



江山控股

KongSun Holdings

Kong Sun Holdings Limited

Stock Code : 295

INTERIM REPORT 2020





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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Jin Yanbing (*Chairman*)
Mr. Qin Hongfu (*appointed on 4 June 2020*)
Mr. Deng Chengli (*resigned on 4 June 2020*)

NON-EXECUTIVE DIRECTORS

Mr. Jiang Hengwen
Mr. Wang Ke (*resigned on 4 June 2020*)
Mr. Wu Tak Kong (*resigned on 4 June 2020*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lang Wangkai
(*appointed on 4 June 2020*)
Ms. Wang Fang
Ms. Wu Wennan
Mr. Miu Hon Kit (*resigned on 14 May 2020*)
Mr. Chen Kin Shing
(*resigned on 4 June 2020*)

AUDIT COMMITTEE

Ms. Wu Wennan (*Chairman*)
(*appointed on 14 May 2020*)
Mr. Lang Wangkai
(*appointed on 4 June 2020*)
Ms. Wang Fang
Mr. Miu Hon Kit (*resigned on 14 May 2020*)
Mr. Chen Kin Shing
(*resigned on 4 June 2020*)

NOMINATION COMMITTEE

Mr. Lang Wangkai (*Chairman*)
(*appointed on 4 June 2020*)
Mr. Jin Yanbing
Ms. Wang Fang
Ms. Wu Wennan
(*appointed on 4 June 2020*)
Mr. Miu Hon Kit (*resigned on 14 May 2020*)
Mr. Chen Kin Shing
(*resigned on 4 June 2020*)

CORPORATE INFORMATION *(continued)*

REMUNERATION COMMITTEE

Ms. Wang Fang (*Chairman*)
Mr. Jin Yanbing
Mr. Lang Wangkai
(*appointed on 4 June 2020*)
Ms. Wu Wennan
(*appointed on 4 June 2020*)
Mr. Miu Hon Kit (*resigned on 14 May 2020*)
Mr. Chen Kin Shing
(*resigned on 4 June 2020*)

REGISTERED OFFICE

Unit 803-4, 8/F
Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

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. Ching Kin Wai
(*appointed on 24 July 2020*)
Mr. Chen Cong (*resigned on 24 July 2020*)

AUTHORISED REPRESENTATIVES

Mr. Jin Yanbing
Mr. Ching Kin Wai
(*appointed on 24 July 2020*)
Mr. Chen Cong (*resigned on 24 July 2020*)

AUDITOR

BDO Limited

LEGAL ADVISOR AS TO HONG KONG LAWS

Sidley Austin

STOCK CODE

295

CONTACT INFORMATION

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I would like to present the interim results of Kong Sun Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2020.

During the first half of 2020, the global outbreak of the novel coronavirus pneumonia has affected all walks of life. Resumption of work and production has commenced gradually across China after the second quarter. Currently, the situation of pandemic prevention and control in China is improving, and the impact of the pandemic on solar power generation industry is insignificant.

In 2020, the Chinese government continued to support the development of the solar power generation industry by implementing a series of policies. The National Energy Administration issued the Notice on the Construction of Wind and Photovoltaic Power Generation Projects in 2020 (《關於2020年風電、光伏發電項目建設有關事項的通知》), which continued to actively promote grid parity projects, orderly promote projects that require state subsidies, and fully implement power transmission and consumption conditions to facilitate the smooth transition of solar power generation to grid parity. The Ministry of Finance issued the Notice on List of Subsidized Projects on Work on Development of Renewable Energy Power Plants (《關於開展可再生能源發電補貼項目清單有關工作的通知》) for the management of existing projects based on the subsidy list, and the State Grid subsequently announced the list of two batches of renewable energy power generation subsidized projects on 1 July and 31 July, respectively. A total of 336 projects are included in the list of two batches of subsidized projects, with approved/recorded capacity of 18,414 megawatt ("MW"). A total of 8 projects of the Group with an aggregate of 470.65 MW are included in list of renewable energy power generation subsidized projects.

According to the statistics of the National Energy Administration, during the first half of 2020, the installed capacity of the solar power generation industry in China reached 11.52 gigawatt ("GW"). The solar power generation capacity amounted to 127.8 billion kilowatt-hours, representing a year-on-year increase of 20%. Utilization of solar power amounted to 595 hours, increasing by 19 hours year-on-year.

CHAIRMAN'S STATEMENT *(continued)*

During the first half of 2020, the Group has come together as one to overcome the impact of the pandemic and adhered to the prevention and control measures for the resumption of work and production. The Group also enhanced the operation and maintenance of the power plants to ensure safe and stable power generation. Currently, the Group has 35 grid-connected solar power plants in Shaanxi, Xinjiang, Gansu, Anhui, Zhejiang, Hebei, Shandong, Inner Mongolia, Hubei, Henan, Shanxi and Qinghai in China. As at 30 June 2020, the total installed capacity of the Group reached 1,278.8 MW, and its total power generation capacity was 983,265 megawatt-hours ("MWh") for the first half of the year, representing an increase of 4.9% as compared to the volume of electricity generated from the corresponding power plants for the corresponding period last year. During the first half of 2020, the Group recorded a revenue of RMB774 million, and gross profit of RMB488 million. The revenue from sales of electricity was RMB735 million, the revenue from provision of solar power plant operation and maintenance services was RMB13.04 million, an increase of 2,293.4% as compared to the corresponding period last year, the revenue from provision of financial services was RMB13.70 million.

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

Jin Yanbing

Chairman

25 August 2020, Hong Kong

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	774,250	1,156,690
Gross profit	488,442	605,461
Loss for the period	(33,487)	(40,909)
Loss per share attributable to owners of the Company for the period		
— Basic (RMB cents)	(0.23)	(0.28)
— Diluted (RMB cents)	(0.23)	(0.28)
	At	At
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Total non-current assets	10,499,250	11,250,539
Total current assets	5,481,127	7,421,546
Total assets	15,980,377	18,672,085
Total non-current liabilities	8,251,067	8,769,194
Total current liabilities	2,398,228	4,409,592
Total liabilities	10,649,295	13,178,786
NET ASSETS	5,331,082	5,493,299

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company with its subsidiaries mainly engaged in the investment in and the operation of solar power plants, provision of solar power plant operation and maintenance services, provision of financial services, trading of liquefied natural gas and asset management.

SOLAR POWER PLANTS BUSINESS

During the six months ended 30 June 2020, 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 2020, the Group had a total of 1,278.8 MW completed solar power plants as follows:

Completed solar power plants

PRC Province	Number of solar power plants as at 30 June 2020	Capacity of solar power plants
Xinjiang	7	140.0 MW
Gansu	6	189.0 MW
Shaanxi	6	490.0 MW
Inner Mongolia	1	10.0 MW
Shanxi	1	20.0 MW
Hebei	3	80.0 MW
Henan	2	120.0 MW
Shandong	2	40.0 MW
Anhui	4	120.0 MW
Zhejiang	1	19.8 MW
Hubei	1	30.0 MW
Qinghai	1	20.0 MW
Total	35	1,278.8 MW

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

SOLAR POWER PLANTS BUSINESS (continued)

As at 30 June 2020, 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 2020	Capacity of solar power plants
Shandong	1	50.0 MW
Anhui	1	20.0 MW
Total	2	70.0 MW

PROVISION OF FINANCIAL SERVICES

The revenue arising from the provision of financial services decreased by approximately 22.4% from approximately RMB17,650,000 for the six months ended 30 June 2019 to approximately RMB13,701,000 for the six months ended 30 June 2020.

TRADING OF LIQUEFIED NATURAL GAS

The revenue arising from the trading of liquefied natural gas decreased significantly by approximately 94.5% from approximately RMB230,020,000 for the six months ended 30 June 2019 to approximately RMB12,590,000 for the six months ended 30 June 2020. The decrease is mainly due to city lockdowns and suspension of work, production and transportation in most regions in the PRC due to the outbreak of the novel coronavirus pneumonia starting in late January 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

SECURITIES INVESTMENT

As at 30 June 2020, the Group managed a portfolio of investments in capital market with fair value of approximately RMB19,936,000 (31 December 2019: RMB28,198,000). As at 30 June 2020 and 31 December 2019, the portfolio of investments managed by the Group consists of investment in one listed equity in Hong Kong. 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 2020, the Group had recorded an unrealised loss on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB8,746,000 (six months ended 30 June 2019: RMB6,011,000). During the six months ended 30 June 2020, the Group did not dispose any of its listed equity investment. During the six months ended 30 June 2019, the Group disposed of approximately 49.0% of its listed equity investment in Hong Kong at a cash consideration of approximately RMB38,838,000 and resulting in a net realised loss on disposal on financial assets measured at fair value through profit or loss amounted to approximately RMB1,154,000. 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 decreased by approximately 33.1% from approximately RMB1,156,690,000 for the six months ended 30 June 2019 to approximately RMB774,250,000 for the six months ended 30 June 2020. The decrease was due to the decrease in revenue from sales of electricity and trading of liquefied natural gas during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS (continued)

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

The Group's revenue from sales of electricity decreased by approximately 19.1% from approximately RMB908,475,000 for the six months ended 30 June 2019 to approximately RMB734,915,000 for the six months ended 30 June 2020. As at 30 June 2020, the Group had a total of 1,278.8 MW (31 December 2019: 1,629.3 MW) installed capacity of solar power plants. The solar power plants owned by the Group have generated electricity in an aggregate volume of approximately 983,265 megawatt-hour ("MWh") for the six months ended 30 June 2020, representing a decrease of approximately 14.7% as compared to approximately 1,152,288 MWh for the six months ended 30 June 2019.

