, 31 December 2017, 1 January 2018 and 30 June 2018	14,964,442	6,486,588

21. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

During the six months ended 30 June 2018, the Group disposed of the entire equity interests in certain PRC- and Hong Kong-incorporated entities at a total cash consideration of approximately RMB460,000. 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
橫山縣江山新能源有限責任公司 (Hengshan Kongsun New Energy Limited*) *(note (i))*	24 January 2018
Lisun Trading (Hong Kong) Limited ("Lisun Hong Kong") *(note (ii))*	4 April 2018
Single Star Development Limited ("Single Star") *(note (iii))*	24 April 2018
延川永峻新能源有限公司 (Yanchuan Yongjun New Energy Limited*) *(note (i))*	25 May 2018

Notes:

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

(ii) The principal activity of Lisun Hong Kong is sales of life-like plants.

(iii) The principal activity of Single Star is properties investment.

21. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES *(continued)*

During the six months ended 30 June 2018, the combined net assets of these subsidiaries as at the disposal/deregistration dates are as follows:

	RMB'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment	10
Solar power plants	11,303
Investment properties	894
Trade and other receivables	942
Cash and cash equivalents	96
Other payables and accruals	(3,166)
Exchange differences	(30)
	10,049
Loss on disposal/deregistration of subsidiaries, net	(9,589)
Total cash consideration	460

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	460
Cash and cash equivalents disposed of	(96)
	364

Please refer to the 2017 interim report of the Company for comparative information relating to disposal/deregistration of subsidiaries.

22. ACQUISITION OF SUBSIDIARIES

There was no material acquisition of subsidiaries for the six months ended 30 June 2018. Please refer to the 2017 interim report of the Company for comparative information relating to acquisition of subsidiaries.

23. CAPITAL COMMITMENTS

At 30 June 2018, the Group had outstanding capital commitments as follows:

	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited)
Contracted but not provided for in respect of		
— the construction costs and service expense for solar power plants under construction	**652,120**	865,654
— the consideration for subscription of 24,875,156 shares of Hohhot Jingu Bank *(note 13)*	**–**	74,625
	652,120	940,279

24. MATERIAL RELATED PARTY TRANSACTION

During the six months ended 30 June 2018, the Group had no material related party transactions.

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).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000	**Total** RMB'000
As at 30 June 2018				
Financial assets measured at fair value through profit or loss	61,291	–	–	61,291
Financial assets measured at fair value through other comprehensive income	–	–	1,748,440	1,748,440
As at 31 December 2017				
Financial assets held for trading	200,281	–	–	200,281
Unlisted equity investments	–	–	830,269	830,269

25. FAIR VALUE MEASUREMENT *(continued)*

The fair values of the listed equity securities classified as financial assets measured at fair value through profit or loss are determined with reference to the quoted market bid price available to the relevant stock exchanges as at the end of reporting period. Given that the relevant stock exchanges are considered as active markets, the fair values of the listed equity securities are grouped into Level 1.

The fair values of the financial assets measured at fair value through other comprehensive income relating to Jinzhou Bank (note 13(b)(iv)) and Hohhot Jingu Bank (note 13(b)(i)) in Level 3 are derived from the weighted average of the profits and book value, adjusted by the price-to-book ratio of similar and comparable commercial banks publicly traded in the PRC as at 30 June 2018.

The fair values of the unlisted partnership investments and unlisted equity investments, except for Jinzhou Bank and Hohhot Jingu Bank, in Level 3 have been determined with reference to the fair values of the underlying assets and liabilities of the investees as at 30 June 2018.

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 values of the financial assets measured at fair value through other comprehensive income in Jinzhou Bank and Hohhot Jingu Bank would decrease/increase by approximately RMB10,770,000 and approximately RMB2,139,000, respectively.

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)
Financial assets measured at fair value through other comprehensive income	
At 31 December 2017 (originally stated)	1,576,206
Initial application of HKFRS 9 *(note 2A)*	55,716
At 1 January 2018 (restated)	1,631,922
Additions during the period	206,000
Disposals during the period	(45,000)
Fair value changes recognised in other comprehensive income during the period	(44,482)
At 30 June 2018	1,748,440

25. FAIR VALUE MEASUREMENT *(continued)*

Significant unobservable input *(continued)*

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 2018.

26. EVENTS AFTER REPORTING DATE

On 21 August 2018, a wholly-owned subsidiary of the Company, as a junior limited partner, and the other two partners, being independent third parties to the Group, entered into a limited partnership, namely 蘇州君盛晶石股權投資合夥企業（有限合夥）(Suzhou Junsheng Jingshi Equity Investment Partnership (Limited Partnership)*) ("Junsheng Jingshi Limited Partnership") pursuant to the partnership agreement ("Junsheng Jingshi Partnership Agreement") for carrying out investments in high-tech, energy sector and other high growth unlisted enterprises. Pursuant to the Junsheng Jingshi Partnership Agreement, the total capital contribution of Junsheng Jingshi Limited Partnership shall amount to RMB1,000,100,000, in which the Group's capital contribution is approximately 49.995% (equivalent to RMB500,000,000).

Details of the Junsheng Jingshi Limited Partnership is set out in the Company's announcement dated 21 August 2018.

Save as disclosed above, there are no other material events affecting the Group which have occurred after 30 June 2018 and up to the date of this interim report.

27. COMPARATIVE FIGURES

Certain comparative figures have been represented to conform with changes in presentation in the current period. The changes that has been made to the comparative figures in the consolidated statement of profit or loss for the six months ended 30 June 2017, to be consistent with the presentation in the current period's consolidated statement of profit or loss, are interest income from provision of financial services of approximately RMB5,694,000, being reclassified from "Other gains and losses" to "Revenue".

* *For identification purpose only*