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KONG SUN HOLDINGS LIMITED
江山控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 295)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Kong Sun Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the corresponding year in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	Year ended 31 December 2019 RMB'000	2018 RMB'000
Revenue	3	**2,079,704**	1,881,004
Cost of sales		**(981,965)**	(760,392)
Gross profit		**1,097,739**	1,120,612
Other gains and losses	4	**(72,457)**	41,413
Administrative expenses		**(366,869)**	(412,178)
Gain on bargain purchase on acquisitions of subsidiaries		**–**	2,504
(Loss)/gain on disposal/deregistration of subsidiaries, net	21	**(66,618)**	2,693
Impairment loss on a disposal group classified as held for sale	16	**(327,729)**	–
Impairment loss on solar power plants	11	**(43,735)**	–
Loss on disposal of a joint venture		**(3,918)**	–
Gain on disposal of an associate		**–**	5,661
Finance costs	7	**(892,236)**	(745,545)
Share of profit of a joint venture		**12,308**	10,501
Share of loss of associates		**(21,928)**	(837)
(Loss)/profit before income tax	5	**(685,443)**	24,824
Income tax expense	8	**(13,278)**	(8,547)
(Loss)/profit for the year		**(698,721)**	16,277
(Loss)/profit for the year attributable to:			
Owners of the Company		**(698,629)**	15,415
Non-controlling interests		**(92)**	862
		(698,721)	16,277
(Loss)/earnings per share for the year attributable to owners of the Company	9		
— Basic *(RMB cents)*		**(4.67)**	0.10
— Diluted *(RMB cents)*		**(4.67)**	0.10

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

		Year ended 31 December	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
(Loss)/profit for the year		**(698,721)**	16,277
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
— Fair value changes in financial assets measured at fair value through other comprehensive income	*12*	**(422,893)**	(71,452)
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of financial statements of foreign operations		**(2,293)**	(1,732)
— Releases of exchange reserve upon disposal of subsidiaries	*21*	**431**	(19)
Other comprehensive income for the year, net of tax		**(424,755)**	(73,203)
Total comprehensive income for the year		**(1,123,476)**	(56,926)
Total comprehensive income attributable to:			
Owners of the Company		**(1,123,384)**	(57,788)
Non-controlling interests		**(92)**	862
		(1,123,476)	(56,926)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

		At 31 December	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**36,959**	33,034
Solar power plants	*11*	**8,747,485**	12,594,456
Interest in a joint venture		**–**	331,922
Interests in associates		**226,691**	13,290
Goodwill		**96,930**	149,197
Right-of-use assets		**409,133**	–
Lease prepayments		**–**	245,928
Financial assets measured at fair value through other comprehensive income	*12*	**1,729,091**	2,047,434
Deferred tax assets		**4,250**	2,360
		11,250,539	15,417,621
Current assets			
Financial assets measured at fair value through profit or loss	*13*	**28,198**	81,143
Inventories		**1,222**	3,058
Trade, bills and other receivables	*14*	**4,292,131**	4,646,076
Structured bank deposits		**4,230**	9,230
Cash and cash equivalents	*15*	**194,156**	256,310
		4,519,937	4,995,817
Assets of a disposal group classified as held for sale	*16*	**2,901,609**	6,678
Total current assets		**7,421,546**	5,002,495

	Notes	At 31 December 2019 RMB'000	2018 RMB'000
Current liabilities			
Trade and other payables	*17*	**1,669,254**	1,903,547
Lease liabilities		**23,247**	–
Contract liabilities		**–**	8,038
Loans and borrowings	*18*	**1,370,428**	890,610
Corporate bonds	*19*	**8,063**	55,870
Tax payables		**5,278**	5,221
		3,076,270	2,863,286
Liabilities of a disposal group classified as held for sale	*16*	**1,333,322**	6,864
Total current liabilities		**4,409,592**	2,870,150
Net current assets		**3,011,954**	2,132,345
Total assets less current liabilities		**14,262,493**	17,549,966
Non-current liabilities			
Lease liabilities		**191,083**	–
Loans and borrowings	*18*	**8,299,649**	10,726,625
Corporate bonds	*19*	**278,462**	219,513
		8,769,194	10,946,138
NET ASSETS		**5,493,299**	6,603,828
CAPITAL AND RESERVES			
Share capital	*20*	**6,486,588**	6,486,588
Reserves		**(1,075,767)**	34,670
Equity attributable to the owners of the Company		**5,410,821**	6,521,258
Non-controlling interests		**82,478**	82,570
TOTAL EQUITY		**5,493,299**	6,603,828

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the Companies Ordinance (Cap. 622) of the Laws of Hong Kong (the "**Hong Kong Companies Ordinance**"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of the 2019 annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on those financial statements of the Group for both years. For the year ended 31 December 2019, the auditor's reports were unqualified; include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report as set out in sub-section under "EXTRACT OF INDEPENDENT AUDITOR'S REPORT"; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The financial statements have been prepared under historical cost convention except for certain financial assets at fair value through other comprehensive income ("**FVOCI**") and financial assets at fair value through profit or loss ("**FVTPL**"), which are stated at fair values.

In preparing the financial statements, the Directors considered the operations of the Group as a going concern notwithstanding that the Group incurred a net loss of approximately RMB698,721,000 (2018: net profit of RMB16,277,000) during the year ended 31 December 2019 and in light of economy in 2020, the settlement of the Group's certain renewable energy subsidy receivables from the State Grid Company of various provinces could be longer than the management's original expectation. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2019, after taking into consideration of the followings:

1. the Group continues to implement measures to tighten cost controls over various operating expenses in order to improve its cash flows from its operations;

2. the Group is actively negotiating with the lenders to seek for renewal of the outstanding borrowings. Subsequent to reporting date, the Group successfully obtained written confirmation from certain of the Group's major lenders, which confirmed to extend certain borrowings, in aggregate of RMB520,000,000, of the Group for one year upon the maturity of these borrowings;

3. the Group is actively exploring the availability of alternative source of financing (including but not limited to realisation of the Group's solar power plants); and

4. Pohua JT Private Equity Fund L.P., the ultimate holding company of the Company, has agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a going concern in care when future financial difficulties to be experienced by the Group.

The Directors of the Company believe that the aforementioned financing and operational measures will be successful, based on the continuous efforts and commitment of the management.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Adoption of new/amended HKFRSs — effective 1 January 2019

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

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features and Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015–2017 Cycle

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the group's accounting policies.

Adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

New definition of leases

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, for all leases (irrespective of they are operating leases or finance leases and except for short-term leases and leases of low-value assets), the Group is required to: (a) recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments; (b) recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income; and (c) separately present the total amount of cash paid into a principal portion and interest within financing activities and investing activities in the consolidated statement of cash flows. Under HKFRS 16, right-of-use assets are tested for impairment in accordance with HKAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

Transitions

The Group has applied HKFRS 16 using the modified retrospective approach with a date of initial application of 1 January 2019, under which the cumulative effect of initial application is recognised as at 1 January 2019. As a result, the comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019.