The Group's revenue from provision of solar power plant operation and maintenance services increased by approximately 2,293.4% from approximately RMB545,000 for the six months ended 30 June 2019 to approximately RMB13,044,000 for the six months ended 30 June 2020.

Revenue from Provision of Financial Services

The Group's revenue arising from the provision of financial services decreased by approximately 22.4% from approximately RMB17,650,000 for the six months ended 30 June 2019 to approximately RMB13,701,000 for the six months ended 30 June 2020.

Revenue from Trading of Liquefied Natural Gas

The Group's revenue arising from the trading of liquefied natural gas decreased significantly by approximately 94.5% from approximately RMB230,020,000 for the six months ended 30 June 2019 to approximately RMB12,590,000 for the six months ended 30 June 2020. The decrease is mainly due to city lockdowns and suspension of work, production and transportation in most regions in the PRC due to the outbreak of the novel coronavirus pneumonia starting in late January 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS *(continued)*

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately 19.3% from approximately RMB605,461,000 for the six months ended 30 June 2019 to approximately RMB488,442,000 for the six months ended 30 June 2020. The gross profit margin of the Group increased from approximately 52.3% for the six months ended 30 June 2019 to approximately 63.1% for the six months ended 30 June 2020 mainly due to decrease in revenue from trading of liquefied natural gas, which has a lower gross profit margin than the business segment of solar power plants.

Other Gains and Losses

The Group recorded other losses of approximately RMB5,126,000 (six months ended 30 June 2019: other gains of approximately RMB19,352,000) for the six months ended 30 June 2020. The change was mainly due to (i) the decrease in office sublease income of approximately RMB13,656,000; and (ii) the decrease in government allowances of approximately RMB3,576,000.

Administrative Expenses

Administrative expenses of the Group decreased by approximately 36.0% from approximately RMB177,627,000 for the six months ended 30 June 2019 to approximately RMB113,765,000 for the six months ended 30 June 2020. The decrease was mainly attributable to (i) the decrease in employee benefit expenses (including directors' emoluments) amounted to approximately RMB37,945,000 as a result of the decrease in number of head count of high grade employee of the Group during the six months ended 30 June 2020; and (ii) the decrease in operating lease expenses in respect of short-term leases of approximately RMB8,621,000.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS (continued)

(Loss)/Gain on Disposal of Subsidiaries, Net

During the six months ended 30 June 2020, the Group disposed of ten subsidiaries, and recorded net loss on such disposals of approximately RMB4,613,000 (six months ended 30 June 2019: gain of approximately RMB37,488,000). For details, please refer to note 21 to the “Notes to the Condensed Consolidated Interim Financial Statements” in this interim report.

Impairment loss on a disposal group classified as held for sale

On 29 April 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire equity interest in 湖州祥暉光伏發電有限公司 (Huzhou Xianghui Solar Power Co., Ltd.*) (“Huzhou Xianghui”) for a total consideration of approximately RMB413,213,000. An impairment loss of approximately RMB98,388,000, representing the sale proceeds less the carrying amount of the net assets of Huzhou Xianghui as at 30 June 2019, was charged to profit or loss during the six months ended 30 June 2019. No such amount was recorded for the six months ended 30 June 2020.

Finance Costs

Finance costs of the Group decreased by approximately 8.6% from approximately RMB431,828,000 for the six months ended 30 June 2019 to approximately RMB394,885,000 for the six months ended 30 June 2020. As the Group’s total loans and borrowings decreased as compared to the corresponding period last year, the finance costs related to these borrowings also decreased.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS *(continued)*

Solar Power Plants

As at 30 June 2020, the Group had a net carrying value of approximately RMB8,293,403,000 (31 December 2019: RMB8,626,215,000) and approximately RMB120,848,000 (31 December 2019: RMB121,270,000) in completed solar power plants and solar power plants under construction, respectively. For details, please refer to note 10 to the “Notes to the Condensed Consolidated Interim Financial Statements” in this interim report. During the six months ended 30 June 2020, the Group successfully completed the disposals of solar power plants in ten subsidiaries with total installed capacity of 350.5 MW. As at 30 June 2020, the Group had a total of 1,278.8 MW (31 December 2019: 1,629.3 MW) installed capacity of completed solar power plants.

Interest in associates

As at 30 June 2020, the net carrying amount of associates was approximately RMB229,325,000 (31 December 2019: RMB226,691,000).

The Group executed a guarantee with respect to a loan of approximately RMB12,947,000 (31 December 2019: RMB44,621,000) 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 2020, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS (continued)

Goodwill

As at 30 June 2020, the Group had a total amount of approximately RMB96,930,000 (31 December 2019: RMB96,930,000) in respect of goodwill on the previous acquisitions of subsidiaries.

Right-of-use Assets and Lease Liabilities

As at 30 June 2020, the right-of-use assets and lease liabilities amounted to approximately RMB397,546,000 (31 December 2019: RMB409,133,000) and approximately RMB242,270,000 (31 December 2019: RMB214,330,000).

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income decreased by approximately 23.3% from approximately RMB1,729,091,000 as at 31 December 2019 to approximately RMB1,327,070,000 as at 30 June 2020. The decrease is mainly due to (i) fair value loss on the unlisted equity investments of approximately RMB132,450,000; and (ii) the decrease in investment of 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)*) amounted to RMB270,000,000. 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 12 to the “Notes to the Condensed Consolidated Interim Financial Statements” in this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS *(continued)*

Financial Assets Measured at Fair Value through Profit or Loss

As at 30 June 2020, the Group had financial assets measured at fair value through profit or loss with market value of approximately RMB19,936,000 (31 December 2019: RMB28,198,000), representing approximately 0.1% (31 December 2019: 0.2%) of the total assets of the Group as at 30 June 2020. As at 30 June 2020 and 31 December 2019, the portfolio of investments managed by the Group consists of investment in one listed equity in Hong Kong. The Group held approximately 0.8% (31 December 2019: 0.8%) shareholding in the equity listed in Hong Kong as at 30 June 2020. During the six months ended 30 June 2020, the Group had recorded an unrealised loss on fair value changes of financial assets measured at fair value through profit or loss which amounted to approximately RMB8,746,000 (six months ended 30 June 2019: RMB6,011,000). During the six months ended 30 June 2020, the Group did not dispose any of its listed equity investment. During the six months ended 30 June 2019, the Group disposed of approximately 49.0% of its listed equity investment in Hong Kong at a cash consideration of approximately RMB38,838,000 and resulting in a net realised loss on disposal on financial assets measured at fair value through profit or loss amounted to approximately RMB1,154,000.

Trade, Bills and Other Receivables

Trade, bills and other receivables increased by approximately 22.4% from approximately RMB4,292,131,000 as at 31 December 2019 to approximately RMB5,253,400,000 as at 30 June 2020. The increase was mainly due to an increase in trade and bills receivables by approximately 12.1% from approximately RMB2,733,004,000 as at 31 December 2019 to approximately RMB3,063,038,000 as at 30 June 2020 and increase in other receivables upon the disposals of ten subsidiaries during the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS (continued)

Structured bank deposits

As at 30 June 2020, the Group placed approximately RMB24,230,000 (31 December 2019: RMB4,230,000) structured bank deposits with a bank in the PRC to earn a guaranteed and capital-protected return by making good use of the idle cash of the Group.

Trade and Other Payables

Trade and other payables decreased by approximately 23.5% from approximately RMB1,669,254,000 as at 31 December 2019 to approximately RMB1,276,715,000 as at 30 June 2020. 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 2020, trade payables, which was mainly related to construction costs of solar power plants, have decreased by approximately 32.6% from approximately RMB1,042,309,000 as at 31 December 2019 to approximately RMB702,081,000 as at 30 June 2020.

Liquidity and Capital Resources

As at 30 June 2020, cash and cash equivalents of the Group was approximately RMB181,936,000 (31 December 2019: RMB194,156,000), which included an amount of bank balances of approximately RMB177,888,000 (31 December 2019: RMB190,959,000) 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 2020, 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 and structured bank deposits, over total equity, was approximately 1.67 (31 December 2019: 1.78).

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS *(continued)*

Capital Expenditure

During the six months ended 30 June 2020, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB3,221,000 (six months ended 30 June 2019: RMB3,516,000) and approximately RMB5,671,000 (six months ended 30 June 2019: RMB30,794,000), respectively.

Loans and Borrowings

As at 30 June 2020, the Group's total loans and borrowings was approximately RMB8,832,577,000, representing a decrease of approximately 8.7% as compared to approximately RMB9,670,077,000 as at 31 December 2019. All loans and borrowings of the Group were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 30 June 2020, loans and borrowings of approximately RMB4,516,577,000 (31 December 2019: RMB5,033,500,000) and approximately RMB4,316,000,000 (31 December 2019: RMB4,636,577,000) bear fixed interest rate and floating interest rate, respectively.

As at 30 June 2020, out of the total borrowings, approximately RMB957,533,000 (31 December 2019: RMB1,370,428,000) was repayable within one year and approximately RMB7,875,044,000 (31 December 2019: RMB8,299,649,000) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS (continued)

Corporate Bonds

As at 30 June 2020, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK\$338,500,000 (equivalent to approximately RMB309,199,000) (31 December 2019: HK\$343,500,000 (equivalent to approximately RMB307,700,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 7% (31 December 2019: 3% to 7%) per annum, and will mature on the date immediately following 6 to 96 months (31 December 2019: 6 to 96 months) after their issuance.

During the six months ended 30 June 2020, the Group did not issue any corporate bonds.

During the six months ended 30 June 2019, the Group issued corporate bonds with an aggregate principal amount of HK\$44,000,000 (equivalent to approximately RMB38,705,000) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK\$38,909,000 (equivalent to approximately RMB34,227,000), with total issue cost amounting to approximately HK\$5,091,000 (equivalent to approximately RMB4,478,000).

During the six months ended 30 June 2020, the Group repaid HK\$5,000,000 (equivalent to approximately RMB4,567,000) (six months ended 30 June 2019: HK\$61,500,000 (equivalent to approximately RMB54,099,000)) in aggregate principal amount of the corporate bonds.

The corporate bonds are measured at amortised cost using effective interest method by applying an effective interest rate ranging from 10.40% to 14.56% (six months ended 30 June 2019: 10.24% to 14.56%) per annum. Imputed interest of approximately HK\$16,558,000 (equivalent to approximately RMB15,002,000) (six months ended 30 June 2019: HK\$14,710,000 (equivalent to approximately RMB12,607,000)) (note 5 to the “Notes to the Condensed Consolidated Interim Financial Statements” of this interim report) in respect of the corporate bonds was recognised in profit or loss during the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS *(continued)*

Foreign Exchange Rate Risk

The Group primarily operates its business in the PRC and during the six months ended 30 June 2020, the Group's revenue were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Directors expect that any future exchange rate fluctuation will not have any material effect on the Group's business. The Group did not use any financial instruments for hedging purposes, but will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Charge on Assets

As at 30 June 2020, the Group had charged solar power plants, trade receivables, right-of-use assets and unlisted equity investments with net book value of approximately RMB6,530,898,000 (31 December 2019: RMB6,413,341,000), approximately RMB2,354,035,000 (31 December 2019: RMB2,029,478,000), approximately RMB2,738,000 (31 December 2019: RMB756,000) and approximately RMB356,000,000 (31 December 2019: RMB438,840,000), 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 2020, the Group has no other charges on assets.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS (continued)

Litigation

On 21 April 2020, Kong Sun Yongtai Investment Holdings Limited* (江山永泰投資控股有限公司) (“Kong Sun Yongtai”), a wholly-owned subsidiary of the Company, received a notice to respond to action* (應訴通知書) from Beijing No. 1 Intermediated People’s Court* (北京市第一中級人民法院) (the “Court”) regarding the dispute (the “Dispute”) among Beijing Sifang Jibao Projects Technology Co., Ltd.* (北京四方繼保工程技術有限公司) (“Beijing Sifang”) as plaintiff and Zhongke Hengyuan Technology Co., Ltd.* (中科恒源科技股份有限公司) (“Zhongke”), Inner Mongolia Zhongke Hengyuan Energy Technology Co., Ltd.* (內蒙古中科恒源能源科技有限公司) (the “Inner Mongolia Zhongke”) and Kong Sun Yongtai as defendants. Beijing Sifang filed claims to the Court for demanding Zhongke to repay the outstanding equipment purchase price in the amount of approximately RMB52,900,000 and the aggregate liquidated damages in the amount of approximately RMB20,900,000, Inner Mongolia Zhongke to sell its land under the land mortgage agreement dated in April 2019 entered into by and among Beijing Sifang, Zhongke and Inner Mongolia Zhongke (the “Land Mortgage Agreement”) for the repayment of the aforesaid amount and Kong Sun Yongtai to undertake the joint liabilities under the guarantee agreements dated in August 2016 entered into by and among Beijing Sifang, Zhongke and Kong Sun Yongtai (the “Guarantee Agreements”).

The Dispute was related to the performance of certain agreements dated in August 2016 entered into between Zhongke and Beijing Sifang in relation to the purchase of the solar cell module of 31.8MW at the consideration of approximately RMB104,843,000. The land mortgage value of approximately RMB53,700,000 as indicated in the Land Mortgage Agreement was higher than the outstanding equipment purchase price due to Beijing Sifang in the amount of approximately RMB52,900,000. In March 2020, Beijing Sifang obtained the Court order to freeze the account receivables of Zhongke for up to approximately RMB74,036,000, which exceeded the outstanding equipment purchase price in the amount of approximately RMB52,900,000 and the aggregate liquidated damages in the amount of approximately RMB20,900,000 claimed by Beijing Sifang.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS *(continued)*

Litigation *(continued)*

The Guarantee Agreements were approved by the management of Kong Sun Yongtai. In the event that the Court decides that Kong Sun Yongtai should be liable for the guarantee obligation under the Guarantee Agreements, Kong Sun Yongtai is entitled to recover its losses from Zhongke and Inner Mongolia Zhongke. As Beijing Sifang did not agree to terminate the Guarantee Agreements, Kong Sun Yongtai has urged Zhongke to perform its payment obligation and actively discuss with Inner Mongolia Zhongke and Beijing Sifang to resolve the Dispute. A hearing of the Dispute took place on 11 August 2020 whereby the parties exchanged the evidence. The Court considered the evidence adduced by the parties and approved the withdrawal of the claim against Kong Sun Yongtai by Beijing Sifang on 27 August 2020. Accordingly, Kong Sun Yongtai has no liability under the Dispute and the Guarantee Agreements. Details of the Dispute can be referenced to the announcements of the Company dated 29 April 2020, 21 May 2020 and 2 September 2020.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RESULTS OF OPERATIONS (continued)

Contingent Liabilities (continued)

In August 2016, Kong Sun Yongtai entered into the Guarantee Agreements for an amount of approximately RMB210,017,000 in favour of Beijing Sifang with respect to the obligations of Zhongke under certain purchase agreements. In the event that Zhongke failed to perform its payment obligations under the equipment purchase agreements and the Group was held liable for the guarantee obligations, the Group was entitled to recover its loss in full from Zhongke and Inner Mongolia Zhongke. As at 30 June 2020, the trial of the Dispute has not yet commenced and no judgement has been made on the part of Kong Sun Yongtai in relation to its obligations under the Guarantee Agreements. The Directors considered that the guarantee amount did not have any material impact on the Group's financial position and it was not probable that actual loss would be incurred in view of the undertakings and counter guarantee agreement provided by Zhongke and Inner Mongolia Zhongke in favour of Kong Sun Yongtai.

The Court considered the evidence adduced by the parties and held that Kong Sun Yongtai is not liable to Beijing Sifang and accordingly approved the withdrawal of the claim against Kong Sun Yongtai on 27 August 2020. For further details, please refer to the paragraph headed "Litigation" in this interim report.

Save as disclosed above, during the six months ended 30 June 2020, the Group has no other significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2020, the Group had approximately 654 employees (31 December 2019: 614) 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 2020, the total employee benefit expenses (including directors' emoluments) were approximately RMB83,427,000 (six months ended 30 June 2019: RMB111,639,000). 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, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Employees and Remuneration Policy *(continued)*

The Company has also adopted a share option scheme on 22 July 2009 (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. The Share Option Scheme expired on 21 July 2019 and no further options could thereafter be granted. Notwithstanding the expiry of the Share Option Scheme, the share options which had been granted during the life of the scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect.

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 2020, 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 2020, the novel coronavirus pandemic may have a certain impact on the additional installed capacity of global solar power generation market, however, the momentum of steady and improving development of global solar power generation market is expected to remain unchanged. According to the long-term forecasts of major international institutions, both installed capacity and power generation volume of solar power across the globe will continue to grow in the future. The future prospect of the market remains positive.

Currently, the situation of pandemic prevention and control in China is improving, and the impact of the pandemic on demand for additional installed capacity of solar power in China this year is expected to be insignificant. Driven by bidding projects that are off-grid, additional bidding projects and grid parity projects in 2019, the additional installed capacity of solar power generation in China is expected to increase this year.

Looking forward, grasping the opportunities in the solar power generation industry, the Group will continue to push its strategies on the investment and operation of solar power plants forward, optimise its power asset allocation, step up its effort to improve the efficiency of power generation, actively participate in power trading market, and accelerate its pace in shifting to an asset-light model, striving to become the leading domestic service provider for new energy power plant operation and maintenance. We will continue to promote the development of green inclusive finance businesses, so as to further strengthen the Group’s overall competitiveness and enhance its operating performance.

DISCLOSURE OF OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to a resolution of the Company passed on 22 July 2009, the Company has adopted 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. The Share Option Scheme expired on 21 July 2019 and no further options could thereafter be granted. Notwithstanding the expiry of the Share Option Scheme, the share options which had been granted during the life of the scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect. 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.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

(iii) Terms of options

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

(iv) Option price

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

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

(v) Maximum number of shares

(1) 10% Limit

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

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”.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

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

(1) 10% Limit (continued)

- (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.