The Group has elected to recognise all the right-of-use assets as at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Leasehold land and land use rights are reclassified and recognised as right-of-use assets under HKFRS 16. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets as at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application and accounted for those leases as short-term leases; and (iii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

Impact to the consolidated financial statements

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from HKFRS 16 are therefore recognised in the opening balances on 1 January 2019.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

	1 January 2019
	RMB'000
Increase in right-of-use assets	**520,569**
Decrease in leasehold land and land use rights	**(245,928)**
Increase in lease liabilities (current portion)	**13,192**
Increase in lease liabilities (non-current portion)	**261,449**

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	RMB'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as of 31 December 2018	245,356
Add: leases included in extension option which the Group considers reasonably certain to exercise	220,353
	465,709
Discounting effect	(191,068)
Total lease liabilities as of 1 January 2019	274,641

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 January 2019 is 6.73%.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKAS 19 — Plan amendments, curtailment or settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

Amendments to HKAS 28 — Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2018 Cycle — Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2018 Cycle — Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2018 Cycle — Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2018 Cycle — Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

2.2 New/amended HKFRSs that have been issued but are not yet effective

The following new/amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2020

2 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Amendments to HKFRS 3 — Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 — Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. 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. The amount of each significant category of revenue during the year is as follows:

	2019	2018
	RMB'000	*RMB'000*
Sales of electricity	**1,693,916**	1,734,187
Provision of solar power plant operation and maintenance services	**20,070**	1,943
Interest income from provision of financial services	**39,385**	12,891
Trading of liquefied natural gas	**326,333**	131,659
Revenue from other segments	**–**	324
Consolidated revenue	**2,079,704**	1,881,004

During the year ended 31 December 2019, sales of electricity includes renewable energy subsidies amounted to approximately RMB1,107,980,000 (2018: RMB1,159,188,000)

For the years ended 31 December 2019 and 2018, the major customers contributed over 10% of the total revenue of the Group are set out below:

	2019	2018
	RMB'000	*RMB'000*
Customer A	**550,891**	511,920
Customer B	**239,704**	149,336
Customer C	**226,313**	221,925

The following table provides information about trade receivables from contracts with customers.

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**2,730,784**	2,281,452
Contract liabilities	**–**	8,038

4. OTHER GAINS AND LOSSES

	2019	2018
	RMB'000	*RMB'000*
Interest income	**854**	9,555
Dividend income	**10,970**	23,492
Net realised loss on disposals of financial assets measured at fair value through profit or loss *(note 13)*	**(1,553)**	(53,613)
Net unrealised (loss)/gain on fair values changes on financial assets measured at fair value through profit or loss	**(9,239)**	5,864
Net foreign exchange (loss)/gain	**(4,045)**	2,248
Write-off of solar power plants *(note 11)*	**–**	(16,103)
Write-off/loss on disposal of property, plant and equipment	**(5)**	(471)
(Recognition)/reversal of impairment loss in respect of trade and other receivables, net *(note 14)*	**(77,113)**	963
Write back of other payables	**1,112**	9,421
Government allowance *(note)*	**1,155**	3,991
Refund of value added tax	**4,227**	–
Service fee income	**633**	11,127
Compensation income	**–**	5,426
Office sublease income	**–**	33,782
Others	**547**	5,731
	(72,457)	41,413

Note: The government grants consists of subsidies given by the People's Republic of China (the "**PRC**") government to certain subsidiaries of the Group in the PRC for operating cost and enterprises development. The amounts do not have specific conditions attached to the incentives and other income is recognised upon receipt.

5. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2019	2018
	RMB'000	*RMB'000*
Auditor's remuneration		
— Audit services	**3,962**	4,221
— Non-audit services	**1,072**	500
Amortisation of right-of-use-assets	**30,371**	–
Amortisation of lease prepayments	**–**	26,587
Cost of inventories	**325,275**	119,040
Depreciation		
— Property, plant and equipment	**10,820**	8,788
— Solar power plants *(note 11)*	**504,705**	492,452
Impairment loss on solar power plants *(note 11)*	**43,735**	–
Short-term leases expenses	**8,306**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	52,351

6. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2019	2018
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**147,822**	182,267
Contributions to defined contribution retirement plan	**24,828**	37,659
Equity-settled share-based payment expenses	**12,947**	33,850
Total employee benefit expenses (including directors' emoluments)	**185,597**	253,776

7. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest on loans and borrowings	**850,196**	732,198
Imputed interest on corporate bonds *(note 19)*	**27,308**	37,318
Interest on lease liabilities	**16,818**	–
Finance charges on obligations under finance leases	**–**	5
Total interest expense on financial liabilities that are not measured at fair value through profit or loss	**894,322**	769,521
Less: interest expense capitalised into solar power plants under construction* *(note 11)*	**(2,086)**	(23,976)
	892,236	745,545

* For the year ended 31 December 2019, borrowing cost has been capitalised at a rate of approximately 6.60% (2018: 7.41%) per annum.

8. INCOME TAX EXPENSE

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

	2019	2018
	RMB'000	*RMB'000*
Current tax		
— PRC corporate income tax	**15,168**	10,104
— Under-provision in prior years	**–**	803
	15,168	10,907
Deferred tax assets	**(1,890)**	(2,360)
	13,278	8,547

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the years ended 31 December 2019 and 2018.

The Group's PRC entities are subject to corporate income tax at the statutory rate of 25% (2018: 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.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR

(a) Basic (loss)/earnings per share

The calculation of basic loss (2018: earnings) per share for the year ended 31 December 2019 is based on loss attributable to owners of the Company for the year of approximately RMB698,629,000 (2018: profit of RMB15,415,000) and approximately 14,964,442,000 (2018: 14,964,442,000) ordinary shares in issue during the years ended 31 December 2019 and 2018.

(b) Diluted (loss)/earnings per share

The calculation of diluted loss (2018: earnings) per share for the year ended 31 December 2019 is based on loss attributable to owners of the Company for the year of approximately RMB698,629,000 (2018: profit of RMB15,415,000) and on the weighted average number of approximately 14,964,442,000 (2018: 14,964,442,000) ordinary shares in issue during the year, after the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (after the effects of all dilutive potential ordinary shares)

	Number of shares	
	2019	2018
	'000	*'000*
For the purpose of the calculation of basic earnings per share	**14,964,442**	14,964,442
Effect of dilutive potential ordinary shares in respect of share options	**–**	–
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	**14,964,442**	14,964,442

Diluted loss (2018: earnings) per share for the year ended 31 December 2019 was the same as basic loss (2018: earnings) per share because the impact of the exercise of share options was anti-dilutive.

10. DIVIDEND

No dividend was paid or proposed during the year 31 December 2019 nor has any dividend been proposed since the end of reporting period (2018: Nil).