Following the expiry of the Share Option Scheme, no further share options could be granted thereunder. As at 30 June 2020, a total of 400,170,000 shares of the Company may be issued upon exercise of all options which had been granted and yet to be exercised under the Share Option Scheme, representing 2.60% of the total shares in issue.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

(vi) Maximum entitlement of each participant

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

(vii) Time of exercise of options

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

(viii) Term of the Share Option Scheme

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

The Share Option Scheme expired on 21 July 2019 and no further options could thereafter be granted. Notwithstanding the expiry of the Share Option Scheme, the share options which had been granted during the life of the scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

The followings are details of the options granted (the “Granted Options”) pursuant to the Share Option Scheme but not yet exercised as at 30 June 2020:

Grantee(s)	Date of grant	Number of share options					As at 30 June 2020	Exercise Price HK\$	Approximate % of shareholding upon fully exercise of share options <i>(Note (iii))</i>
		As at 1 January 2020	Granted during the period	Cancelled during the period	Lapsed during the period	Exercised during the period			
<i>Executive Directors</i>									
Jin Yanbing (Chairman)	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%
Deng Chengli <i>(Note (iii))</i>	3 April 2017	25,000,000	-	-	(25,000,000)	-	-	0.30	-
	28 April 2017	5,670,000	-	-	(5,670,000)	-	-	0.41	-
<i>Independent non-executive Directors</i>									
Wang Fang	28 April 2017	1,000,000	-	-	-	-	1,000,000	0.41	0.01%
Miu Hon Kit <i>(Note (iv))</i>	28 April 2017	1,000,000	-	-	(1,000,000)	-	-	0.41	-
Chen Kin Shing <i>(Note (v))</i>	28 April 2017	1,000,000	-	-	(1,000,000)	-	-	0.41	-
		55,340,000	-	-	(32,670,000)	-	22,670,000		0.15%
<i>Other employees and consultants of the Group</i>									
	3 April 2017	160,000,000	-	-	-	-	160,000,000	0.30	1.04%
	28 April 2017	217,500,000	-	-	-	-	217,500,000	0.41	1.41%
Total		432,840,000	-	-	32,670,000	-	400,170,000		2.60%

DISCLOSURE OF OTHER INFORMATION *(continued)*

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\$
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 2020, assuming all the outstanding share options are exercised.
- (iii) Mr. Deng Chengli resigned as an executive Director on 4 June 2020.
- (iv) Mr. Miu Hon Kit resigned as an independent non-executive Director on 14 May 2020.
- (v) Mr. Chen Kin Shing resigned as an independent non-executive Director on 4 June 2020.

DISCLOSURE OF OTHER INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

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

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

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

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

DISCLOSURE OF OTHER INFORMATION *(continued)*

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

As at 30 June 2020, 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 2020	Approximate percentage of shareholding upon fully exercise of share options <i>(Note (i))</i>
<i>Executive Director</i> Jin Yanbing <i>(Chairman)</i>	Beneficial owner	3 April 2017	16,000,000	0.10%
	Beneficial owner	28 April 2017	5,670,000	0.04%
<i>Independent non-executive Director</i> Wang Fang	Beneficial owner	28 April 2017	1,000,000	0.01%
			22,670,000	0.15%

Notes: 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.

- (i) The percentage represents the number of underlying shares interested divided by the enlarged issue share capital of the Company as at 30 June 2020, assuming all the outstanding share options are exercised.

DISCLOSURE OF OTHER INFORMATION *(continued)*

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

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

Save as disclosed above, as at 30 June 2020, 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 2020, 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 ⁽³⁾	Percentage of shareholding ⁽²⁾
Poly Longma Asset Management Co., Ltd.* 保利龍馬資產管理有限公司	Deemed interest in controlled corporation ⁽¹⁾	9,258,965,000 (L)	61.87%
Shanghai Lianmi Corporation Management Service Co., Ltd.* 上海聯米企業管理服務有限公司	Deemed interest in controlled corporation ⁽¹⁾	9,258,965,000 (L)	61.87%
Forever Bright Consultants Limited	Deemed interest in controlled corporation ⁽¹⁾	9,258,965,000 (L)	61.87%
Golden Port Holdings Limited	Deemed interest in controlled corporation ⁽¹⁾	9,258,965,000 (L)	61.87%
Pohua JT Capital Partners Limited	Deemed interest in controlled corporation ⁽¹⁾	9,258,965,000 (L)	61.87%
Pohua JT Private Equity Fund L.P.	Beneficial owner ⁽¹⁾	9,258,965,000 (L)	61.87%
Xiang Jun	Beneficial owner	756,831,000 (L)	5.06%

DISCLOSURE OF OTHER INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes:

- (1) Pohua JT Capital Partners Limited is the general partner of Pohua JT Private Equity Fund L.P. Pohua JT Capital Partners Limited is owned as to 32% by Golden Port Holdings Limited (“Golden Port”). Forever Bright Consultants Limited (“Forever Bright”) owns 100% equity interest of Golden Port, which in turn is owned as to 100% by Shanghai Lianmi Corporation Management Service Co., Ltd* (上海聯米企業管理服務有限公司) (“Shanghai Lianmi”). Shanghai Lianmi is 100% owned by Poly Longma Asset Management Co., Ltd.* (保利龍馬資產管理有限公司) (“Poly Longma”). Accordingly, each of Poly Longma, Shanghai Lianmi, Forever Bright, Golden Port and Pohua JT Capital Partners Limited is deemed to be interested in a long position of an aggregate of 9,258,965,000 shares held by Pohua JT Private Equity Fund L.P.
- (2) The percentage represents the number of ordinary shares interested divided by the number of the Company’s issued shares as at 30 June 2020 being 14,964,442,519 shares.
- (3) The letter “L” denotes the person’s long position in such securities.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DISCLOSURE OF OTHER INFORMATION *(continued)*

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules for its corporate governance practices during the period under review. In the opinion of the Board, save for the deviation as disclosed below, the Company has complied with the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2020.

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.

DISCLOSURE OF OTHER INFORMATION *(continued)*

COMPLIANCE WITH CORPORATE GOVERNANCE CODE *(continued)*

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. Mr. Jin Yanbing was appointed as the Chairman of the Board, the CEO and an executive Director on 26 August 2019. Since then, the Company does not have a separate chairman and CEO. Mr. Jin Yanbing 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 2020 (six months ended 30 June 2019: Nil).

EVENTS AFTER REPORTING DATE

On 24 July 2020, Mr. Chen Cong tendered his resignation as the company secretary of the Company (the “Company Secretary”) and ceased to be the authorised representative of the Company (the “Authorised Representative”). Mr. Ching Kin Wai was appointed as the Company Secretary and Authorised Representative. For details, please refer to the announcement of the Company dated 24 July 2020.

Save as disclosed above, there are no important events affecting the Group which have occurred after 30 June 2020 and up to the date of this interim report.

DISCLOSURE OF OTHER INFORMATION *(continued)*

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, 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 2020 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters.

DISCLOSURE OF OTHER INFORMATION *(continued)*

CHANGES OF INFORMATION OF DIRECTORS

The changes in the information of the Directors since the publication of the annual report of the Company for the financial year ended 31 December 2019 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Directors	Details of Changes
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Executive Directors

Mr. Qin Hongfu (“Mr. Qin”)	Appointed as an executive Director on 4 June 2020.
Mr. Deng Chengli	Resigned as an executive Director on 4 June 2020.

Non-executive Directors

Mr. Wang Ke	Resigned as a non-executive Director on 4 June 2020.
Mr. Wu Tak Kong	Resigned as a non-executive Director on 4 June 2020.

Independent non-executive Directors

Ms. Wu Wennan	Appointed as chairman of Audit Committee on 14 May 2020 and member of Nomination Committee and Remuneration Committee on 4 June 2020.
Mr. Lang Wangkai (“Mr. Lang”)	Appointed as an independent non-executive Director, chairman of Nomination Committee, member of Audit Committee and Remuneration Committee on 4 June 2020.
Mr. Miu Hon Kit	Resigned as an independent non-executive Director, chairman of Audit Committee, member of Nomination Committee and Remuneration Committee on 14 May 2020.

DISCLOSURE OF OTHER INFORMATION *(continued)*

CHANGES OF INFORMATION OF DIRECTORS *(continued)*

Name of Directors	Details of Changes
Mr. Chen Kin Shing	Resigned as an independent non-executive Director, chairman of Nomination Committee, member of Audit Committee and Remuneration Committee on 4 June 2020.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of Mr. Qin and Mr. Lang are set out in the announcement of the Company dated 4 June 2020.

By order of the Board
Kong Sun Holdings Limited
Jin Yanbing
Chairman

25 August 2020, Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

(Expressed in Renminbi unless otherwise stated)

	Notes	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	3	774,250	1,156,690
Cost of sales		(285,808)	(551,229)
Gross profit		488,442	605,461
Other gains and losses	4	(5,126)	19,352
Administrative expenses		(113,765)	(177,627)
(Loss)/gain on disposal of subsidiaries, net	21	(4,613)	37,488
Impairment loss on a disposal group classified as held for sale	16	–	(98,388)
Finance costs	5	(394,885)	(431,828)
Share of profit/(loss) of associates	11	2,634	(196)
Share of profit of a joint venture		–	12,309
Loss before income tax	6	(27,313)	(33,429)
Income tax expense	7	(6,174)	(7,480)
Loss for the period		(33,487)	(40,909)
Loss for the period attributable to:			
Owners of the Company		(33,733)	(41,617)
Non-controlling interests		246	708
		(33,487)	(40,909)
Loss per share attributable to owners of the Company for the period	8		
Basic (RMB cents)		(0.23)	(0.28)
Diluted (RMB cents)		(0.23)	(0.28)

The notes on pages 47 to 84 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

(Expressed in Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Loss for the period		(33,487)	(40,909)
Other comprehensive income, net of tax			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes in financial assets measured at fair value through other comprehensive income, net	12	(132,450)	(362,695)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		1,190	(2,001)
Other comprehensive income for the period, net of tax		(131,260)	(364,696)
Total comprehensive income for the period		(164,747)	(405,605)
Total comprehensive income attributable to:			
Owners of the Company		(164,993)	(406,313)
Non-controlling interests		246	708
		(164,747)	(405,605)

The notes on pages 47 to 84 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

(Expressed in Renminbi unless otherwise stated)

	Notes	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		30,080	36,959
Solar power plants	10	8,414,251	8,747,485
Interests in associates	11	229,325	226,691
Goodwill		96,930	96,930
Right-of-use assets		397,546	409,133
Financial assets measured at fair value through other comprehensive income	12	1,327,070	1,729,091
Deferred tax assets		4,048	4,250
		10,499,250	11,250,539
Current assets			
Financial assets measured at fair value through profit or loss	13	19,936	28,198
Inventories		1,625	1,222
Trade, bills and other receivables	14	5,253,400	4,292,131
Structured bank deposits		24,230	4,230
Cash and cash equivalents	15	181,936	194,156
		5,481,127	4,519,937
Assets of a disposal group classified as held for sale	16	–	2,901,609
Total current assets		5,481,127	7,421,546
Current liabilities			
Trade and other payables	17	1,276,715	1,669,254
Lease liabilities		50,631	23,247
Loans and borrowings	18	957,533	1,370,428
Corporate bonds	19	109,128	8,063
Tax payable		4,221	5,278
		2,398,228	3,076,270
Liabilities of a disposal group classified as held for sale	16	–	1,333,322
Total current liabilities		2,398,228	4,409,592
Net current assets		3,082,899	3,011,954
Total assets less current liabilities		13,582,149	14,262,493

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2020

(Expressed in Renminbi unless otherwise stated)

	Notes	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		191,639	191,083
Loans and borrowings	18	7,875,044	8,299,649
Corporate bonds	19	184,384	278,462
		8,251,067	8,769,194
NET ASSETS		5,331,082	5,493,299
CAPITAL AND RESERVES			
Share capital	20	6,486,588	6,486,588
Reserves		(1,238,230)	(1,075,767)
Equity attributable to owners of the Company		5,248,358	5,410,821
Non-controlling interests		82,724	82,478
TOTAL EQUITY		5,331,082	5,493,299

The notes on pages 47 to 84 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

(Expressed in Renminbi unless otherwise stated)

Note	Equity attributable to the owners of the Company								Total equity RMB'000 (Unaudited)
	Share capital	PRC statutory reserve	Exchange reserve	Fair value through other comprehensive income reserve	Equity-settled share-based payment reserve	Accumulated losses	Total	Non-controlling interests	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
Balance at 1 January 2019	6,486,588	130,538	(48,703)	(36,448)	130,020	(140,737)	6,521,258	82,570	6,603,828
Loss for the period	-	-	-	-	-	(41,617)	(41,617)	708	(40,909)
Other comprehensive income, net of tax	-	-	(2,001)	(362,695)	-	-	(364,696)	-	(364,696)
Total comprehensive income, net of tax	-	-	(2,001)	(362,695)	-	(41,617)	(406,313)	708	(405,605)
Equity-settled share-based transactions	6(a)	-	-	-	6,801	-	6,801	-	6,801
Lapse of share options	-	-	-	-	(3,224)	3,224	-	-	-
Appropriation to PRC statutory reserves	-	1,184	-	-	-	(1,184)	-	-	-
Balance at 30 June 2019	6,486,588	131,722	(50,704)	(399,143)	133,597	(180,314)	6,121,746	83,278	6,205,024
Balance at 1 January 2020	6,486,588	154,138	(50,565)	(459,341)	50,504	(770,503)	5,410,821	82,478	5,493,299
Loss for the period	-	-	-	-	-	(33,733)	(33,733)	246	(33,487)
Other comprehensive income, net of tax	-	-	1,190	(132,450)	-	-	(131,260)	-	(131,260)
Total comprehensive income, net of tax	-	-	1,190	(132,450)	-	(33,733)	(164,993)	246	(164,747)
Equity-settled share-based transactions	6(a)	-	-	-	2,530	-	2,530	-	2,530
Lapse of share options	-	-	-	-	(3,795)	3,795	-	-	-
Appropriation to PRC statutory reserves	-	1,186	-	-	-	(1,186)	-	-	-
Disposal of subsidiaries	-	(42,732)	-	-	-	42,732	-	-	-
Balance at 30 June 2020	6,486,588	112,592	(49,375)	(591,791)	49,239	(758,895)	5,248,358	82,724	5,331,082

The notes on pages 47 to 84 form part of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020
(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
	Notes	2019
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash generated from operations	604,165	123,843
Tax paid	(7,029)	(6,189)
Net cash generated from operating activities	597,136	117,654
Cash flows from investing activities		
Payment for construction costs in respect of solar power plants	(352,144)	(40,263)
Proceeds from disposal of subsidiaries, net of cash disposed	21 232,110	166,723
Payment for purchase of financial assets measured at fair value through other comprehensive income	(429)	(99,050)
Receipt from disposal of financial assets measured at fair value through profit or loss	–	38,838
Receipt from decrease in investment of financial assets measured at fair value through other comprehensive income	270,000	–
(Increase) decrease in structured bank deposits, net	(20,000)	9,230
Other cash flows generated from investing activities	9,137	13,523
Net cash generated from investing activities	138,674	89,001

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2020

(Expressed in Renminbi unless otherwise stated)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flow from financing activities		
Proceeds from new loans and borrowings	322,500	683,000
Repayment of loans and borrowings	(831,022)	(541,969)
Proceeds from issuance of corporate bonds	-	34,227
Repayment of corporate bonds	(4,567)	(54,099)
Payment of lease liabilities	(10,362)	(10,865)
Interest paid	(290,221)	(392,442)
Net cash used in financing activities	(813,672)	(282,148)
Net decrease in cash and cash equivalents	(77,862)	(75,493)
Cash and cash equivalents at 1 January	253,756	256,645
Effect of foreign exchange rate changes	6,042	(1,665)
Cash and cash equivalents at 30 June	181,936	179,487
Cash and cash equivalents as at 1 January, represented by:		
Bank balances and cash	194,156	256,310
Bank balances and cash included in assets classified as held for sale	59,600	335
	253,756	256,645
Cash and cash equivalents as at 30 June, represented by:		
Bank balances and cash	181,936	179,217
Bank balances and cash included in assets classified as held for sale	-	270
	181,936	179,487

The notes on pages 47 to 84 form part of this interim report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 25 August 2020.

The financial information relating to the financial year ended 31 December 2019 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 2019 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 2019 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 2019 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)*

These condensed consolidated interim financial information are unaudited and have not been reviewed by the auditors, but have been reviewed by the audit committee of the Company ("Audit Committee") and approved and authorised for issue by the Board on 25 August 2020.

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 2019 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 2020.

For the six months ended 30 June 2020, the Group have applied the following new and amendments to HKFRS issued by the HKICPA which were effective for the annual periods beginning on or after 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

The adoption of the above new effective interpretation and the amendments to existing standards did not have any material impact to the Group's accounting policies or financial results.

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, interest income generated from provision of financial services and trading of liquefied natural gas (“LNG”). The amount of each significant category of revenue during the period is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of electricity	734,915	908,475
Trading of LNG	12,590	230,020
Provision of solar power plant operation and maintenance services	13,044	545
Interest income generated from provision of financial services	13,701	17,650
	774,250	1,156,690

During the six months ended 30 June 2020, sales of electricity includes renewable energy subsidies amounted to approximately RMB466,356,000 (six months ended 30 June 2019: RMB576,556,000).

3. REVENUE AND SEGMENT INFORMATION *(continued)*

B. Segment information

(i) *Business segments*

The Board has identified the solar power plants, financial services, trading of LNG 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 2020 and 2019 is set out below.