11. SOLAR POWER PLANTS

	Solar power plants *RMB'000*	Solar power plants under construction *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2018	12,291,652	1,572,080	13,863,732
Additions	8,012	214,731	222,743
Interest expense capitalised in solar power plants under construction *(note 7)*	–	23,976	23,976
Reclassifications upon completion	1,296,731	(1,296,731)	–
Disposal of a subsidiary	(314,354)	(64,155)	(378,509)
Write-off *(note 4)*	–	(16,103)	(16,103)
At 31 December 2018 and 1 January 2019	13,282,041	433,798	13,715,839
Additions	4,182	63,625	67,807
Interest expense capitalised in solar power plants under construction *(note 7)*	–	2,086	2,086
Reclassifications upon completion	334,504	(334,504)	–
Disposal of subsidiaries *(note 21)*	(1,263,844)	–	(1,263,844)
Transferred to liabilities of disposal group classified as held for sale *(note 16)*	(2,723,794)	–	(2,723,794)
Impairment on solar power plants *(note 5)*	–	(43,735)	(43,735)
At 31 December 2019	9,633,089	121,270	9,754,359
Accumulated depreciation			
At 1 January 2018	657,247	–	657,247
Charged for the year *(note 5)*	492,452	–	492,452
Disposal of a subsidiary	(28,316)	–	(28,316)
At 31 December 2018 and 1 January 2019	1,121,383	–	1,121,383
Charged for the year *(note 5)*	504,705	–	504,705
Disposal of subsidiaries *(note 21)*	(155,554)	–	(155,554)
Transferred to liabilities of disposal group classified as held for sale *(note 16)*	(463,660)	–	(463,660)
At 31 December 2019	1,006,874	–	1,006,874
Net carrying amount			
At 31 December 2018	12,160,658	433,798	12,594,456
At 31 December 2019	8,626,215	121,270	8,747,485

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 31 December 2019, certain solar power plants with carrying amount of approximately RMB1,577,932,000 (2018: RMB1,642,812,000) were built on lands in the PRC which the Group has not yet paid the related land premium and obtained the relevant title certificates. With reference to the legal opinion from a PRC lawyer, the Directors do not expect any legal obstacles for the Group in obtaining the relevant title certificates.

As at 31 December 2019, certain solar power plants with carrying amount of approximately RMB6,413,341,000 (2018: RMB8,027,467,000) were pledged as securities for the Group's loans and borrowings (note 18).

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

	2019	2018
	RMB'000	*RMB'000*
Financial assets measured at fair value through other comprehensive income		
Unlisted partnership investments *(note (a))*	**1,050,641**	1,041,727
Unlisted equity investments *(note (b))*	**678,450**	1,005,707
	1,729,091	2,047,434

Notes:

(a) As at 31 December 2019 and 2018, 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).

On 29 January 2019, the Group entered into investment and repurchase agreements ("**Investment and Repurchase Agreement**") with Suzhou Junsheng Limited Partnership, pursuant to which, Suzhou Junsheng Limited Partnership contributed a capital of RMB185,000,000 to 朔州市永暘新能源有限公司 (Shuozhou City Yongyang New Energy Limited*) ("**Shuozhou Yongyang**"), a wholly owned subsidiary of the Company which primarily engaged in wind power generation and development, and holds approximately 99.46% equity interests of Shuozhou Yongyang, upon completion of the capital contribution. Pursuant to the Investment and Repurchase Agreements, Suzhou Junsheng Limited Partnership shall transfer to the Group approximately 99.46% equity interests of Shuozhou Yongyang, held by Suzhou Junsheng Limited Partnership, after payment by the Group to the Suzhou Junsheng Limited Partnership of all of the consideration for the transfer. In view of the Group's power to control the financial and operating policies of Shuozhou Yongyang so as to direct their relevant activities and to obtain significant economic benefits from its activities, the directors of the Company are of the opinion that the arrangement under the Investment and Repurchase Agreements is in substance a financing arrangement with the pledge of the equity interests of Shuozhou Yongyang and therefore Shuozhou Yongyang are treated as a wholly-owned subsidiaries of the Company.

As at 31 December 2019, the fair value of the Group's actual capital contribution paid in Suzhou Junsheng Limited Partnership was approximately RMB492,500,000 (2018: RMB400,000,000).

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.

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.

(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 31 December 2019, the fair value of the Group's actual capital contribution paid in Taizhou Jiuan Limited Partnership was approximately RMB300,000,000 (2018: 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.

(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 Xinheyoumei 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 31 December 2019, the fair value of the Group's actual capital contribution paid in Huoerguosi Limited Partnership was approximately RMB3,141,000 (2018: RMB86,727,000)

(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 31 December 2019, the fair value of the Group's actual capital contribution paid in Jiaxing Shengshi Limited Partnership was approximately RMB255,000,000 (2018: 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.

(b) As at 31 December 2019 and 2018, 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 2018, the Group received bonus issue of 8,875,316 shares of Hohhot Jingu Bank. As at 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 (2018: 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.

The unlisted equity investment in Hohhot Jingu Bank is measured at fair value. For the year ended 31 December 2019, a fair value gain of approximately RMB47,061,000 (2018: RMB54,431,000) was recognised in other comprehensive income. The fair value of the unlisted equity investment of Hohhot Jingu Bank as at 31 December 2019 of approximately RMB239,610,000 (2018: RMB192,549,000) was determined with reference to the valuation report prepared by an independent professional qualified valuer.

(ii) As at 31 December 2019, the unlisted equity investment, at fair value, represents approximately 2.52% (2018: 2.52%) and approximately 1.38% (2018: 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 venders, 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.

The unlisted equity investment in Jinzhou Bank is measured at fair value. For the year ended 31 December 2019, a fair value loss of approximately RMB374,318,000 (2018: RMB17,111,000) was recognised in other comprehensive income. The fair value of the unlisted equity investment of Jinzhou Bank as at 31 December 2019 of approximately RMB438,840,000 (2018: RMB813,158,000) 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 31 December 2019, unlisted equity investments measured at fair value with the carrying value of approximately RMB438,840,000 (2018: RMB813,158,000) were pledged as securities for the Group's loans and borrowings (note 18).

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

	2019 ***RMB'000***	2018 *RMB'000*
Equity securities listed in Hong Kong		
At the beginning of the year	**81,143**	71,606
Disposal	**(44,587)**	–
Net unrealised (loss)/gain on fair values changes	**(9,239)**	5,864
Exchange realignment	**881**	3,673
At the end of the year	**28,198**	81,143
Equity securities listed in the PRC		
At the beginning of the year	**–**	128,675
Disposal	**–**	(128,675)
At the end of the year	**–**	–
	28,198	81,143

During the year ended 31 December 2019, the Group disposed of its equity securities investment listed in Hong Kong at a consideration of approximately RMB43,034,000, resulting in a net realised loss on disposal of financial assets measured at fair value through profit or loss of approximately RMB1,553,000 (note 4).

As at 31 December 2019 and 2018, 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

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**2,632,800**	2,446,256
Bills receivables	**124,822**	42,335
Impairment provision for trade receivables	**(24,618)**	(10,752)
Trade and bills receivables, net *(note (i))*	**2,733,004**	2,477,839
Other receivables, prepayments and deposits	**1,629,802**	2,175,637
Impairment provision for other receivables	**(70,675)**	(7,400)
Other receivables, prepayments and deposits, net	**1,559,127**	2,168,237
	4,292,131	4,646,076

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

	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**650,526**	543,311
Over 3 months but less than 6 months	**261,127**	347,084
Over 6 months but less than 12 months	**430,605**	611,903
Over 12 months but less than 24 months	**808,365**	855,600
Over 24 months	**582,381**	119,941
	2,733,004	2,477,839

Ageing analysis of trade and bills receivables, based on due dates, are as follows:

	2019	2018
	RMB'000	*RMB'000*
Neither past due nor impaired	**466,777**	331,174
Less than 3 months past due	**276,057**	315,650
Over 3 months but less than 6 months past due	**257,785**	361,656
Over 6 months but less than 12 months past due	**416,253**	591,649
Over 12 months but less than 24 months past due	**808,139**	773,377
Over 24 months past due	**507,993**	104,333
	2,733,004	2,477,839

Movements in provision for impairment of trade and other receivables for the years ended 31 December 2019 and 2018 are as follows:

	Trade receivables *RMB'000*	**Other receivables** *RMB'000*	**Total** *RMB'000*
At 1 January 2018 (restated)	11,948	7,167	19,115
Impairment provision for the year	1,764	233	1,997
Recovery of impairment loss	(2,960)	–	(2,960)
At 31 December 2018 and 1 January 2019	**10,752**	**7,400**	**18,152**
Impairment provision for the year	**14,427**	**63,247**	**77,674**
Recovery of impairment loss	**(561)**	**–**	**(561)**
Exchange realignment	**–**	**28**	**28**
At 31 December 2019	**24,618**	**70,675**	**95,293**

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 (2018: 30 to 180 days) from the date of billing, except for the renewable energy subsidy.

Renewable energy subsidy receivables represent PRC government subsidies on solar power plants to be received from the State Grid Company based on the respective electricity sale and purchase agreements for each of the solar power plants and the prevailing nationwide government policies. As at 31 December 2019, the outstanding renewable energy subsidy amounted to approximately RMB2,255,057,000 (2018: RMB2,179,498,000).

(ii) All trade and other receivables are expected to be recovered or recognised as expense within one year, except for certain deposits amounting to approximately RMB1,060,930 (2018: RMB967,000) as at 31 December 2019, which are expected to be recovered after more than one year.

(iii) As at 31 December 2019, certain trade receivables arising from the sales of electricity amounting to approximately RMB2,029,478,000 (2018: RMB1,713,102,000) were pledged as securities for the Group's loans and borrowings (note 18).

15. CASH AND CASH EQUIVALENTS

	2019	2018
	RMB'000	*RMB'000*
Cash on hand	**–**	69
Cash at banks	**194,156**	256,241
	194,156	256,310

Included in cash and cash equivalents of the Group is approximately RMB190,959,000 (2018: RMB245,790,000) 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

2019 disposal group

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**"), 阿圖什市華光能源有限公司 (Artux Huaguang Energy Limited*) ("**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**"), 阿圖什市興光能源有限公司 (Artux Xingguang Energy Limited*) ("**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**") (together the "**Nine Project Companies**") 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.

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.

	2019
	RMB'000
Property, plant and equipment	**2,150**
Solar power plants *(note 11)*	**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**

Please refer to the 2018 annual report of the Company for comparative information relating to 2018 disposal group classified as held for sale.

17. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**1,042,309**	1,493,153
Other payables and accruals	**626,945**	410,394
	1,669,254	1,903,547

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

	2019	2018
	RMB'000	*RMB'000*
Current or less than 3 months	**347,799**	207,465
Over 3 months but less than 6 months	**11,669**	7,611
Over 6 months but less than 12 months	**117,111**	93,951
Over 12 months	**565,730**	1,184,126
	1,042,309	1,493,153

Retentions payable amounting to approximately RMB311,768,000 (2018: RMB323,488,000), which are included in other payables and accruals, will be settled or recognised as income after more than one year. All of the other trade and other payables are expected to be settled within one year or are repayable on demand.

18. LOANS AND BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
Current		
Secured		
— bank loans	**320,500**	60,500
— other borrowings	**1,049,928**	830,110
	1,370,428	890,610
Non-current		
Secured		
— bank loans	**29,000**	299,500
— other borrowings	**8,270,649**	10,427,125
	8,299,649	10,726,625
Total loans and borrowings	**9,670,077**	11,617,235

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

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**1,370,428**	890,610
After 1 year but within 2 years	**649,767**	1,544,749
After 2 years but within 5 years	**3,424,667**	6,425,017
Over 5 years	**4,225,215**	2,756,859
	9,670,077	11,617,235

Loans and other borrowings bear interest ranging from 4.90% to 10.25% (2018: 3.80% to 12.25%) per annum.

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

	2019	2018
	RMB'000	*RMB'000*
Fixed-rate borrowings	**5,033,500**	4,918,000
Floating-rate borrowings	**4,636,577**	6,699,235
	9,670,077	11,617,235

The loans and borrowings were secured by the following assets:

	2019	2018
	RMB'000	*RMB'000*
Solar power plants *(note 11)*	**6,413,341**	8,027,467
Trade receivables *(note 14)*	**2,029,478**	1,713,102
Right-of-use assets	**756**	–
Lease prepayments	**–**	774
Unlisted equity investments, at fair value *(note 12)*	**438,840**	813,158
	8,882,415	10,554,501

As at 31 December 2019, other borrowings that are secured by the equity interest of certain subsidiaries of the Company are summarised as follows:

(a) other borrowings of approximately RMB16,000,000 (2018: RMB18,000,000) 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 (2018: 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 (2018: 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 Company Limited*);

(d) other borrowings of approximately RMB275,649,000 (2018: RMB275,649,000) were pledged by 99.96% equity interests of 六安旭强新能源工程有限公司 (Liuan Xuqiang New Energy Engineering Co., Ltd.*);

(e) other borrowings of approximately RMB300,000,000 (2018: 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 Co. Ltd.*);

(f) other borrowings of approximately RMB180,000,000 (2018: 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 Co., Ltd.*);

(g) other borrowings of approximately RMB244,351,000 (2018: 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 Co., Ltd.*);

(h) other borrowings of approximately RMB369,366,000 (2018: 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 (2018: 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(2018: 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 (2018: 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 approximately RMB280,000,000 (2018: RMB280,000,000) were pledged by 98.25% equity interests of Huaguang;

(m) other borrowings of approximately RMB260,000,000 (2018: RMB260,000,000) were pledged by 99.62% equity interests of Xingguang; and

(n) other borrowings of approximately RMB185,000,000 (2018: Nil) 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 RMB441,865,000 (2018: RMB587,227,000).

19. CORPORATE BONDS

	2019	2018
	RMB'000	*RMB'000*
At beginning of the year	**275,383**	386,478
Initial recognition	**50,860**	225,820
Imputed interest expense *(note 7)*	**27,308**	37,318
Interest paid/payable	**(16,470)**	(23,201)
Repayment	**(56,794)**	(371,071)
Exchange realignment	**6,238**	20,039
At the end of the year	**286,525**	275,383

As at 31 December 2019, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK$343,500,000 (equivalent to approximately RMB307,700,000) (2018: HK$344,000,000 (equivalent to approximately RMB301,413,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 7% (2018: 3% to 9%) per annum, and will mature on the date immediately following 6 to 96 months (2018: 3 to 96 months) after their issuance.

During the year ended 31 December 2019, the Group issued corporate bonds with an aggregate principal amount of HK$64,000,000 (equivalent to approximately RMB56,353,000) (2018: HK$290,500,000 (equivalent to approximately RMB254,536,000)) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK$57,761,000 (equivalent to approximately RMB50,860,000) (2018: HK$257,727,000 (equivalent to approximately RMB225,820,000)), with total issue cost amounting to approximately HK$6,239,000 (equivalent to approximately RMB5,493,000) (2018: HK$32,773,000 (equivalent to approximately RMB28,716,000)).

During the year ended 31 December 2019, the Group has repaid HK$64,500,000 (equivalent to approximately RMB56,794,000) (2018: HK$423,500,000 (equivalent to approximately RMB371,071,000)) 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% (2018: 10.24% to 12.00%) per annum. Imputed interest of approximately HK$31,013,000 (equivalent to approximately RMB27,308,000) (2018: HK$44,200,000 (equivalent to approximately RMB37,318,000)) (note 7) in respect of the corporate bonds was recognised in profit or loss during the year ended 31 December 2019.