	Six months ended 30 June 2020			
	Solar power plants RMB'000 (Unaudited)	Trading of LNG RMB'000 (Unaudited)	Financial Services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	747,959	12,590	13,701	774,250
Inter-segment revenue	-	-	-	-
Reportable segment revenue	747,959	12,590	13,701	774,250
Reportable segment profit/(loss) (adjusted EBITDA)	642,334	(1,030)	2,204	643,508
Primary geographical markets PRC	747,959	12,590	13,701	774,250
Timing of revenue recognition				
At a point in time	-	12,590	-	12,590
Transferred over time	747,959	-	13,701	761,660
	747,959	12,590	13,701	774,250
At as 30 June 2020				
Reportable segment assets	13,554,212	7,754	307,423	13,869,389
Reportable segment liabilities	9,766,936	2,366	93,400	9,862,702

3. REVENUE AND SEGMENT INFORMATION *(continued)*

B. Segment information *(continued)*

(i) *Business segments (continued)*

	Six months ended 30 June 2019			
	Solar power plants RMB'000 (Unaudited)	Trading of LNG RMB'000 (Unaudited)	Financial Services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers	909,020	230,020	17,650	1,156,690
Inter-segment revenue	-	-	-	-
Reportable segment revenue	909,020	230,020	17,650	1,156,690
Reportable segment profit/(loss) (adjusted EBITDA)	766,489	(632)	4,236	770,093
Primary geographical markets PRC	909,020	230,020	17,650	1,156,690
Timing of revenue recognition				
At a point in time	-	230,020	-	230,020
Transferred over time	909,020	-	17,650	926,670
	909,020	230,020	17,650	1,156,690
At as 31 December 2019				
Reportable segment assets	15,522,162	9,674	327,418	15,859,254
Reportable segment liabilities	12,212,138	3,230	15,546	12,230,914

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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue		
Reportable segment revenue	774,250	1,156,690
Elimination of inter-segment revenue	-	-
Consolidated revenue	774,250	1,156,690
Profit		
Reportable segment profit	643,508	770,093
Other gains and losses	6,000	9,325
Net unrealised loss on fair value changes on financial assets measured at fair value through profit or loss	(8,746)	(6,011)
Net realised loss on disposal of financial assets measured at fair value through profit or loss	-	(1,154)
Depreciation and amortisation	(226,212)	(269,982)
(Loss) gain on disposal of subsidiaries, net	(4,613)	37,488
Impairment loss of a disposal group classified as held for sale	-	(98,388)
Share of profit of a joint venture	-	12,309
Share of profit (loss) of associates	2,634	(196)
Finance costs	(394,885)	(431,828)
Equity-settled share-based payment expenses	(2,530)	(6,801)
Unallocated corporate expenses <i>(note (a))</i>	(42,469)	(48,284)
Consolidated loss before income tax	(27,313)	(33,429)

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 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Assets		
Reportable segment assets	13,869,389	15,859,254
Interests in associates	229,325	226,691
Financial assets measured at fair value through other comprehensive income	1,327,070	1,729,091
Financial assets measured at fair value through profit or loss	19,936	28,198
Structured bank deposits	24,230	4,230
Deferred tax assets	4,048	4,250
Unallocated corporate assets <i>(note (b))</i>	506,379	820,371
Consolidated total assets	15,980,377	18,672,085
Liabilities		
Reportable segment liabilities	9,862,702	12,230,914
Corporate bonds	293,512	286,525
Unallocated corporate liabilities <i>(note (c))</i>	493,081	661,347
Consolidated total liabilities	10,649,295	13,178,786

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.

(iii) *Geographic information*

As the Group does not have material operation outside the PRC, no geographic segment information is presented.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest income	425	889
Dividend income	8,712	10,890
Net foreign exchange loss	(3,137)	(2,454)
Net unrealised loss on fair value changes on financial assets measured at fair value through profit or loss (<i>note 13</i>)	(8,746)	(6,011)
Net realised loss on disposal of financial assets measured at fair value through profit or loss	–	(1,154)
Properties rental income	–	13,656
Government allowance	–	3,576
Others	(2,380)	(40)
	(5,126)	19,352

5. FINANCE COSTS

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest on loans and borrowings	370,889	420,196
Imputed interest on corporate bonds (note 19)	15,002	12,607
Interest on lease liabilities	8,994	9,297
Total interest expense on financial liabilities not at fair value through profit or loss	394,885	442,100
Less: interest expense capitalised into solar power plants under construction [#]	–	(10,272)
	394,885	431,828

[#] For the six months ended 30 June 2020, no borrowing cost has been capitalised (six months ended 30 June 2019: capitalised at a rate of approximately 7%) per annum.

6. LOSS BEFORE INCOME TAX

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

A. Employee benefit expenses (including directors' emoluments)

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Salaries, wages and other benefits	75,732	93,294
Contributions to defined contribution retirement plan	5,165	11,544
Equity-settled share-based payment expenses	2,530	6,801
	83,427	111,639

B. Other items

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Amortization of right-of-use assets	17,552	14,327
Auditor's remuneration	47	284
Cost of inventories	12,531	229,218
Depreciation		
— Property, plant and equipment	3,606	3,902
— Solar power plants	205,054	251,753
Operating lease expenses in respect of short-term leases	8,558	17,179

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	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
— PRC corporate income tax	5,972	4,157
Deferred tax	202	3,323
	6,174	7,480

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 2020 and 2019.

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

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment* (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), certain solar power 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. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

The calculation of basic and diluted loss per share for the six months ended 30 June 2020 is based on loss attributable to owners of the Company for the period of approximately RMB33,733,000 (six months ended 30 June 2019: RMB41,617,000) and on the weighted average number of approximately 14,964,442,000 (six months ended 30 June 2019: 14,964,442,000) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2020 and 2019 was the same as basic loss per share because the impact of the exercise of share options was anti-dilutive.

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2020 nor has any dividend been proposed since the end of the reporting period up to the date of this interim report (six months ended 30 June 2019: Nil).

10. SOLAR POWER PLANTS

During the six months ended 30 June 2020, the Group increased its investments in solar power plants of approximately RMB5,671,000 (six months ended 30 June 2019: RMB30,794,000). During the six months ended 30 June 2020, the Group successfully completed the disposals of solar power plants with total installed capacity of 350.5 (six months ended 30 June 2019: 60) megawatts ("MW").

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 2020, certain solar power plants with carrying amount of approximately RMB1,049,709,000 (31 December 2019: RMB1,577,932,000) 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 2020, certain solar power plants with carrying amount of approximately RMB6,530,898,000 (31 December 2019: RMB6,413,341,000) were pledged as securities for the Group's loans and borrowings (note 18).

11. INTERESTS IN ASSOCIATES

Particulars of the associates as at 30 June 2020 and 31 December 2019 are as follows:

Name	Place of incorporation and principal place of operation	Percentage of ownership interest/ voting rights	Principal activity
江山寶源國際融資租賃有限公司 (Kong Sun Baoyuan International Financial Leasing Limited*)	PRC	37.6% (31 December 2019: 37.6%)	Finance leases and factoring business
通服商業保理有限責任公司 (Tongfu Commercial Factoring Co., Ltd.*)	PRC	10% (31 December 2019: 10%)	Factoring business
蘇州中能鼎立電子商務有限公司 (Suzhou Zhongneng Dingli E-commercial Co., Ltd.*)	PRC	10% (31 December 2019: 10%)	LNG trading platform development and business in relation to LNG management
東台瀟晶光伏有限公司 (Dongtai Lanjing Photovoltaic Co., Ltd.*)	PRC	36.79% (31 December 2019: 36.79%)	Solar power generation and development

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

12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Financial assets measured at fair value through other comprehensive income		
Unlisted partnership investments (<i>note (a)</i>)	781,070	1,050,641
Unlisted equity investments (<i>note (b)</i>)	546,000	678,450
	1,327,070	1,729,091

Notes:

- (a) As at 30 June 2020 and 31 December 2019, the Group's unlisted partnership investments included the followings:
- (i) 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)*) ("Suzhou Junsheng Limited Partnership") pursuant to the partnership agreement ("Suzhou Junsheng Partnership Agreement") for carrying out investments in high-tech, energy sector and other high growth unlisted enterprises. Pursuant to the Suzhou Junsheng Partnership Agreement, the total capital contribution of Suzhou Junsheng Limited Partnership shall amount to RMB1,000,100,000, in which the Group's capital contribution is approximately 49.995% (equivalent to approximately RMB500,000,000).

12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Notes: *(continued)*

(a) *(continued)*

(i) *(continued)*

Pursuant to Suzhou Junsheng Partnership Agreement, Suzhou Junsheng 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. Suzhou Junsheng 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 Suzhou Junsheng Limited Partnership, procure that Suzhou Junsheng Limited Partnership carefully selects investment targets and properly manages invested assets.

Details of Suzhou Junsheng Limited Partnership are set out in the Company's announcement and circular dated 21 August 2018 and 21 December 2018, respectively.

During the six months ended 30 June 2020, there was decrease in investment of Suzhou Junsheng Limited Partnership upon the disposals of 阿圖什市華光能源有限公司 (Artux Huaguang Energy Limited*) ("Huaguang") and 阿圖什市興光能源有限公司 (Artux Xingguang Energy Limited*) ("Xingguang"). As at 30 June 2020, the fair value of the Group's actual capital contribution paid in Suzhou Junsheng Limited Partnership was approximately RMB222,500,000 (31 December 2019: RMB492,500,000).

12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Notes: *(continued)*

(a) *(continued)*

- (ii) 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 2020, the Group’s actual capital contribution paid in Taizhou Jiuan Limited Partnership was approximately RMB300,000,000 (31 December 2019: RMB300,000,000).

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.

12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Notes: (continued)

(a) (continued)

(iii) On 22 September 2017, a wholly-owned subsidiary of the Company, as a senior 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 Xinheyumei Equity Investment Partnership (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 2020, the fair value of the Group’s actual capital contribution paid in Huoerguosi Limited Partnership was approximately RMB3,570,000 (31 December 2019: RMB3,141,000).

(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 Yongying 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 2020, the Group’s actual capital contribution paid in Jiaxing Shengshi Limited Partnership was approximately RMB255,000,000 (31 December 2019: RMB255,000,000).

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.

12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Notes: *(continued)*

- (b) As at 30 June 2020 and 31 December 2019, 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 year ended 31 December 2019, 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 2020 and 31 December 2019, 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.

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 2020, a fair value loss of approximately RMB49,610,000 (six months ended 30 June 2019: a fair value gain of approximately RMB597,000) was recognised in other comprehensive income. As at 30 June 2020, the approximately 4.89% equity interests in Hohhot Jingu Bank of approximately RMB190,000,000 (31 December 2019: RMB239,610,000) was determined with reference to the valuation report prepared by an independent professional qualified valuer.

12. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Notes: *(continued)*

(b) *(continued)*

- (ii) As at 30 June 2020, the unlisted equity investment, at fair value, represents approximately 2.52% (31 December 2019: 2.52%) and approximately 1.38% (31 December 2019: 1.38%) of the total number of domestic shares and the total number of shares (including domestic shares and H-shares) of Bank of Jinzhou Co., Ltd. ("Jinzhou Bank"), respectively. On 30 March 2017, a wholly-owned subsidiary of the Company entered into two share transfer agreements with two vendors, being independent third party to the Group, to acquire 107,500,000 domestic shares of Jinzhou Bank, a bank based in the PRC, at the price of RMB7.9161 per domestic share. 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 2020, a fair value loss of approximately RMB82,840,000 (six months ended 30 June 2019: RMB363,292,000) was recognised in other comprehensive income. The fair value of the unlisted equity investment of Jinzhou Bank as at 30 June 2020 of approximately RMB356,000,000 (31 December 2019: RMB438,840,000) was determined with reference to the valuation report prepared by an independent professional qualified valuer.

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.

As at 30 June 2020, the unlisted equity investments measured at fair value with the carrying amount of approximately RMB356,000,000 (31 December 2019: RMB438,840,000) were pledged as securities for the Group's loans and borrowings (note 18).

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	RMB'000 (Unaudited)
Equity securities listed in Hong Kong	
At 1 January 2020	28,198
Unrealised loss on fair values changes	(8,746)
Exchange realignment	484
At 30 June 2020	19,936

As at 30 June 2020 and 31 December 2019, the fair values of all listed securities are determined directly by reference to the quoted market bid price available on the relevant exchanges.

14. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Trade receivables	3,073,844	2,632,800
Bills receivables	14,212	124,822
Impairment provision for trade receivables	(25,018)	(24,618)
Trade and bills receivables, net <i>(note (i))</i>	3,063,038	2,733,004
Other receivables, prepayments and deposits	2,258,708	1,629,802
Impairment provision for other receivables	(68,346)	(70,675)
Other receivables, prepayments and deposits, net	2,190,362	1,559,127
	5,253,400	4,292,131

14. TRADE, BILLS AND OTHER RECEIVABLES (continued)

Aging analysis of net trade and bills receivables, based on invoice dates, are as follows:

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Current or less than 3 months	467,236	650,526
Over 3 months but less than 6 months	229,588	261,127
Over 6 months but less than 12 months	519,181	430,605
Over 12 months but less than 24 months	918,696	808,365
Over 24 months	928,337	582,381
	3,063,038	2,733,004

Movements in provision for impairment of trade and other receivables for the six months ended 30 June 2020 are as follows:

	Trade receivables RMB'000 (Unaudited)	Other receivables RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2020	24,618	70,675	95,293
Impairment provision during the period	400	–	400
Written off as uncollectible during the period	–	(2,329)	(2,329)
At 30 June 2020	25,018	68,346	93,364

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

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 2020 (31 December 2019: 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 2020, the outstanding renewable energy subsidies amounted to approximately RMB2,676,605,000 (31 December 2019: RMB2,255,057,000).

- (ii) As at 30 June 2020, certain trade receivables arising from the sales of electricity amounting to approximately RMB2,354,035,000 (31 December 2019: RMB2,029,478,000) were pledged as securities for the Group's loans and borrowings (note 18).

15. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents of the Group is approximately RMB177,888,000 as at 30 June 2020 (31 December 2019: RMB190,959,000) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at 31 December 2019, the assets and liabilities related to 千陽縣寶源光伏電力開發有限公司 Qianyang Baoyuan Photovoltaic Power Development Limited (“Baoyuan”), Huaguang, 巨鹿縣明暉太陽能發電有限公司 Julu Minghui Photovoltaic Power Limited (“Minghui”), 蘭州太科光伏電力有限公司 Lanzhou Taike Photovoltaic Power Limited (“Taike”), Xingguang, 溧陽新暉光伏發電有限公司 Liyang Xinhui Photovoltaic Power Generation Limited (“Xinhui”), 和靜旭雙太陽能科技有限公司 Hejing Xushuang Photovoltaic Technology Limited (“Xushuang”), 宿州市雲陽新能源發電有限公司 Suzhou Yunyang New Energy Electricity Co., Ltd. (“Yunyang”), 哈密朝翔新能源科技有限公司 Hami Zhaoxiang New Energy Technology Limited (“Zhaoxiang”) and 定邊縣昂立光伏科技有限公司 Dingbian Angli Solar Power Technology Co., Ltd. (“Angli”) were presented as held for sale following the sale and purchase agreements dated 15 November 2019 and 5 December 2019 entered into between the Group and the purchasers. The principal activities of these subsidiaries were engaged in solar power generation. For details, please refer to the announcements of the Company dated 26 November 2019 and 5 December 2019, respectively, and the circular of the Company dated 6 January 2020.

In accordance with HKFRS 5, assets and liabilities relating to these subsidiaries were classified as held for sale in the consolidated statement of financial position as at 31 December 2019. The disposal did not constitute a discontinued operation as it did not represent a major line of business or geographical area of operation.

16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The directors of the Company regard the sale proceeds less directly attributable costs which amounted to approximately RMB819,313,000 as the fair value less cost of disposal for the disposal of these subsidiaries.

	At 31 December 2019 RMB'000
Property, plant and equipment	2,150
Solar power plants	2,260,134
Goodwill	52,221
Right-of-use assets	56,948
Inventories	21
Trade and other receivables	798,264
Amounts due from group companies	213,737
Cash and cash equivalents	59,600
	3,443,075
Less: Amounts due from group companies	(213,737)
Impairment loss on a disposal group classified as held for sale	(327,729)
Total assets classified as held for sale	2,901,609
Trade and other payables	100,382
Amounts due to group companies	984,608
Loans and borrowings	1,205,295
Tax payables	3,118
Lease liabilities	24,527
	2,317,930
Less: Amounts due to group companies	(984,608)
Total liabilities classified as held for sale	1,333,322

17. TRADE AND OTHER PAYABLES

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Trade payables	702,081	1,042,309
Other payables and accruals	574,634	626,945
	1,276,715	1,669,254

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

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Current or less than 3 months	13,628	347,799
Over 3 months but less than 6 months	17,107	11,669
Over 6 months but less than 12 months	82,494	117,111
Over 12 months	588,852	565,730
	702,081	1,042,309

Retention payable amounting to approximately RMB40,879,000 (31 December 2019: RMB311,768,000), 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 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Current		
Secured		
— bank loans	49,000	320,500
— other borrowings	908,533	1,049,928
	957,533	1,370,428
Non-current		
Secured		
— bank loans	296,500	29,000
— other borrowings	7,578,544	8,270,649
	7,875,044	8,299,649
Total loans and borrowings	8,832,577	9,670,077

18. LOANS AND BORROWINGS (continued)

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

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Within 1 year	957,533	1,370,428
After 1 year but within 2 years	569,082	649,767
After 2 years but within 5 years	4,883,387	3,424,667
After 5 years	2,422,575	4,225,215
	8,832,577	9,670,077

Loans and other borrowings bear interest ranging from 4.9% to 14.56% (31 December 2019: 4.9% to 14.56%) per annum.