As at 31 December 2019, corporate bonds amounting to approximately HK$9,002,000 (equivalent to approximately RMB8,063,000) (2018: HK$63,764,000 (equivalent to approximately RMB55,870,000)) and approximately HK$310,859,000 (equivalent to approximately RMB278,462,000) (2018: HK$250,528,000 (equivalent to approximately RMB219,513,000)) were classified as current liabilities and non-current liabilities, respectively.

20. SHARE CAPITAL

	2019		2018	
	Number of shares ***'000***	***RMB'000***	Number of shares *'000*	*RMB'000*
Issued and fully paid				
At beginning and end of the year	**14,964,442**	**6,486,588**	14,964,442	6,486,588

21. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 December 2019, the Group disposed of the entire equity interests in certain PRC- and Hong Kong-incorporated entities at a total cash consideration of approximately RMB233,004,000. The entities are set out below:

Name of entities	Disposal date
麗新進出口有限公司 (Lisun Trading Limited) *(note (i))*	30 September 2019
湖州祥暉光伏發電有限公司 (Huzhou Xianghui Solar Power Co., Ltd.*) *(note (ii))*	05 August 2019
樟樹市中利騰暉光伏有限公司 (Zhangshu Zhongli Tenghui Solar Co., Ltd.*) *(note (ii))*	17 April 2019
霍林郭勒競日能源有限公司 (Huolin Guole Jingri Energy Limited*) *(note (ii))*	29 March 2019

Notes:

(i) The principal activity of Lisun Trading Limited is properties investment.

(ii) These entities are principally engaged in the operation of solar power generation and electricity generation. For details, please refer to the announcements of the Company dated 21 March 2019, 28 March 2019 and 7 May 2019, respectively.

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

	RMB'000
Net assets disposed of:	
Property, plant and equipment	2,515
Solar power plants *(note 11)*	1,108,290
Goodwill	46
Right-of-use assets	56,425
Trade, bills and other receivables	403,134
Cash and cash equivalents	1,549
Trade and other payables	(548,123)
Tax payables	(578)
Deferred tax liabilities	(1,294)
Lease liabilities	(38,734)
Loans and other borrowings	(684,039)
	299,191
Release of exchange reserve upon disposal	431
Net loss on disposal of subsidiaries	(66,618)
Total consideration	233,004

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

	RMB'000
Net cash inflows arising from disposal and deregistration of subsidiaries:	
Total consideration	233,004
Cash consideration receivable	(19,861)
Cash and cash equivalents disposed of (including cash and cash equivalents in disposal group classified as held for sale)	(1,549)
	211,594

Please refer to the 2018 annual report of the Company for comparative information relating to 2018 disposal/deregistration of subsidiaries.

22. EVENTS AFTER REPORTING DATE

(i) On 15 November 2019, the Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interests in the Nine Project Companies for a total equity consideration of approximately RMB760,314,000. As at the date of this announcement, the transfer of entire equity interests in Xinhui, Xushuang and Zhaoxiang to the purchaser have been completed, Xinhui, Xushuang and Zhaoxiang ceased to be wholly-owned subsidiaries of the Company and their financial statements no longer be consolidated to the Group's financial statements. As at the date of this announcement, the transfer of entire equity interest in the remaining six companies to the purchaser have not been completed and they remain as wholly-owned subsidiaries of the Company.

(ii) On 5 December 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire equity interest in Angli for an equity consideration of approximately RMB59,000,000. As at the date of this announcement, the transfer of entire equity interest in Angli to the purchaser has not been completed and Angli remains as a wholly-owned subsidiary of the Company.

(iii) Since January 2020, the outbreak of Novel Coronavirus ("**COVID-19**") has impact on the business environment in the PRC. Up to the date of this announcement, COVID-19 has not resulted in material impact to the operating activities of the Group except of the delay in settlement and cash receipts. Pending on the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated up to the date of this announcement. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

Save as disclosed above, there are no other material events affecting the Group which have occurred after 31 December 2019 and up to the date of this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB698,721,000 during the year ended 31 December 2019 and in light of economy in 2020, the settlement of the Group's certain renewable energy subsidy receivables from the State Grid Companies of various provinces could be longer than the management's original expectation. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company with its subsidiaries mainly engaged in 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 year ended 31 December 2019, the Group continued its investment in and development of solar power plants in the PRC. As at 31 December 2019, the Group had a total of 1,629.3 MW completed solar power plants as follows:

Completed solar power plants

PRC Province	Number of solar power plants as at 31 December 2019	Capacity of solar power plants
Xinjiang	11	240.0 MW
Gansu	7	238.5 MW
Shaanxi	8	610.0 MW
Inner Mongolia	1	10.0 MW
Shanxi	1	20.0 MW
Hebei	4	101.0 MW
Henan	2	120.0 MW
Shandong	2	40.0 MW
Anhui	5	160.0 MW
Jiangsu	1	20.0 MW
Zhejiang	1	19.8 MW
Hubei	1	30.0 MW
Qinghai	1	20.0 MW
Total	**45**	**1,629.3 MW**

As at 31 December 2019, 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 31 December 2019	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 increased by approximately 205.5% from approximately RMB12,891,000 for the year ended 31 December 2018 to approximately RMB39,385,000 for the year ended 31 December 2019.

TRADING OF LIQUEFIED NATURAL GAS

The revenue arising from the trading of liquefied natural gas increased by approximately 147.9% from approximately RMB131,659,000 for the year ended 31 December 2018 to approximately RMB326,333,000 for the year ended 31 December 2019.

SECURITIES INVESTMENT

As at 31 December 2019, the Group managed a portfolio of investments in capital markets with fair value of approximately RMB28,198,000 (2018: RMB81,143,000). The portfolio of investments managed by the Group consists of investment in one (2018: one) listed equity in Hong Kong. The Group will remain watchful on market developments and will continue to be prudent in managing its investment portfolio with a continuing focus on improving overall assets quality. For the year ended 31 December 2019, 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 RMB9,239,000 (2018: gain of RMB5,864,000). During the year ended 31 December 2019, the Group disposed of approximately 54.7% of its listed equity investment at a cash consideration of approximately RMB43,034,000 and resulting in a net realised loss on disposal of financial assets measured at fair value through profit or loss amounted to approximately RMB1,553,000 (2018: RMB53,613,000). For further details, please refer to the paragraph headed "Results of Operations — Financial Assets Measured at Fair Value through Profit or Loss" in this announcement.

RESULTS OF OPERATIONS

Revenue

The revenue of the Group increased by approximately 10.6% from approximately RMB1,881,004,000 for the year ended 31 December 2018 to approximately RMB2,079,704,000 for the year ended 31 December 2019. The increase was primarily due to the increase in revenue from trading of liquefied natural gas.

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

The Group's revenue from sales of electricity decreased slightly by approximately 2.3% from approximately RMB1,734,187,000 for the year ended 31 December 2018 to approximately RMB1,693,916,000 for the year ended 31 December 2019 due to the increased in aggregate volume of electricity generated by the Group's grid-connected solar power plants with lower selling price during the year. The solar power plants owned by the Group have generated electricity in an aggregate volume of approximately 2,195,435 MWh for the year ended 31 December 2019, representing a slight increase of approximately 0.2% as compared to approximately 2,190,064 MWh for year ended 31 December 2018.

The Group's revenue from provision of solar power plant operation and maintenance services increased by approximately 932.9% from approximately RMB1,943,000 for the year ended 31 December 2018 to approximately RMB20,070,000 for the year ended 31 December 2019 mainly due to the start of certain solar power plant operation and maintenance services contracts.

Revenue from provision of financial services

The Groups' revenue arising from the provision of financial services increased by approximately 205.5% from approximately RMB12,891,000 for the year ended 31 December 2018 to approximately RMB39,385,000 for the year ended 31 December 2019.

Revenue from trading of liquefied natural gas

The Group's revenue arising from trading of liquefied natural gas increased by approximately 147.9% from approximately RMB131,659,000 for the year ended 31 December 2018 to approximately RMB326,333,000 for the year ended 31 December 2019.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately 2.0% from approximately RMB1,120,612,000 for the year ended 31 December 2018 to approximately RMB1,097,739,000 for the year ended 31 December 2019. The gross profit margin of the Group decreased from approximately 59.6% for the year ended 31 December 2018 to approximately 52.8% for the year ended 31 December 2019 mainly due to increase 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 RMB72,457,000 for the year ended 31 December 2019 compared with other gains of approximately RMB41,413,000 for the year ended 31 December 2018. The losses are mainly due to (i) the recognition of impairment loss in respect of trade and other receivables amounted to approximately RMB77,113,000 (2018: reversal of RMB963,000); (ii) the decrease of office sublease income of approximately RMB33,782,000; (iii) the decrease in dividend income of approximately RMB12,522,000; and (iv) the net unrealised loss on fair values changes on financial assets measured at fair value through profit or loss of approximately RMB9,239,000 (2018: gain of RMB5,864,000). The other losses of the Group is partially netted off by the (i) decrease in net realised loss on disposal on financial assets measured at fair value through profit or loss amounted to approximately RMB52,060,000 as a result of the disposal of the listed equity investment during the year ended 31 December 2019; and (ii) decrease in write off of solar power plants of approximately RMB16,103,000.

Administrative expenses

Administrative expenses of the Group decreased by approximately 11.0% from approximately RMB412,178,000 for the year ended 31 December 2018 to approximately RMB366,869,000 for the year ended 31 December 2019. The decrease was mainly attributable to a decrease in total employee benefit expenses of approximately RMB31,254,000 as a result of the decrease in number of head count for the year ended 31 December 2019.

Gain on bargain purchase on acquisition of subsidiaries

Gain on bargain purchase on acquisition of subsidiaries represents the excess of the fair value of the identifiable assets acquired and liabilities assumed for the acquisition over fair value of consideration transferred at acquisition. There was no gain on bargain purchase on acquisition of subsidiaries during the year ended 31 December 2019 (2018: RMB2,504,000).

Loss/gain on disposal/deregistration of subsidiaries, net

During the year ended 31 December 2019, the Group disposed/deregistered certain subsidiaries and recorded net loss on disposal/deregistration of subsidiaries of approximately RMB66,618,000 (2018: gain of RMB2,693,000). For details, please refer to note 21 to the financial statements in this announcement.

Impairment loss on a disposal group classified as held for sale

On 15 November 2019, the Group entered into sale and purchase agreements with an independent third party to dispose the entire equity interests in the Nine Project Companies for a total equity consideration of approximately RMB760,314,000. On 5 December 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire equity interest in Angli for an equity consideration of approximately RMB59,000,000. An impairment loss of approximately RMB327,729,000, representing the sale proceeds less the carrying amount of the net assets of the Nine Project Companies and Angli as at 31 December 2019, was charged to profit or loss during the year ended 31 December 2019.

Impairment loss on solar power plants

During the year ended 31 December 2019, the Group has made an impairment loss of certain solar power plants of approximately RMB43,735,000 (2018: Nil).

Finance costs

Finance costs of the Group increased by approximately 19.7% from approximately RMB745,545,000 for the year ended 31 December 2018 to approximately RMB892,236,000 for the year ended 31 December 2019. As the Group's average total loans and borrowings increased as compared to the corresponding period of last year, the finance costs related to the borrowings also increased.

Core (loss)/profit

Core (loss)/profit represents (loss)/profit after tax before one-off items. These one-off items include (i) no gain on bargain purchase on acquisition of subsidiaries (2018: RMB2,504,000); (ii) loss on disposal/deregistration of subsidiaries, net of approximately RMB66,618,000 (2018: gain of RMB2,693,000); (iii) impairment loss on a disposal group classified as held for sale of approximately RMB327,729,000 (2018: Nil); (iv) impairment loss on solar power plants of approximately RMB43,735,000 (2018: Nil); (v) loss on disposal of a joint venture of approximately RMB3,918,000 (2018: Nil); and (vi) no gain on disposal of an associate (2018: RMB5,661,000). The Group recorded a core loss of approximately RMB256,721,000 (2018: profit of RMB5,419,000) for the year ended 31 December 2019.

Solar power plants

As at 31 December 2019, the Group had a net carrying amount of approximately RMB8,626,215,000 (2018: RMB12,160,658,000) and approximately RMB121,270,000 (2018: RMB433,798,000) in completed solar power plants and solar power plants under construction, respectively. As at 31 December 2019, the Group had a total of 1,629.3 MW installed capacity of completed solar power plants, comparing to the 1,789.3 MW installed capacity of solar power plants as at 31 December 2018.

Interest in associates

As at 31 December 2019, the net carrying amount of associates was approximately RMB226,691,000 (2018: RMB13,290,000). The increase was mainly due to the reclassification of 江山寶源國際融資租賃有限公司 (Kong Sun Baoyuan International Financial Leasing Limited*) ("**Kong Sun Baoyuan**") from interest in a joint venture to interest in associates upon the disposal of 17.4% of its equity interest.

During the year ended 31 December 2019, the Group disposed of 17.4% equity interests in Kong Sun Baoyuan for a consideration of RMB105,000,000 to a connected person of the Company at the subsidiary level. Upon completion, the Group's equity interest in Kong Sun Baoyuan decreased from 55% to 37.6%, Kong Sun Baoyuan ceased to be a joint venture of the Company and become an associate of the Company under HKAS 28. For details, please refer to the announcement of the Company dated 21 March 2019.

The Group executes a guarantee with respect to a loan of approximately RMB44,621,000 (2018: RMB92,873,000) granted by independent third parties to Kong Sun Baoyuan as at 31 December 2019, under which the Group is liable to pay the proportionate share if the independent third parties are unable to recover the loan from Kong Sun Baoyuan. As at the reporting date, no provision for the Group's proportionate obligation under the guarantee contracts has been made as the Directors consider that it is not probable that the repayment of the loan will be in default.

Goodwill

As at 31 December 2019, the Group had a total amount of approximately RMB96,930,000 (2018: RMB149,197,000) in respect of goodwill on the acquisition of subsidiaries. The decrease is mainly contributed by the reclassification of an amount of approximately RMB52,221,000 to disposal group classified as held for sale upon the entering into the sale and purchase agreements with an independent third party for the disposal of the Nine Project Companies on 15 November 2019.