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

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Fixed-rate borrowings	4,516,577	5,033,500
Floating-rate borrowings	4,316,000	4,636,577
	8,832,577	9,670,077

18. LOANS AND BORROWINGS (continued)

The loans and borrowings were secured by the following assets:

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Solar power plants (note 10)	6,530,898	6,413,341
Trade receivables (note 14)	2,354,035	2,029,478
Right-of-use assets	2,738	756
Financial assets measured at fair value through other comprehensive income (note 12)	356,000	438,840
	9,243,671	8,882,415

As at 30 June 2020 and 31 December 2019, 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 RMB16,000,000 (31 December 2019: RMB16,000,000) 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 2019: 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 Company*);
- (c) other borrowings of approximately RMB1,200,000,000 (31 December 2019: 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 2019: RMB275,649,000) were pledged by 99.96% equity interests of 六安旭強新能源工程有限公司 (Liu'an Xuqiang New Energy Engineering Limited*);
- (e) other borrowings of approximately RMB300,000,000 (31 December 2019: 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 2019: 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*);

18. LOANS AND BORROWINGS (continued)

- (g) other borrowings of approximately RMB244,351,000 (31 December 2019: 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 2019: RMB369,366,000) 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*);
- (i) other borrowings of approximately RMB130,634,000 (31 December 2019: RMB130,634,000) 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*);
- (j) other borrowings of approximately RMB1,500,000,000 (31 December 2019: RMB1,500,000,000) were pledged by 99.96% equity interests of 常熟宏略光伏電站開發有限公司 (Changshu Honglu Photovoltaic Power Plants Development Co., Ltd.*);
- (k) other borrowings of approximately RMB260,000,000 (31 December 2019: RMB260,000,000) were pledged by 96.30% equity interests of 黃驊市正陽新能源有限公司 (Huanghua Zhengyang New Energy Limited*);
- (l) other borrowings of Nil (31 December 2019: RMB280,000,000) were pledged by 98.25% equity interests of Huaguang;
- (m) other borrowings of Nil (31 December 2019: RMB260,000,000) were pledged by 99.62% equity interests of Xingguang; and
- (n) other borrowings of approximately RMB185,000,000 (31 December 2019: RMB185,000,000) were pledged by 99.46% equity interests of Shuozhou Yongyang.

In addition, an independent third party had provided unlimited corporate guarantees to certain of the Group's other borrowings amounting to approximately RMB1,752,864,000 (31 December 2019: RMB441,865,000).

19. CORPORATE BONDS

As at 30 June 2020, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK\$338,500,000 (equivalent to approximately RMB309,199,000) (31 December 2019: HK\$343,500,000 (equivalent to approximately RMB307,700,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 7% (31 December 2019: 3% to 7%) per annum, and will mature on the date immediately following 6 to 96 months (31 December 2019: 6 to 96 months) after their issuance.

During the six months ended 30 June 2020, the Group did not issue any corporate bonds.

During the six months ended 30 June 2019, the Group issued corporate bonds with an aggregate principal amount of HK\$44,000,000 (equivalent to approximately RMB38,705,000) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK\$38,909,000 (equivalent to approximately RMB34,227,000), with total issue cost amounting to approximately HK\$5,091,000 (equivalent to approximately RMB4,478,000).

During the six months ended 30 June 2020, the Group repaid HK\$5,000,000 (equivalent to approximately RMB4,567,000) (six months ended 30 June 2019: HK\$61,500,000 (equivalent to approximately RMB54,099,000)) in aggregate principal amount of the corporate bonds.

The corporate bonds are measured at amortised cost using effective interest method by applying an effective interest rate ranging from 10.40% to 14.56% (six months ended 30 June 2019: 10.24% to 14.56%) per annum. Imputed interest of approximately HK\$16,558,000 (equivalent to approximately RMB15,002,000) (six months ended 30 June 2019: HK\$14,710,000 (equivalent to approximately RMB12,607,000)) (note 5) in respect of the corporate bonds was recognised in profit or loss during the six months ended 30 June 2020.

As at 30 June 2020, Corporate Bonds amounting to approximately HK\$119,469,000 (equivalent to approximately RMB109,128,000) (31 December 2019: HK\$9,002,000 (equivalent to approximately RMB8,063,000)) and approximately HK\$201,856,000 (equivalent to approximately to RMB184,384,000) (31 December 2019: HK\$310,859,000 (equivalent to approximately to RMB278,462,000)) were classified as current liabilities and non-current liabilities, respectively.

20. SHARE CAPITAL

	Number of shares	RMB'000
	'000	
Issued and fully paid:		
At 1 January 2019, 30 June 2019, 31 December 2019, 1 January 2020 and 30 June 2020	14,964,442	6,486,588

21. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2020, the Group disposed of the entire equity interests in certain PRC-incorporated entities at a total consideration of approximately RMB819,313,000. These entities are set out below:

Name of entities	Disposal dates
定邊縣昂立光伏科技有限公司 (Dingbian Angli Solar Power Technology Co., Ltd.*) (note (i))	23 January 2020
溧陽新暉光伏發電有限公司 (Liyang Xinhui Photovoltaic Power Generation Limited*) (note (i))	10 March 2020
哈密朝翔新能源科技有限公司 (Hami Zhaoxiang New Energy Technology Limited*) (note (i))	17 March 2020
和靜旭雙太陽能科技有限公司 (Hejing Xushuang Photovoltaic Technology Limited*) (note (i))	27 March 2020
阿圖什市華光能源有限公司 (Artux Huaguang Energy Limited*) (note (i))	10 April 2020
阿圖什市興光能源有限公司 (Artux Xingguang Energy Limited*) (note (i))	10 April 2020
蘭州太科光伏電力有限公司 (Lanzhou Taike Photovoltaic Power Limited*) (note (i))	13 April 2020
巨鹿縣明暉太陽能發電有限公司 (Julu Minghui Photovoltaic Power Limited*) (note (i))	22 April 2020
宿州市雲陽新能源發電有限公司 (Suzhou Yunyang New Energy Electricity Co., Ltd.*) (note (i))	20 May 2020
千陽縣寶源光伏電力開發有限公司 (Qianyang Baoyuan Photovoltaic Power Development Limited*) (note (i))	5 June 2020

Note:

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

21. DISPOSAL OF SUBSIDIARIES *(continued)*

During the six months ended 30 June 2020, the combined net assets of these subsidiaries as at the disposal dates are as follows:

	RMB'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment	1,886
Solar power plants	1,969,468
Right-of-use assets	54,724
Inventories	1,527
Trade and other receivables	1,045,124
Cash and cash equivalents	33,981
Other payables and accruals	(842,155)
Lease liabilities	(24,035)
Loans and borrowings	(1,416,594)
	823,926
Loss on disposal of subsidiaries, net	(4,613)
Total consideration	819,313
Consideration transferred, satisfied by:	
Cash	266,091
Trade and other receivables	553,222
	819,313

21. DISPOSAL OF SUBSIDIARIES (continued)

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

	RMB'000 (Unaudited)
Net cash inflow arising from disposal of subsidiaries:	
Cash consideration received	266,091
Cash and cash equivalents disposed of	(33,981)
	232,110

Please refer to the 2019 interim report of the Company for comparative information relating to disposal of subsidiaries.

22. CAPITAL COMMITMENTS

At 30 June 2020, the Group had outstanding capital commitments as follows:

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Contracted but not provided for in respect of — the construction costs and service expense for solar power plants under construction	36,791	309,265

23. MATERIAL RELATED PARTY TRANSACTION

During the six months ended 30 June 2020, the Group had no material related party transactions.

24. 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.

24. FAIR VALUE MEASUREMENT (continued)

The financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss in the condensed 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 2020				
Financial assets measured at fair value through profit or loss	19,936	–	–	19,936
Financial assets measured at fair value through other comprehensive income	–	–	1,327,070	1,327,070
As at 31 December 2019				
Financial assets measured at fair value through profit or loss	28,198	–	–	28,198
Financial assets measured at fair value through other comprehensive income	–	–	1,729,091	1,729,091

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 Hohhot Jingu Bank (note 12(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 2020.

24. FAIR VALUE MEASUREMENT *(continued)*

The fair values of the financial assets measured at fair value through other comprehensive income relating to Jinzhou Bank (note 12(b)(ii)) in Level 3 are derived from the average price changes of similar and comparable commercial banks publicly traded in both Hong Kong and the PRC, then adjusted for the lack of marketability discount as at 30 June 2020.

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 2020.

Significant unobservable inputs

Hohhot Jingu Bank

Discount for lack of marketability 20% (31 December 2019: 20%)

If the discount for lack of marketability is 1% higher or lower, while all the other variables were held constant, the fair value of the financial assets measured at fair value through other comprehensive income in respect of Hohhot Jingu Bank would decrease/increase by approximately RMB2,370,000 (31 December 2019: RMB3,016,000).

There is no change in valuation techniques during the year.

Jinzhou Bank

Discount for lack of marketability 52% (31 December 2019: 52%)

There is no change in valuation techniques during the year. Given that Jinzhou Bank had been suspended for trading due to significant asset reorganisation and the outcome of significant asset reorganisation was uncertain at year end date, a higher discount for lack of marketability was adopted by the valuer.

If the discount for lack of marketability is 1% higher or lower, while all the other variables were held constant, the fair value of the financial assets measured at fair value through other comprehensive income in respect of Jinzhou Bank would decrease/increase by approximately RMB4,470,000 (31 December 2019: RMB5,247,000).

24. FAIR VALUE MEASUREMENT *(continued)*

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)
At 1 January 2020	1,729,091
Addition during the period	429
Decrease during the period	(270,000)
Fair value changes recognised in other comprehensive income during the period	(132,450)
At 30 June 2020	1,327,070

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 2020.

25. EVENTS AFTER REPORTING DATE

On 24 July 2020, Mr. Chen Cong tendered his resignation as the company secretary of the Company (the "Company Secretary") and ceased to be the authorised representative of the Company (the "Authorised Representative"). Mr. Ching Kin Wai was appointed as the Company Secretary and Authorised Representative. For details, please refer to the announcement of the Company dated 24 July 2020.

Save as disclosed above, there are no other material events affecting the Group which have occurred after 30 June 2020 and up to the date of this interim report.