Right-of-use Assets and Lease Liabilities

The Group has applied HKFRS 16 and recognised right-of-use assets and lease liabilities since 1 January 2019. As at 31 December 2019, the right-of-use assets and lease liabilities amounted to approximately RMB409,133,000 (2018: Nil) and approximately RMB214,330,000 (2018: Nil).

Financial assets measured at fair value through other comprehensive income

Financial assets measured of fair value through other comprehensive income decreased by approximately 15.5% from approximately RMB2,047,434,000 as at 31 December 2018 to approximately RMB1,729,091,000 as at 31 December 2019. The decrease is mainly due to the fair value loss amounted to approximately RMB422,893,000 during the year ended 31 December 2019. The decrease is partially netted off by (i) the capital contribution paid in Suzhou Junsheng Limited Partnership amounted to RMB92,500,000; and (ii) the capital contribution paid in Huoerguosi Limited Partnership amounted to RMB12,050,000 during the year ended 31 December 2019. 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 consolidated statement of financial position. For details, please refer to note 12 to the financial statements in this announcement.

Financial assets measured at fair value through profit or loss

As at 31 December 2019, the Group had financial assets measured at fair value through profit or loss with market value of approximately RMB28,198,000 (2018: RMB81,143,000), representing approximately 0.2% (2018: 0.4%) of the total assets of the Group as at 31 December 2019. The portfolio of investments managed by the Group consists of investment in one (2018: one) listed equity in Hong Kong. The Group held approximately 0.8% (2018: 1.3%) shareholding in the listed equity as at 31 December 2019. During the year ended 31 December 2019, 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 RMB9,239,000 (2018: gain of RMB5,864,000). During the year ended 31 December 2019, the Group disposed of approximately 54.7% of its listed equity investment at a cash consideration of approximately RMB43,034,000 and resulting in a net realised loss on disposal of financial assets measured at fair value through profit or loss amounted to approximately RMB1,553,000 (2018: RMB53,613,000).

Trade, bills and other receivables

Trade, bills and other receivables decreased by approximately 7.6% from approximately RMB4,646,076,000 as at 31 December 2018 to approximately RMB4,292,131,000 as at 31 December 2019. The decrease was mainly due to the reclassification of approximately RMB798,264,000 to disposal group classified as held for sale upon the entering into the sale and purchase agreements with independent third parties for the disposals of the Nine Project Companies and Angli on 15 November 2019 and 5 December 2019, respectively.

Structured bank deposits

As at 31 December 2019, the Group placed approximately RMB4,230,000 (2018: RMB9,230,000) 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 12.3% from approximately RMB1,903,547,000 as at 31 December 2018 to approximately RMB1,669,254,000 as at 31 December 2019. 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 the settlement of construction costs after the completion of substantial solar power plants construction work in recent years, trade payables, which was mainly related to construction costs of solar power plants, have decreased by approximately 30.2% from approximately RMB1,493,153,000 as at 31 December 2018 to approximately RMB1,042,309,000 as at 31 December 2019.

Liquidity and Capital Resources

As at 31 December 2019, cash and cash equivalents of the Group was approximately RMB194,156,000 (2018: RMB256,310,000), which included an amount of bank balances of approximately RMB190,959,000 (2018: RMB245,790,000) 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 31 December 2019, the Group's net debt ratio, which was calculated by the total loans and borrowings and corporate bonds minus total cash and cash equivalents and structured bank deposits, over total equity, was approximately 1.78 (2018: 1.76).

Capital Expenditure

During the year ended 31 December 2019, the Group's total expenditure in respect of property, plant and equipment and solar power plants amounted to approximately RMB19,333,000 (2018: RMB7,192,000) and approximately RMB67,807,000 (2018: RMB222,743,000), respectively.

Loans and Borrowings

As at 31 December 2019, the Group's total loans and borrowings was approximately RMB9,670,077,000, representing a decrease of approximately 16.8% compared to approximately RMB11,617,235,000 as at 31 December 2018. The decrease in the Group's total loans and borrowings was mainly due to a decrease in the Group's investments in solar power plants upon the entering into the sale and purchase agreements with independent third parties for the disposals of the Nine Project Companies and Angli on 15 November 2019 and 5 December 2019, respectively, which lead to a decrease in loans and borrowings to finance such investments. All the loans and borrowings of the Group were denominated in RMB, the functional currency of the Company's major subsidiaries in the PRC. As at 31 December 2019, loans and borrowings of approximately RMB5,033,500,000 (2018: RMB4,918,000,000) and approximately RMB4,636,577,000 (2018: RMB6,699,235,000) bear fixed interest rate and floating interest rate, respectively.

As at 31 December 2019, out of the total borrowings, approximately RMB1,370,428,000 (2018: RMB890,610,000) was repayable within one year and approximately RMB8,299,649,000 (2018: RMB10,726,625,000) was repayable after one year. For details, please refer to note 18 to the financial statements in this announcement.

Corporate bonds

As at 31 December 2019, corporate bonds denominated in Hong Kong dollar with an aggregate principal amount of HK$343,500,000 (equivalent to approximately RMB307,700,000) (2018: HK$344,000,000 (equivalent to approximately RMB301,413,000)) remained outstanding with certain independent third parties. The corporate bonds bear interest rates ranging from 3% to 7% (2018: 3% to 9%) per annum, and will mature on the date immediately following 6 to 96 months (2018: 3 to 96 months) after their issuance.

During the year ended 31 December 2019, the Group issued corporate bonds with an aggregate principal amount of HK$64,000,000 (equivalent to approximately RMB56,353,000) (2018: HK$290,500,000 (equivalent to approximately RMB254,536,000)) to certain independent third parties, the net proceeds of the issued corporate bonds received by the Company were approximately HK$57,761,000 (equivalent to approximately RMB50,860,000) (2018: HK$257,727,000 (equivalent to approximately RMB225,820,000)), with total issue cost amounting to approximately HK$6,239,000 (equivalent to approximately RMB5,493,000) (2018: HK$32,773,000 (equivalent to approximately RMB28,716,000)).

During the year ended 31 December 2019, the Group repaid HK$64,500,000 (equivalent to approximately RMB56,794,000) (2018: HK$423,500,000 (equivalent to approximately RMB371,071,000)) 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% (2018: 10.24% to 12.00%) per annum. Imputed interest of approximately HK$31,013,000 (equivalent to approximately RMB27,308,000) (2018: HK$44,200,000 (equivalent to approximately RMB37,318,000)) (note 7 to the financial statements in this announcement) in respect of the corporate bonds was recognised in profit or loss during the year ended 31 December 2019.

Foreign Exchange Risk

The Group primarily operates its business in the PRC and during the year ended 31 December 2019, the Group's revenue were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Directors expect any future exchange rate fluctuation will not have any material effect on the Group's business. The Group did not use any financial instruments for hedging purpose, but will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Charge on Assets

As at 31 December 2019, the Group had charged solar power plants, trade receivables, right-of-use assets/lease prepayments and unlisted equity investments with net book value of approximately RMB6,413,341,000 (2018: RMB8,027,467,000), approximately RMB2,029,478,000 (2018: RMB1,713,102,000), approximately RMB756,000 (2018: RMB774,000) and approximately RMB438,840,000 (2018: RMB813,158,000), respectively, to secure bank loans and other loans facilities granted to the Group.

Save as disclosed above and in note 18 to the financial statements in this announcement, during the year ended 31 December 2019, the Group has no other charges on assets.

Contingent Liabilities

The Group acquired equity interests of certain subsidiaries principally engaged in the development of solar power plant projects and the applications for the development of these solar power plant projects were actually made by their former shareholders. According to certain notices (the "**Notices**") issued by the State Energy Administration (國家能源局), the Notices prohibit the original applicants who have obtained the approval documents from the government authorities for the solar power plants projects from transferring the equity interests of solar power plant projects before such solar power plants were connected to the power grid. Taking into consideration the legal opinion obtained from the Company's legal adviser as to PRC law, and given that the Group has obtained the preliminary approval from respective relevant government authorities to continue with the development of the solar power plants, the Company's legal adviser as to PRC law is of the view that 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.

Save as disclosed above, during the year ended 31 December 2019, the Group has no other significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2019, the Group had approximately 614 employees (2018: 849) in Hong Kong and the PRC. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2019, the total employee benefit expenses (including directors' emoluments) were approximately RMB185,597,000 (2018: RMB253,776,000). For details, please refer to note 6 to the financial statements to this announcement. The remuneration policy of the Group is to provide remuneration packages, including basic salary and short-term bonuses, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme on 22 July 2009 (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.

CONNECTED TRANSACTION

During the year ended 31 December 2017, the Group entered into the following connected transactions, details of which are disclosed in compliance with the requirements of Chapter 14 and Chapter 14A of the Listing Rules.

On 13 December 2017, a wholly-owned subsidiary of the Company (the "**Purchaser**"), entered into the acquisition agreement (the "**Baoqian Acquisition Agreement**") with 中科恒源科技股份有限公司 (Zhongke Hengyuan Technology Co., Ltd.*), a company established in the PRC (the "**Vendor**"), pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell 30% of the equity interests in 廣州寶乾小額貸款有限公司 (Guangzhou Baoqian Microfinance Limited*) ("**Guangzhou Baoqian**") at a consideration of RMB35,000,000, which shall be settled in full by the Purchaser by way of one-off payment within thirty (30) days from the date of transfer of 30% of the equity interests in Guangzhou Baoqian to the name of the Purchaser. Immediately before the above acquisition, the equity interests in Guangzhou Baoqian was held as to 65% by the Purchaser, 30% by the Vendor and 5% by an independent third party to the Group. Upon completion of the above acquisition, Guangzhou Baoqian will continue to be a non-wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group. As at 31 December 2018 and 2017, the above acquisition has not been completed.

As at the date of the Baoqian Acquisition Agreement, the Vendor was interested in 30% of the equity interests in Guangzhou Baoqian, a non-wholly-owned subsidiary of the Company. Therefore, the Vendor is a substantial shareholder of Guangzhou Baoqian, and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. Accordingly, the Baoqian Acquisition Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Company intends to hold the equity interests in Guangzhou Baoqian as long-term investment with an objective to improve the capital usage efficiency and earn reasonable investment return. Based on the above, the Directors (including the independent non-executive Directors) consider that the Baoqian Acquisition Agreement has been entered into on normal commercial terms and is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

After further negotiation and discussion, the Purchaser and the Vendor decided not to proceed with the Baoqian Acquisition Agreement and entered into a termination agreement to terminate the Baoqian Acquisition Agreement on 24 January 2019.

For details, please refer to the announcements of the Company dated 13 December 2017 and 24 January 2019.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any other significant investments, other material acquisition or disposal during the year ended 31 December 2019, and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this announcement.

As disclosed in the circular of the Company dated 6 January 2020, the Group was negotiating with independent third parties for the possible disposal of two (2) project companies, each holding one (1) solar power plant of the Group, respectively, with a total installed capacity of 80 MW (the "Further Disposals"). Up to the date of this announcement, the Group had not yet entered into any legally binding agreements for the Further Disposals. The Company will make further announcement(s) in respect of the Further Disposal(s) as and when appropriate under the Listing Rules.

PROSPECT

Given the decline in the price of solar power generation equipment and the improvement in its efficiency, the cost of solar power generation continues to decrease and its application covers a growing number of countries extensively. In 2019, the additional installed capacity of global solar power generation market amounted to approximately 120 GW[1]. On the whole, the global solar power generation market will continue to enjoy steady growth.

In 2019, China's solar power additional installed capacity amounted to 30.11GW, which ranked first in the world for seven consecutive years. Its accumulated installed capacity reached 204.3 GW, representing a year-on-year increase of 17.3%. Taking into account its gradual transition from subsidy-dependent to grid parity, China's solar power generation market is expected to maintain healthy growth in the future.

At the same time, the total installed capacity of solar power and wind power in China has exceeded 400GW, creating a huge market for operation and maintenance of new energy power plants with sustained and rapid growth.

[1] ***Based on the data published by China Photovoltaic Industry Association**** (中國光伏行業協會)

Looking forward, grasping the opportunities in the solar power generation industry, the Group will continue to push its strategies on the current 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practice 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 practice during the year 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 year ended 31 December 2019.

Code Provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. However, none of the existing non-executive Directors and independent non-executive Directors is appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company, which stipulates that one-third of the directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from the office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice are no less exacting than those in the CG Code in this respect.

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of chairman of the Board ("**Chairman**") and Chief Executive Officer ("**CEO**") should be separate and should not be performed by the same individual. On 26 August 2019, Mr. Zeng Jianhua resigned as the Chairman, the CEO and an executive Director and on the same date, Mr. Jin Yanbing was appointed as the Chairman and the CEO. During the year ended 31 December 2019, 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.

CHANGES IN INFORMATION OF DIRECTORS

The following information is set out pursuant to the requirements of Rule 13.51B(1) of the Listing Rules:

With effect from 26 August 2019, the monthly remuneration of each of Mr. Miu Hon Kit and Ms. Wang Fang has been revised to HK$20,000.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2019 (2018: Nil).

EVENTS AFTER THE REPORTING DATE

For details of events after the reporting date, please refer to note 22 to the financial statements in this announcement.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as the code for dealing in securities of the Company by the Directors during the year ended 31 December 2019. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the required standards of the Model Code for the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company and its subsidiaries.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2019 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters.

The Audit Committee currently consisted of three independent non-executive Directors: Mr. Miu Hon Kit, Mr. Chen Kin Shing and Ms. Wang Fang. Mr. Miu Hon Kit serves as the chairman of the Audit Committee.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") to approve and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2019 will be held on Friday, 29 May 2020. A notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

The Company's register of members will be closed from Monday, 25 May 2020 to Friday, 29 May 2020 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2020.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at www.kongsun.com. The annual report for the year ended 31 December 2019 of the Group containing all the information required by the Listing Rules will also be published on the same websites and dispatched to the shareholders of the Company in due course.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary results announcement.

By order of the Board
Kong Sun Holdings Limited
Mr. Jin Yanbing
Executive Director

Hong Kong, 27 March 2020

As of the date of this announcement, the Board comprises two executive Directors, Mr. Jin Yanbing and Mr. Deng Chengli, three non-executive Directors, Mr. Wu Tak Kong, Mr. Wang Ke and Mr. Jiang Hengwen, and four independent non-executive Directors, Mr. Miu Hon Kit, Mr. Chen Kin Shing, Ms. Wang Fang and Ms. Wu Wennan.

* *For identification purposes only*